

**ORIGINAL**

**OPEN MEETING  
MEMORANDUM**



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2015 APR 30 A 11: 22

TO: THE COMMISSION

FROM: Utilities Division

DATE: April 30, 2015

RE: IN THE MATTER OF THE APPLICATION OF VALLEY UTILITIES WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR AN INCREASE IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.

SUBJECT: COMPLIANCE FILING PER DECISION NO. 73913 - DISCONTINUATION OF COMPANY'S ARSENIC IMPACT FEE TARIFF (DOCKET NO. W-01412A-12-0195) AND THE ASSOCIATED ANNUAL FINANCIAL STATUS REPORT.

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

**Introduction**

On January 23, 2015, Valley Utilities Water Company, Inc. ("Valley" or "Company") filed a motion with the Arizona Corporation Commission ("Commission") requesting discontinuation of the Company's arsenic impact fee ("AIF") tariff and the associated annual financial status report. The AIF was initially approved in Decision No. 67669 (March 9, 2005) and reaffirmed in Decision No. 68309 (November 14, 2005).

On July 10, 2012, Valley filed a notice with the Commission requesting authorization, through its AIF tariff plan of administration, to continue collecting this fee. On August 28, 2013, Staff recommended in its Staff Report that the Company's Arsenic Impact Fee remain in effect until further order of the Commission. The Company is now seeking to discontinue the AIF.

**Background**

Valley is a class B Arizona public service corporation engaged in providing water utility services to over 1,400 customers. The Company serves a community located in Maricopa County, just east of Luke Air Force Base in the Phoenix West Valley. Valley's current rates were approved in Decision No. 73913, dated June 27, 2013.

The AIF was initially approved in Decision No. 67669 (March 9, 2005) and reaffirmed in Decision No. 68309 (November 14, 2005). The arsenic impact fee was to be treated the same as an off-site hook-up fee in that once the funds are expended, they would be considered contributions-in-aid-of-construction.

Arizona Corporation Commission

**DOCKETED**

APR 30 2015

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**Purpose of the Filing**

On January 23, 2015, Valley filed a motion with the Commission requesting discontinuation of the Company's AIF tariff and the associated annual financial status report. Valley indicates in its motion that it has collected \$124,772.53 since 2011, which includes \$65,052.53 collected in 2014, to pay for the completion of the Company's arsenic treatment facilities at both its Glendale and Bethany Home locations. As a result, the Company indicates that the AIF Tariff is no longer needed and should be discontinued in accordance with the Company's Plan of Administration filed on July 10, 2013.

The Company collected and expended \$461,153 while the Commission initially authorized \$1,926,100 for the construction of the arsenic treatment facilities. The Company stopped collection of the AIF on December 11, 2014.

Decision No. 73913, (June 27, 2013) required Valley to file within 45 days after the effective date of the Decision, a document proposing either cancellation of the AIF or another means of resolving the AIF so that it does not continue indefinitely. That Decision also required Staff to review the filing by Valley and issue a Staff Report within 60 days after the date of the Company's filing. The Company filed a plan of administration ("POA") on July 10, 2013 proposing that the AIF would terminate automatically once an agreed upon amount is collected by the AIF. Staff filed its report on August 28, 2013, with the recommendation that the Company continue collecting AIF until such time that the Company can recover costs incurred for the construction of its arsenic treatment facilities. Staff recommended that that AIF remain in effect until further order of the Commission.

**Staff Review**

Staff has reviewed the information supplied by the Company and has determined that the Company collected and expended \$461,153 in AIF from 2005 to 2014 for the construction of its arsenic treatment facilities at Bethany Hills West facility and Glendale Well Yard facility. The Company also collected \$16,362 in interest income. Further, Staff notes that the fair value rate base determined in Decision No. 73913 in the amount of \$2,109,695 will be unaffected by the outcome of this filing.

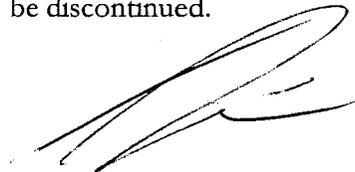
THE COMMISSION

April 28, 2015

Page 3

**Recommendation**

Staff recommends that Valley's AIF Tariff and the associated annual financial status report be discontinued.



Steven M. Olea  
Director  
Utilities Division

SMO:BAC:vsc\WVC

ORIGINATOR: Brendan C. Aladi

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

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

IN THE MATTER OF THE APPLICATION  
OF VALLEY UTILITIES WATER  
COMPANY, INC., AN ARIZONA  
CORPORATION, FOR A DETERMINATION  
OF THE FAIR VALUE OF ITS UTILITY  
PLANT AND PROPERTY AND FOR AN  
INCREASE IN ITS RATES AND CHARGES  
FOR UTILITY SERVICE BASED THEREON

DOCKET NO. W-01412A-12-0195  
DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
May 12 and 13, 2015  
Phoenix, Arizona

BY THE COMMISSION

FINDINGS OF FACT

1. Valley Utilities Water Company, Inc. ("Valley" or "Company") is a class B public service corporation engaged in providing water utility service to over 1,400 customers in the State of Arizona.

2. On January 23, 2015, Valley filed a motion with the Arizona Corporation Commission ("Commission") requesting discontinuation of the Company's arsenic impact fee ("AIF") tariff and the associated annual financial status report. The AIF was initially approved in Decision No. 67669 (March 9, 2005) and reaffirmed in Decision No. 68309 (November 14, 2005).

3. On June 27, 2013, the Arizona Commission issued Decision No. 73913 granting Valley a rate increase. As part of the Decision, the Commission ordered that Valley file with Docket Control, as a compliance item in this docket within 45 days of the effective date of the Decision, a

1 document proposing either the cancellation of Valley's AIF Tariff or another means of resolving the  
2 AIF Tariff so that it is not permitted to continue indefinitely.

3 4. Pursuant to Decision No. 73913, on July 19, 2013, Valley filed Plan of Administration  
4 so that the Company's AIF can either be cancelled or otherwise resolved so that it does not continue  
5 indefinitely.

6 5. On August 28, 2013, Staff recommended in its Staff Report that the AIF remains in  
7 effect until further order of the Commission. The Company is now seeking to discontinue the AIF.

### 8 **Staff's Analysis**

9 6. Valley is a class B Arizona public service corporation engaged in providing water utility  
10 service to over 1,400 customers. The Company services a community located in Maricopa County,  
11 just east of Luke Air Force Base in the Phoenix West Valley. Valley's current rates were approved in  
12 Decision No. 73913, dated June 27, 2013.

13 7. The AIF was initially approved in Decision No. 67669 (March 9, 2005) and reaffirmed  
14 in Decision No. 68309 (November 14, 2005). The arsenic impact fee was to be treated the same as an  
15 off-site hook-up fee in that once the funds are expended, they would be considered contributions-in-  
16 aid-of-construction.

17 8. On January 23, 2015, Valley filed a motion with the Commission requesting  
18 discontinuation of the Company's AIF tariff and the associated annual financial status report. Valley  
19 indicates in its motion that it has collected \$124,772.53 since 2011, which includes \$65,052.53  
20 collected in 2014, to pay for the completion of the Company's arsenic treatment facilities at both its  
21 Glendale and Bethany Home locations. As a result, the Company indicates that the AIF Tariff is no  
22 longer needed and should be discontinued in accordance with the Company's Plan of Administration  
23 filed in July 10, 2013.

24 9. The Company collected and expended \$461,153 while the Commission initially  
25 authorized \$1,926,100 for the construction of the arsenic treatment facilities. The Company stopped  
26 collection of the AIF on December 11, 2014.

27 10. Decision No. 73913, (June 27, 2013) required that Valley to file within 45 days after  
28 the effective date of the Decision, a document proposing either cancellation of the AIF or another

1 means of resolving the AIF so that it does not continue indefinitely. That Decision also required Staff  
 2 to review the filing by Valley and issue a Staff Report within 60 days after the date of the Company's  
 3 filing. The Company filed a plan of administration ("POA") on July 10, 2013 proposing that the AIF  
 4 would terminate automatically once an agreed upon amount is collected by the AIF. Staff filed its  
 5 report on August 28, 2013, with the recommendation that the Company continue collecting AIF until  
 6 such time that the Company can recover costs incurred for the construction of its arsenic treatment  
 7 facilities. Staff recommended that that AIF remain in effect until further order of the Commission.

8 11. Staff has reviewed the information supplied by the Company and has determined that  
 9 the Company collected and expended \$461,153 in AIF from 2005 to 2014 for the construction of its  
 10 arsenic treatment facilities at Bethany Hills West facility and Glendale Well Yard facility. The  
 11 Company also collected \$16,362 in interest income. Further, Staff notes that the fair value rate base  
 12 determined in Decision No. 73913 in the amount of \$2,109,695 will be unaffected by the outcome of  
 13 this filing.

14 **Recommendation**

15 12. Staff recommends that Valley's AIF Tariff and the associated annual financial status  
 16 report be discontinued.

17 CONCLUSIONS OF LAW

18 1. Valley Utilities Water Company, Inc. is a public service corporation within the meaning  
 19 of Article XV, Section 2, of the Arizona Constitution.

20 2. The Commission has jurisdiction over Valley Utilities Water Company, Inc. and of the  
 21 subject matter of the Application.

22 3. The Commission, having reviewed the filing and Staff's Memorandum dated April 30,  
 23 2015, concludes that it is in the public interest to approve the proposed discontinuation of AIF tariff  
 24 and the associated annual financial status report.

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ORDER

IT IS THEREFORE ORDERED that the Valley Utilities Water Company, Inc. AIF tariff and the associated annual financial status report are hereby discontinued.

**BY THE 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 this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
JODI JERICH  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

SMO:BCA:vsc\WVC

1 SERVICE LIST FOR: VALLEY UTILITIES WATER COMPANY, INC.  
2 DOCKET NO.: W-01412A-12-0195

3 Mr. Robert L. Prince  
4 Valley Utilities Water Company, Inc.  
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8 Arizona Corporation Commission  
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9 Mr. Steven M. Olea  
10 Director, Utilities Division  
11 Arizona Corporation Commission  
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13 Ms. Lyn Farmer  
14 Chief Administrative Law Judge  
15 Hearing Division  
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