

ORIGINAL

OPEN MEETING AGENDA ITEM



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2015 JUL -2 P 4: 20

AZ CORP COMMISSION
DOCKET CONTROL

7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

9 **COMMISSIONERS**

10 SUSAN BITTER SMITH, CHAIRMAN
11 BOB STUMP
12 BOB BURNS
13 TOM FORESE
14 DOUG LITTLE

Arizona Corporation Commission
DOCKETED

JUL 02 2015

DOCKETED BY 

15 IN THE MATTER OF THE APPLICATION
16 OF GREENHAVEN WATER COMPANY,
17 INC. FOR AN INCREASE IN ITS RATES

DOCKET NO. W-02325A-14-0322

**COMMENTS TO THE
RECOMMENDED OPINION AND
ORDER**

18
19 Greenthaven Water Company, Inc. ("Company" or "Greenthaven") hereby
20 responds to the Recommended Opinion and Order.

21 **1.0 Revenue Requirement**

22 The Company strongly disagrees with the ROO's adoption of Staff's proposed
23 revenue requirement of \$83,486, leaving Greenthaven with only \$11,334 of cash flow
24 per year. Clearly, this is way too low for a company with 315 customers.
25

26 Staff's proposal must be put into perspective. Greenthaven has a substantial water
27 system that needs routine investment. Cash flow is needed to help make capital
28

1 improvements and cover the cost of small repairs, such as line breaks, as well as inflation,
2 rising energy costs, and other routine expenses that rise over time. For example, in
3
4 October 2014, a Company well pump and motor failed. The new pump motor cost
5 \$6,361. The new pump and labor for installation cost \$10,021. The total cost to replace
6 the pump and motor was \$16,382. If the ROO is adopted, and even if Company actually
7 hit its revenue requirement, it would take the Company 18 months to earn enough money
8 to pay for these necessary repairs.
9

10 In comparison to most water companies, Greenthaven's proposed cash flow of
11 \$21,810 is very modest. It is also consistent with the Commission's previous decisions.
12 For example, approximately two months ago in Park Water Company Rate Case Decision
13 No. 75046 (*see* Attachment 1), the Commission considered the cash flow issue. Park
14 Water Company has 123 customers, and Staff's recommended a low cash flow amount of
15 only \$13,443. *See id.* at ¶ 32. Meanwhile, Park requested cash flow of \$21,721. *See id.*
16 at ¶ 29. The Commission agreed with the company and found that Park's proposal
17 resulting in \$21,727 in cash flow was reasonable for a company of its size. In contrast,
18 Greenthaven has 315 customers. Greenthaven respectfully submits that if \$21,721 of
19 cash flow is reasonable for a company about one-third of its size, then certainly \$21,810
20 is reasonable for Greenthaven.
21

22 Finally, it is important to note that the owners do not take any money from the
23 Company. They have not received any dividends or taken a salary for all of the work
24 they perform. Thus, any concern that the owners will be unjustly enriched has no basis.
25 The Company simply wants to ensure that it can pay its expenses without going into debt.
26
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1 **2.0 Rate Design**

2 The Company is proposing a normal rate design that provides revenue stability,
3 retains the link to water use and expense, and keeps residential rates low. Greenthaven's
4 rate design essentially has half of the revenue coming from the monthly minimum and the
5 other half coming from the commodity rates. This assures the Company will have
6 revenue stability. Under its proposal, the average customer using 5,032 gallons will pay
7 only \$23.56 a month. The median customer using 2,934 gallons will pay only \$19.67 a
8 month. According to the Water Infrastructure Finance ("WIFA") pricing survey, the
9 median monthly bill for 5,000 gallons served by a water provider with less than a
10 thousand connections is \$34.35.¹ Clearly, in 2015 a residential water bill of around
11 \$20.00 is extremely reasonable. Therefore, the Company's proposed rates and charges
12 set forth in Attachment 2 should be adopted.

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16
17 On the other hand, Staff's proposed rate design is extremely unusual and almost
18 ensures the Company will never earn the cash flow the Company needs. Instead of a
19 50/50 split between the monthly minimum and commodity revenues, Staff proposes
20 33/67 split, with most of the revenues coming from the commodity charges. Remarkably,
21 Staff's proposal is that the monthly minimum set in 1985 will increase by only \$1.00,
22 from \$9.00 to \$10.00 after 30 years. Apparently, the reason for this approach is to keep
23 the residential water users rates extremely low. Staff's proposal would leave the typical
24 residential water user paying less than \$13.00 a month. Staff shifts the burden of the
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¹ See WIFA Water and Wastewater Service Pricing in Arizona, at p. 12 (Sept. 2014)

1 increase to the higher water users. As we all know, the problem with this approach is that
2 it will cause conservation, leaving the Company with less revenue than what is projected.
3

4 Again, the Company points out that its position is reasonable and consistent with
5 the Commission's recent Decision No. 75046 in the Park Water Rate Case where the
6 same issue of rate design was considered. In *Park*, Staff proposed that 44% of its
7 revenues would come from the monthly minimum charge. Like the Company here, Park
8 Water proposed a monthly minimum that would generate 50% of the monthly minimum.
9 *See id.* at ¶ 36. The Commission agreed with Park Water and found that rate designs that
10 allow 50% of revenues to be generated through monthly minimums provides a "steady,
11 reliable revenue stream, but yet still allows customers to lower their water bills through
12 conservation." *See id.* at ¶ 37.
13
14

15 Again, Greenthaven respectfully submits that if only two months ago the
16 Commission believed that a 50/50 split between monthly minimums and commodity
17 charges was better than a 44/56 split, then certainly the same 50/50 is better than the
18 33/67 split proposed in this case.
19
20

21 DATED this 2nd day of July, 2015.

22 **MOYES SELLERS & HENDRICKS**

23
24 
25 Steve Wene

26
27
28 Original and 13 copies of the foregoing
filed this 2nd day of July, 2015, with:

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Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Donnelly Herbert

ATTACHMENT 1

1 **BEFORE THE ARIZONA CORPORATION**

2 **COMMISSIONERS**

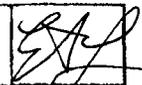
3 SUSAN BITTER SMITH – Chairman
4 BOB STUMP
5 BOB BURNS
6 TOM FORESE
7 DOUG LITTLE

Arizona Corporation Commission

DOCKETED

APR 27 2015

DOCKETED BY



8 IN THE MATTER OF THE APPLICATION OF
9 PARK WATER COMPANY, INC. FOR A
10 PERMANENT RATE INCREASE.

DOCKET NO. W-02353A-14-0323

DECISION NO. 75046

ORDER

11 Open Meeting
12 April 14 and 15, 2015
13 Phoenix, Arizona

14 **BY THE COMMISSION:**

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

17 **FINDINGS OF FACT**

18 **PROCEDURAL HISTORY**

19 1. On September 8, 2014, Park Water Company, Inc. (“Park” or “Company”), filed an
20 application with the Commission for a permanent rate increase (“Application”).

21 2. On September 24, 2014, the Company filed an Affidavit averring that it sent
22 customers a notice advising them of the pending application on September 5, 2014. Three customers
23 filed opinions opposing the rate increase.

24 3. On October 8, 2014, the Commission’s Utilities Division (“Staff”) issued its
25 Sufficiency Letter stating that the application met the requirements of Arizona Administrative Code
26 (“A.A.C.”) R14-2-103, and classifying Park as a Class D utility.

27 4. On December 22, 2014, Staff issued its Staff Report recommending Commission
28 approval of Staff’s proposed rates and charges, subject to certain conditions. Staff docketed a Notice
of Errata to the Staff Report on January 13, 2015.

5. Park submitted its comments to the Staff Report on January 16, 2015, objecting to a

1 number of Staff's recommendations and conditions.

2 6. A Procedural Order issued January 23, 2015, directed Staff to docket a response to
3 Park's comments by February 18, 2015. The Company was directed to file any comments to Staff's
4 response by March 6, 2015. The Procedural Order extended the time clock accordingly.

5 7. Staff docketed its response to Park's comments on February 17, 2015.

6 8. On March 6, 2015, Park submitted its reply to Staff's response, reiterating its
7 objections to certain Staff recommendations.

8 BACKGROUND

9 Company Background

10 9. Park is an Arizona 'C' corporation providing water service to approximately 123
11 customers in Pinal County, 10 miles southeast of Florence, Arizona. The Commission granted Park's
12 Certificate of Convenience and Necessity in Decision No. 50073 (July 11, 1979). The Company's
13 current rates were set in Decision No. 72487 (July 25, 2011), as corrected in Decision No. 73734
14 (February 20, 2013).

15 10. An Arizona Department of Water Resources ("ADWR") Compliance Status Report
16 dated October 14, 2014, indicated that the Company is in compliance with ADWR requirements
17 governing water providers and/or community water systems.

18 11. Park is within the ADWR Pinal Active Management Area ("AMA") and is subject to
19 ADWR AMA reporting and conservation requirements.

20 12. An Arizona Department of Environmental Quality ("ADEQ") Compliance Status
21 Report dated October 28, 2014, indicated that the Company's system is in compliance with ADEQ
22 regulations and currently delivers water that meets the water quality standards required by 40 CFR
23 141 and A.A.C., Title 18, Chapter 4.

24 13. Park has Commission-approved Backflow and Curtailment Tariffs.

25 14. Staff stated that Park has no outstanding compliance issues, is in good standing with
26 the Corporations Division, and is current on its property and sales tax. Staff noted that between
27 January 1, 2012, and November 25, 2014, there were two complaints against the Company, both of
28

1 which have been resolved.

2 **Water System**

3 15. According to Staff, Park's water system is comprised of two active wells with a total
 4 yield of 180 gallons per minute, three storage tanks with 52,000 gallons of storage capacity, three
 5 pressure tanks, four booster pumps, and a distribution system. All customers are served by 5/8 x 3/4-
 6 inch meters. Staff concluded that the Company's system has adequate production and storage
 7 capacity to serve the existing customer base and anticipated growth.

8 16. Staff observed that in 2007 Park had approximately 162 customers, but, by 2013, its
 9 customer based had dwindled to 123 connections. The Company reported that it expects very little
 10 growth, if any, over the next three-to-five years.

11 **RATE APPLICATION**

12 **Summary**

13 17. As its final position, Park proposed an original cost rate base, which is the same as its
 14 fair value rate base ("FVRB"), of \$185,217. The Company requested a 34.98 percent revenue
 15 increase of \$30,000 over test year revenues of \$85,766, for total revenues of \$115,766. This results
 16 in an operating income of \$22,553, a 12.18 percent rate of return, and a cash flow of \$21,721.

17 18. In the Staff Report, Staff recommended a FVRB of \$173,445, which is an \$11,772
 18 decrease from Park's proposed FVRB. Staff's recommended revenues of \$105,152 represent an
 19 increase of \$19,386 over test year revenues of \$85,766. According to the Staff Report, this would
 20 generate an operating income of \$15,108, an 8.71 rate of return, and a cash flow of \$21,808.

21 19. Park adopted a test year ending December 31, 2013. During the test year, the average
 22 and median water use by customers were 6,272 and 4,518 gallons per month, respectively.

23 20. The rates and charges for Park at present, as proposed by the Company, and as
 24 recommended by Staff, are as follows:

25 **MONTHLY USAGE CHARGE:**

	<u>Present</u>	<u>Company</u>	<u>Staff</u>
	<u>Rates</u>	<u>Proposed</u>	<u>Proposed</u>
26 5/8 x 3/4-Inch Meter	\$25.00	\$38.75	\$31.00
27 3/4-Inch Meter	25.00	58.13	75.00
28 1-Inch Meter	62.50	96.88	75.00

1	1-1/2-Inch Meter	125.00	193.75	150.00
	2-Inch Meter	200.00	310.00	240.00
2	3-Inch Meter	400.00	620.00	480.00
	4-Inch Meter	625.00	968.75	750.00
3	6-Inch Meter	1,250.00	1,937.50	1,500.00
4	Gallons Included in Minimum	0	0	0
5	<u>COMMODITY CHARGES:</u> Per 1,000 Gallons (All Classes)			
6	<u>All Meter Sizes</u>			
7	0 to 3,000 gallons	\$3.00	\$3.97	N/A
	3,001 to 9,000 gallons	5.00	5.95	N/A
8	Over 9,000 gallons	8.80	9.94	N/A
9	<u>5/8 x 3/4-Inch Meter</u>			
	0 to 3,000 gallons	N/A	N/A	\$3.93
10	3,001 to 9,000 gallons	N/A	N/A	6.57
	Over 9,000 gallons	N/A	N/A	9.51
11	<u>3/4-Inch Meter</u>			
12	0 to 3,000 gallons	N/A	N/A	\$3.93
	3,001 to 9,000 gallons	N/A	N/A	6.99
13	Over 9,000 gallons	N/A	N/A	9.43
14	<u>1-Inch Meter</u>			
	0 to 40,000 gallons	N/A	N/A	\$3.10
15	Over 40,000 gallons	N/A	N/A	4.40
16	<u>1-1/2-Inch Meter</u>			
	0 to 120,000 gallons	N/A	N/A	\$3.10
17	Over 120,000 gallons	N/A	N/A	4.40
18	<u>2-Inch Meter</u>			
	0 to 225,000 gallons	N/A	N/A	\$3.10
19	Over 225,000 gallons	N/A	N/A	4.40
20	<u>3-Inch Meter</u>			
	0 to 500,000 gallons	N/A	N/A	\$3.10
21	Over 500,000 gallons	N/A	N/A	4.40
22	<u>4-Inch Meter</u>			
	0 to 800,000 gallons	N/A	N/A	\$3.10
23	Over 800,000 gallons	N/A	N/A	4.40
24	<u>6-Inch Meter</u>			
	0 to 1,500,000 gallons	N/A	N/A	\$3.10
25	Over 1,500,000 gallons	N/A	N/A	4.40
26	...			
27	...			
28				

SERVICE LINE AND METER CHARGES:
(Refundable Pursuant to A.A.C. R14-2-405)

	Present Charges	Company Proposed Service Line Charges	Company Proposed Meter Charges	Company Proposed Total Charges	Staff Recommended Service Line Charges	Staff Recommended Meter Charges	Staff Recommended Total Charges
5/8 x 3/4" Meter	\$575	\$445	\$155	\$600	\$445	\$155	\$600
3/4 " Meter	680	445	255	700	445	255	700
1" Meter	775	495	315	810	495	315	810
1-1/2" Meter	1,020	550	525	1,075	550	525	1,075
2" Turbine Meter	1,875	830	1,890	2,720	830	1,890	2,720
2" Compound Meter	N/A	830	1,890	2,720	830	1,890	2,720
3" Turbine Meter	2,715	1,165	2,545	3,710	1,165	2,545	3,710
3" Compound Meter	N/A	1,165	2,545	3,710	1,165	2,545	3,710
4" Turbine Meter	4,160	1,670	3,645	5,315	1,670	3,645	5,315
4" Compound Meter	N/A	1,670	3,645	5,315	1,670	3,645	5,315
6" Turbine Meter	6,500	2,330	6,920	9,250	2,330	6,920	9,250
6" Compound Meter	N/A	2,330	6,920	9,250	2,330	6,920	9,250
Over 6"	N/A	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost

SERVICE CHARGES:

	Present Rates	Company Proposed	Staff Recommended
Establishment	\$25.00	\$35.00	\$35.00
Reconnection (Delinquent)	25.00	30.00	30.00
After Hours Service Charge	35.00	35.00	35.00
Meter Test (If Correct)	20.00	25.00	25.00
Meter Re-Read (If Correct)	15.00	20.00	20.00
NSF Check	25.00	25.00	25.00
Deposit	\$0.00	*	*
Deposit Interest	*	*	*
Re-Establishment (Within 12 Months)	**	**	**
Deferred Payment Per Month	1.50%	1.50%	1.50%
Late Fee	1.50%	1.50%	1.50%
<u>Monthly Service Charge for Fire Sprinkler</u>			
4-Inch to Larger than 10-Inch	***	***	***
6-Inch	***	***	***
8-Inch	***	***	***
10-Inch	***	***	***
Larger than 10-Inch	***	***	***

* Per Commission Rule A.A.C. R14-2-403(B).

** Months off system times the monthly minimum per Commission Rule A.A.C. R14-2-403(D).

*** 2.00% of monthly minimum for a comparable sized meter connection, but no less than \$10.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

...

...

1 **Rate Base**

2 21. Although the Company and Staff agree on most rate base issues, Park disputed Staff's
3 placement of \$1,291 of computer equipment into Account 340, Office Furniture and Fixtures, instead
4 of into Account 340.1, Computer Equipment.¹ A review of the Staff Report from the prior rate case
5 reflects inconsistent treatment in different schedules of the computer equipment as either office
6 furnishings or computer equipment. Park provided documentation confirming that the plant in
7 question is computer equipment.

8 22. We find the computer equipment is more appropriately placed in Account 340.1 –
9 Computer Equipment. Coupled with the \$917 already contained in Account 340.1, the correct
10 amount is \$2,208, and the associated accumulated depreciation should be calculated accordingly.

11 23. Park also disputed Staff's \$11,772 adjustment to increase the accumulated
12 depreciation balance. Park provided a detailed calculation to support its proposed accumulated
13 depreciation balance of \$141,320, and we find it correct.

14 24. As such, we find that Park's proposed FVRB of \$185,217 is correct and we adopt it.

15 **Income Statement**

16 25. The Company reported test year revenues of \$85,766, and Staff agreed.

17 26. In the Staff Report, Staff recommended adjusted test year operating expenses of
18 \$86,938, for an adjusted test year operating loss of (\$1,172). The adjustments related to office
19 supplies and expenses, outside services, water testing expense, rate case expense, depreciation
20 expense property tax expense, and income tax expense.

21 27. Park adopted most of Staff's expense adjustments, but differed from Staff in its
22 calculations of depreciation expenses and taxes. As its final position, Park reflected adjusted test year
23 operating expenses of \$85,622, for test year operating income of \$144.

24 28. Staff originally recommended a 6.6 percent composite amortization rate for CIAC.
25 Park argued that because all of its CIAC relates to investment in transmission and distribution mains,
26 the depreciation rate for that plant, 2.0 percent, should be used. Staff ultimately agreed with the
27

28 ¹ The depreciation for plant in Account 340 is 15 years at 6.67 percent. For Account 340.1, it is 5 years at 20.0 percent.

1 Company's position and recommended the use of a 2.0 percent CIAC amortization rate. Since we
2 have adopted the Company's position regarding the only disputed plant classification, and the parties
3 agree on the depreciation and amortization rates, we also adopt the Company's depreciation expense
4 of \$16,270. After adjusting for errors in the parties' income tax calculations, we find test year
5 operating expenses to be \$85,922, resulting in a test year operating loss of (\$156).

6 **Revenue Requirement**

7 29. The Company's final proposed revenue requirement is \$115,766, reflecting a \$30,000
8 increase over test year revenues, for a 34.58 percent increase. This generates operating income of
9 \$22,553, or a 12.18 percent rate of return, and a cash flow of \$21,721.

10 30. Staff recommended revenues of \$105,152. This is a \$19,386 increase over test year
11 revenues, for an operating income of \$15,108, or an 8.71 percent rate of return. Staff believes this
12 creates a cash flow of \$21,808.

13 31. The Company disputed several points in Staff's calculations. Park noted that in the
14 prior rate case the Commission authorized revenues of \$110,636. The Company explained that since
15 that last case it has never earned this amount of revenue as reflected by test year revenues of \$85,766.
16 Park notes that Staff's recommended revenue of \$105,152 is actually less than that approved by the
17 Commission in the last rate case, effectively decreasing authorized revenues and negatively
18 impacting the Company's right and ability to earn a reasonable rate of return.

19 32. Second, Park argues that Staff did not subtract the full debt service amount on its
20 WIFA loan² when making its cash flow predictions. As such, rather than providing \$21,808 in cash
21 flow, Staff's recommended revenue actually results in a cash flow of only \$13,443.

22 33. We note that in 2007, Park reported having 162 customers. During the test year, the
23 Company reported 123 customers – a decrease of 25 percent. This could account for the Company's
24 inability to earn its authorized revenue. A decrease in customer base may lead to a decrease in some
25 expenses, while other expenses remain the same.

26 34. Under the circumstances, we believe that the return on rate base requested by Park is
27

28 ² The full debt service on the WIFA loan (including debt service reserve) is \$17,102.

1 reasonable. As noted in the discussion of the Income Statement, above, there were errors in operating
 2 expense calculations. After correction of these errors and related flow-through, we believe that the
 3 correct amount of required revenue is \$114,719, reflecting a \$28,953 increase over test year revenue,
 4 or 33.76 percent. This results in operating income of \$22,560, a 12.18 percent rate of return, and
 5 \$21,727 in cash flow.

6 Rate Design

7 35. Staff's proposed rate design generates 44 percent of its recommended revenues from
 8 the monthly usage charge and 56 percent from the commodity charge. Staff believes this will
 9 promote conservation and allow ratepayers more flexibility in lowering their water bills. Under
 10 Staff's recommended rates and charges, customers with average water use would experience a \$13.93
 11 increase, from \$50.36 to \$64.29, or 27.65 percent. A customer with median water usage would
 12 experience an \$11.17 increase, from \$41.59 to \$52.76, or 26.87 percent.

13 36. Park's proposed rate design generates 50 percent of its recommended revenues from
 14 the monthly usage charge and 50 percent from the commodity charge. The Company believes this
 15 50/50 split will still promote conservation and allow ratepayers more flexibility in lowering their
 16 water bills, but also provide a more reliable revenue stream. Under Park's recommended rates and
 17 charges, customers with average water use would experience a \$19.77 increase, from \$50.36 to
 18 \$70.13, or 39.25 percent. A customer with median water usage would experience an \$18.10 increase,
 19 from \$41.59 to \$59.69, or 43.53 percent.

20 37. We believe a rate design that would allow Park to generate 50 percent of its authorized
 21 revenue from the monthly usage charge and 50 percent from commodity charges provides a steady,
 22 reliable revenue stream, but yet still allows customers to lower their water bills through conservation.
 23 Based on the authorized revenue requirement, we adopt the following rate design:

24 MONTHLY USAGE CHARGE:

25 (All Classes)

26 5/8 x 3/4-Inch Meter	\$38.40
27 3/4-Inch Meter	57.60
28 1-Inch Meter	96.00
1-1/2-Inch Meter	191.98
2-Inch Meter	307.17

1	3-Inch Meter	614.34
	4-Inch Meter	959.91
2	6-Inch Meter	1,919.82

3 **COMMODITY CHARGES:**
Per 1,000 Gallons (All Classes)

4	<u>5/8 x 3/4-Inch Meter</u>	
	0 to 3,000 gallons	\$3.93
5	3,001 to 9,000 gallons	5.90
6	Over 9,000 gallons	9.85

7	<u>3/4-Inch Meter</u>	
	0 to 3,000 gallons	\$3.93
8	3,001 to 13,000 gallons	5.90
	Over 13,000 gallons	9.85

9	<u>1-Inch Meter</u>	
	0 to 20,000 gallons	\$5.90
10	Over 20,000 gallons	9.85

11	<u>1-1/2-Inch Meter</u>	
	0 to 35,000 gallons	\$5.90
12	Over 35,000 gallons	9.85

13	<u>2-Inch Meter</u>	
	0 to 50,000 gallons	\$5.90
14	Over 50,000 gallons	9.85

15	<u>3-Inch Meter</u>	
	0 to 100,000 gallons	\$5.90
16	Over 100,000 gallons	9.85

17	<u>4-Inch Meter</u>	
	0 to 150,000 gallons	\$5.90
18	Over 150,000 gallons	9.85

19	<u>6-Inch Meter</u>	
	0 to 325,000 gallons	\$5.90
20	Over 325,000 gallons	9.85

21 38. Under this rate design, customers with average water use would experience a \$16.21
22 increase, from \$50.36 to \$66.57, or 32.19 percent. A customer with median water use would
23 experience a \$16.20 increase, from \$41.59 to \$57.79, or 38.96 percent.

24 39. We find that the Company's and Staff's proposed Service Charges, Service Line and
25 Meter Charges, reflected above, are reasonable and we adopt them.

26 ...

27 ...

28

1 **Other Recommendations**

2 40. Staff recommended that Park file a schedule of the approved rates and charges with
3 the Commission within 30 days of the effective date of the Decision.

4 41. Staff also recommended that Park continue to use the depreciation rates by individual
5 National Association of Regulatory Utility Commissioners category as directed in Decision No.
6 72487 (July 25, 2011).

7 42. We find that these recommendations are just and reasonable and we adopt them.

8 43. In addition to Staff's recommendations, we believe it is reasonable to authorize Park
9 to collect from its customers a proportionate share of any privilege, sales or use tax as provided for in
10 A.A.C. R-14-2-409(D).

11 44. We believe it is reasonable to require Park to notify its customers of the authorized
12 rates and charges, and their effective date, in a form acceptable to Staff, by means of an insert in its
13 next regularly scheduled billing.

14 45. Staff also recommended that the Company be required to file with Docket Control, as
15 a compliance item in this docket, within 90 days of this Decision's effective date, at least three Best
16 Management Practices Tariffs ("BMPs") that substantially conform to those on the Commission's
17 website for the Commission's review and consideration. Staff noted that Park may request recovery
18 of actual costs associated with the BMP's implementation in its next permanent rate application.

19 46. Park objected to Staff's recommendation because the Company is within an AMA and
20 is already subject to ADWR BMPs; further, Park believes that BMPs are unnecessary and are an
21 administrative burden.

22 47. We agree with Park that its compliance with ADWR AMA regulations is sufficient
23 and we will not require the Company to file any BMP tariffs with the Commission.

24 48. In Decision No. 72487 (July 25, 2011), the Commission ordered Park to file annually,
25 as part of its Utilities Annual Report, an affidavit attesting that it is current on paying its property
26 taxes. We believe it is reasonable to require Park to continue to file the property tax affidavit.

27
28

CONCLUSIONS OF LAW

1. Park is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250 and 40-251.
2. The Commission has jurisdiction over Park and the Application's subject matter.
3. Notice of the Application was provided in the manner prescribed by Arizona law.
4. The authorized rates and charges are just and reasonable and should be approved without a hearing.
5. The recommendations stated herein are just reasonable and should be adopted.

ORDER

IT IS THEREFORE ORDERED that Park Water Company, Inc. shall file with Docket Control, as a compliance item in this docket, by May 1, 2015, revised tariffs setting forth the following rates and charges:

MONTHLY USAGE CHARGE:

(All Classes)

5/8 x 3/4-Inch Meter	\$38.40
3/4-Inch Meter	57.60
1-Inch Meter	96.00
1-1/2-Inch Meter	191.98
2-Inch Meter	307.17
3-Inch Meter	614.34
4-Inch Meter	959.91
6-Inch Meter	1,919.82

COMMODITY CHARGES:

Per 1,000 Gallons (All Classes)

5/8 x 3/4-Inch Meter

0 to 3,000 gallons	\$3.93
3,001 to 9,000 gallons	5.90
Over 9,000 gallons	9.85

3/4-Inch Meter

0 to 3,000 gallons	\$3.93
3,001 to 13,000 gallons	5.90
Over 13,000 gallons	9.85

1-Inch Meter

0 to 20,000 gallons	\$5.90
Over 20,000 gallons	9.85

1	<u>1-1/2-Inch Meter</u>	
	0 to 35,000 gallons	\$5.90
2	Over 35,000 gallons	9.85
3	<u>2-Inch Meter</u>	
	0 to 50,000 gallons	\$5.90
4	Over 50,000 gallons	9.85
	<u>3-Inch Meter</u>	
5	0 to 100,000 gallons	\$5.90
	Over 100,000 gallons	9.85
6	<u>4-Inch Meter</u>	
	0 to 150,000 gallons	\$5.90
7	Over 150,000 gallons	9.85
8	<u>6-Inch Meter</u>	
	0 to 325,000 gallons	\$5.90
9	Over 325,000 gallons	9.85

10	<u>SERVICE LINE AND METER CHARGES:</u> (Refundable Pursuant to A.A.C. R14-2-405)	<u>Service Line</u> <u>Charges</u>	<u>Meter</u> <u>Charges</u>	<u>Total</u> <u>Charges</u>
11	5/8 x 3/4-Inch Meter	\$ 445.00	\$ 155.00	\$ 600.00
12	3/4-Inch Meter	445.00	255.00	700.00
	1-Inch Meter	495.00	315.00	810.00
13	1-1/2-Inch Meter	550.00	525.00	1,075.00
	2-Inch Turbine Meter	830.00	1,890.00	2,720.00
14	2-Inch Compound Meter	830.00	1,890.00	2,720.00
	3-Inch Turbine Meter	1,165.00	2,545.00	3,710.00
15	3-Inch Compound Meter	1,165.00	2,545.00	3,710.00
	4-Inch Turbine Meter	1,670.00	3,645.00	5,315.00
16	4-Inch Compound Meter	1,670.00	3,645.00	5,315.00
17	6-Inch Turbine Meter	2,330.00	6,920.00	9,250.00
	6-Inch Compound Meter	2,330.00	6,920.00	9,250.00
	Over 6-Inch	At Cost	At Cost	At Cost

18	<u>SERVICE CHARGES:</u>	
19	Establishment	\$35.00
	After Hours Service Charge	35.00
20	Reconnection (Delinquent)	30.00
	Meter Test (If Correct)	25.00
21	Meter Re-Read (If Correct)	20.00
	NSF Check	25.00
22	Deposit	*
	Deposit Interest	*
23	Re-Establishment (Within 12 Months)	**
	Deferred Payment Per Month	1.50%
24	Late Fee	1.50%

25	<u>Monthly Service Charge for Fire Sprinkler:</u>	
	4-Inch or Smaller	***
26	6-Inch	***
	8-Inch	***
27	10-Inch	***
	Larger than 10-Inch	***
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- * Per Commission Rule A.A.C. R14-2-403(B).
- ** Months off system times the monthly minimum per Commission Rule A.A.C. R14-2-403(D).
- *** 2.00% of monthly minimum for a comparable sized meter connection, but no less than \$10.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

IT IS FURTHER ORDERED that in addition to collection of its regular rates and charges, Park Water Company, Inc. is authorized to collect from its customers a proportionate share of any privilege, sales or use tax pursuant to A.C.C. R14-2-409(D).

IT IS FURTHER ORDERED that the above rates and charges shall be effective for all service provided on and after May 1, 2015.

IT IS FURTHER ORDERED that Park Water Company, Inc. shall notify its customers of the authorized rates and charges, and their effective dates, in a form acceptable to the Commission Staff, by means of an insert in its next regularly scheduled billing or separate mailing, and shall file copies of the notice with Docket Control within 10 days of the date the notice is sent to customers.

IT IS FURTHER ORDERED that Park Water Company, Inc. shall continue to use the depreciation rates by individual National Association of Regulatory Utility Commissioners category.

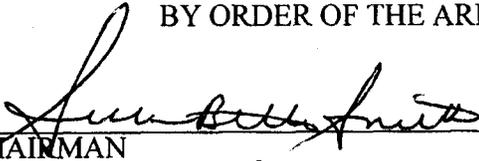
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IT IS FURTHER ORDERED that Park Water Company, Inc. shall continue to file annually, as part of its Utilities Annual Report, an affidavit attesting that Park Water Company, Inc. is current in paying its property taxes in Arizona.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

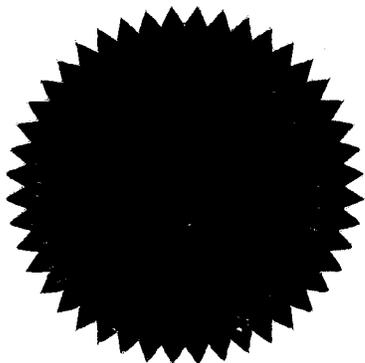

CHAIRMAN


COMMISSIONER

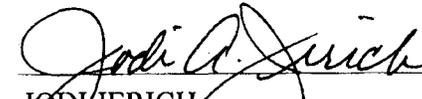

COMMISSIONER


COMMISSIONER


COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 27th day of April 2015.


JODI JERICH
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____
BAM:tv

1 SERVICE LIST FOR: PARK WATER COMPANY, INC.

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Steve Wene
MOYES SELLERS & HENDRICKS LTD.
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Janice Alward, Chief Counsel
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ARIZONA CORPORATION COMMISSION
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Steven M. Olea, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, AZ 85007

ATTACHMENT 2

PROPOSED RATES AND CHARGES

Monthly Usage Charges (Residential and Commercial)

5/8" x 3/4" Meter	\$	16.00
3/4" Meter		24.00
1" Meter		40.00
1-1/2" Meter		80.00
2" Meter		128.00
3" Meter		256.00
4" Meter		400.00
6" Meter		800.00

Commodity Charges - Per 1,000 Gallons (Residential and Commercial)

<u>5/8" x 3/4" and 3/4" Meter</u>		
First 3000 gallons	\$	1.25
3,001 to 9,000 gallons		1.88
Over 9,000 gallons		2.45
<u>1" Meter</u>		
First 15,000 gallons	\$	1.88
Over 15,000 gallons		2.45
<u>1-1/2" Meter</u>		
First 30,000 gallons	\$	1.88
Over 30,000 gallons		2.45
<u>2" Meter</u>		
First 50,000 gallons	\$	1.88
Over 50,000 gallons		2.45
<u>3" Meter</u>		
First 100,000 gallons	\$	1.88
Over 100,000 gallons		2.45
<u>4" Meter</u>		
First 150,000 gallons	\$	1.88
Over 150,000 gallons		2.45
<u>6" Meter</u>		
First 310,000 gallons	\$	1.88
Over 310,000 gallons		2.45

Monthly Usage Charges (Irrigation)

5/8" x 3/4" Meter	\$	10.00
3/4" Meter		15.00
1" Meter		25.00
1-1/2" Meter		50.00
2" Meter		80.00
3" Meter		160.00
4" Meter		250.00
6" Meter		500.00

Commodity Charges (Irrigation)

Per 1,000 gallons for all	\$	1.30
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PROPOSED SERVICE LINE AND METER INSTALLATION CHARGES

	Service Line Charge	Meter Charge	Total Charges
5/8" x 3/4" Meter	\$ 445.00	\$ 155.00	\$ 600.00
3/4" Meter	445.00	255.00	700.00
1" Meter	495.00	315.00	810.00
1-1/2" Meter	550.00	525.00	1,075.00
2" Turbine Meter	830.00	1,045.00	1,875.00
2" Compound Meter	830.00	1,890.00	2,720.00
3" Turbine Meter	1,045.00	1,670.00	2,715.00
3" Compound Meter	1,165.00	2,545.00	3,710.00
4" Turbine Meter	1,490.00	2,670.00	4,160.00
4" Compound Meter	1,670.00	3,645.00	5,315.00
6" Turbine Meter	2,210.00	5,025.00	7,235.00
6" Compound Meter	2,330.00	6,920.00	9,250.00
Over 6"	At Cost	At Cost	At Cost

OTHER PROPOSED CHARGES

Establishment	\$	30.00
Reconnection (delinquent)		30.00
Re-establishment (within 12 months)		***
Meter Test (If correct)	\$	40.00
Deposit		*
Deposit Interest		*
NSF Check	\$	25.00
Deferred Payment (per month)		**
Meter Re-read	\$	25.00
Late Payment Fee (per month)		1.5% per month
After Hours Service Charge (at customers request)	\$	35.00

* - Per Rule R14-2-403(B).

** - Per Rule R14-2-409(G).

*** - Months off system times the monthly minimum per Rule R14-2-403(D).