

OPEN MEETING ITEM



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COMMISSIONERS
SUSAN BITTER SMITH - Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE



ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

DATE: FEBRUARY 5, 2015

DOCKET NO.: W-01737A-12-0478

ORIGINAL

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Sarah Harpring. The recommendation has been filed in the form of an Order on:

NEW RIVER UTILITY COMPANY
(EXTENSION OF DEADLINE IN DECISION NO. 74294)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

FEBRUARY 17, 2015

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

MARCH 2, 2015 and MARCH 3, 2015

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission

DOCKETED

FEB 05 2015

DOCKETED BY

JODI JERICH
EXECUTIVE DIRECTOR

1200 WEST WASHINGTON STREET; PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET; TUCSON, ARIZONA 85701-1347

www.cc.state.az.us

This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail SABernal@azcc.gov.

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH - Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

IN THE MATTER OF THE APPLICATION OF
NEW RIVER UTILITY COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE OF ITS
UTILITY PLANT AND PROPERTY AND FOR
INCREASES IN ITS WATER RATES AND
CHARGES FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO. W-01737A-12-0478

DECISION NO. _____

**ORDER EXTENDING TIME
DEADLINE IN DECISION NO. 74294**

Open Meeting
March 2 and 3, 2015
Phoenix, Arizona

BY THE COMMISSION:

* * * * *

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On January 29, 2014, the Commission issued Decision No. 74294 approving permanent rates and charges for New River Utility Company ("New River"). In the Decision, in response to New River's request for \$31,333 in normalized tank painting expenses, the Commission stated the following:

While the Commission's rules require a utility to use a historical test year for its rate case, they also allow for pro forma adjustments to actual test year figures "to obtain a normal or more realistic relationship between revenues, expenses and rate base." (See A.A.C. R14-2-103(A)(3)(i), App. C.) The Commission allows such adjustments to be made for future expenses when there is evidence establishing that the future expenses are known and measurable. In this case, the evidence establishes that New River has an obligation to incur a \$130,000 expense for tank painting to be commenced in the next few months. The evidence also establishes that this is a reasonable level of expense for the work to be completed, that New River's tanks need to be recoated, and that a 15-year

1 period between recoatings for water tanks is reasonable. Based upon the
2 evidence herein, we find that it is just and reasonable to allow New River
3 recovery of the \$130,000 in tank recoating expense for the work to be
4 completed by ACAI, with the \$130,000 to be normalized over 15 years,
5 which amounts to a pro forma expense increase of \$8,667 for the adjusted
6 TY. We will require New River to ensure that the tank recoating work is
7 completed in accordance with its testimony herein and to file, as a
8 compliance item in this docket, no later than June 2, 2014, documentation
9 from ACAI confirming completion of the quoted tank recoating work.¹

10 2. Consistent with the above, the Commission ordered New River to file, by June 2,
11 2014, documentation from ACAI establishing that the recoating work for New River's storage tank
12 built in 1997 has been completed and showing the final invoiced amount for that work. (Decision
13 No. 74294 at 75, 81-82.)

14 3. On June 27, 2014, New River filed a Request to Extend Deadline in Decision 74294
15 for Tank Recoating, stating that New River had implemented its new rates and charges in March
16 2014, but had incurred significant unexpected costs for well and pump repairs in May and June 2013
17 and then again in June 2014, cumulatively incurring expenses in excess of \$258,000 for these repairs.
18 New River stated that it did not at that time have the \$133,000 needed to pay for the storage tank
19 recoating and added that the recoating work must be done during the winter months when system
20 water demand is lower. New River requested a one-year extension of the deadline for completing the
21 tank recoating work, through and including June 2, 2015.

22 4. On January 20, 2015, the Commission's Utilities Division ("Staff") filed a
23 Memorandum stating that Staff does not object to New River's requested one-year extension to
24 provide the tank recoating documentation and recommending that the requested extension be granted.
25 Noting that New River's request was filed after the existing due date for this compliance item,
26 however, Staff also recommended that New River be required to file any future requests for extension
27 of time, in any docket, at least 90 days prior to the existing due date. Additionally, Staff
28 recommended that no further extensions of time be granted in this matter.

5. New River has not filed a response to Staff's Memorandum.

...

¹ Decision No. 74294 at 29-30 (footnote omitted).

1 IT IS FURTHER ORDERED that New River Utility Company shall file any future requests
2 for extension of time, in any docket, at least 90 days prior to the existing deadline for the requirement
3 in question.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.
6
7

8 CHAIRMAN _____ COMMISSIONER

9
10 COMMISSIONER _____ COMMISSIONER _____ COMMISSIONER

11
12 IN WITNESS WHEREOF, I, JODI JERICH, Executive
13 Director of the Arizona Corporation Commission, have
14 hereunto set my hand and caused the official seal of the
Commission to be affixed at the Capitol, in the City of Phoenix,
this _____ day of _____ 2015.

15
16 _____
17 JODI JERICH
EXECUTIVE DIRECTOR

18 DISSENT _____

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20 DISSENT _____
21 SH:ru/tv

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1 SERVICE LIST FOR: NEW RIVER UTILITY COMPANY

2 DOCKET NO.: W-01737A-12-0478

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