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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission
DOCKETED

AUG 26 2015

DOCKETED BY TV

IN THE MATTER OF THE APPLICATION OF
LOMA LINDA ESTATES, INC., DBA LOMA
LINDA WATER COMPANY, FOR APPROVAL
OF A RATE ADJUSTMENT.

DOCKET NO. W-02211A-14-0419

DECISION NO. 75234

ORDER

Open Meeting
August 18 and 19, 2015
Phoenix, Arizona

BY THE COMMISSION:

This case involves an application for a permanent rate increase filed with the Arizona Corporation Commission ("Commission") by Loma Linda Estates, Inc., DBA Loma Linda Water Company ("Loma Linda"), a Class E water utility providing service to approximately 130 metered connections per month in a rural service area located near the Town of Clifton in Greenlee County. The rate application uses a test year ending December 31, 2013.

* * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

Procedural History

1. On December 24, 2014, Loma Linda filed with the Commission a Rate Application requesting an increase in revenues in the amount of \$8,000. Loma Linda stated that a rate increase is necessary because of increased operating costs since its last rate case, a need to replace plant, and a need to use outside services more frequently for repairs.¹

¹ Loma Linda stated that its manager is no longer able to perform repairs due to age and that Loma Linda anticipates repairing or replacing its pressure tank, installing flushing valves, replacing several mainline valves, and adding a new well to the system.

1 2. On January 22, 2015, the Commission's Utilities Division ("Staff") issued a Letter of
2 Deficiency informing Loma Linda that its Rate Application had not met the sufficiency requirements
3 of Arizona Administrative Code ("A.A.C.") R14-2-103 and providing a list of items needed.

4 3. On February 17, 2015, a customer comment was filed opposing Loma Linda's Rate
5 Application.

6 4. On March 26, 2015, Loma Linda filed an Amendment to its Rate Application.

7 5. On April 20, 2015, Staff issued a Letter of Sufficiency stating that Loma Linda's Rate
8 Application, as amended, had substantially met the sufficiency requirements of A.A.C. R14-2-103
9 and that Loma Linda had been classified as a Class E utility.

10 6. On June 8, 2015, Staff issued a Staff Report for this matter.

11 7. Loma Linda did not file a response to the Staff Report.

12 **Background**

13 8. Loma Linda is an Arizona C corporation and a Class E water utility providing service,
14 pursuant to a Certificate of Convenience and Necessity granted by the Commission in Decision No.
15 42866 (October 10, 1972), in a rural service area of approximately 100 acres located approximately
16 six miles southeast of the Town of Clifton in Greenlee County. Loma Linda's current rates were
17 established in Decision No. 63750 (July 1, 2001).

18 9. Loma Linda's President/Manager, Bevan Barney, owns approximately 74 percent of
19 Loma Linda's stock, with the remainder owned by three other individuals.

20 10. During the test year ending December 31, 2013 ("TY"), Loma Linda served an
21 average of approximately 130 metered connections per month, including 128 with 5/8" x 3/4" meters
22 and two with 1" meters. For the TY, Loma Linda's customers served by 5/8" x 3/4" meters had
23 average monthly water usage of 6,800 gallons and median monthly water usage of 5,100 gallons.
24 Loma Linda's customers are all residential.

25 11. Loma Linda's customer base has grown by only one metered connection since its last
26 rate case. Loma Linda does not expect customer growth or decline.

27 12. Loma Linda's water system consists of two wells with a combined pump yield of 160
28 gallons per minute ("GPM"), three storage tanks with a combined capacity of 30,000 gallons, four

1 booster pumps, three pressure tanks, and a distribution system serving approximately 130 metered
2 connections. An Engineer for the Commission's Utilities Division ("Staff") visited the system on
3 February 3, 2015, and concluded that the system has adequate well production and storage capacity to
4 serve the existing customer base and reasonable growth.

5 13. For the TY, Loma Linda reported 11,801,883 gallons pumped, 10,502,901 gallons
6 sold, and 27,000 of estimated beneficial non-revenue uses, resulting in water loss of 1,271,982
7 gallons, or 10.78 percent, which exceeds Commission standards for non-account water to be at a level
8 of 10-percent or less. Loma Linda believes that much of the water loss is due to old and inaccurate
9 customer meters and has begun testing and replacing those meters.

10 14. Loma Linda does not currently have any Best Management Practices ("BMP") Tariffs
11 in place and has selected the following three BMP Tariffs, attached hereto as Exhibit A, for
12 implementation in its system:

- 13 (a) Water Waste Investigations and Information Tariff—BMP 3.8,
- 14 (b) Meter Repair and/or Replacement Tariff—BMP 4.2, and
- 15 (c) Water System Tampering Tariff—BMP 5.2.

16 15. Because Loma Linda is not located in an Active Management Area ("AMA"), it is not
17 subject to Arizona Department of Water Resources ("ADWR") AMA reporting and conservation
18 requirements. ADWR reported on February 6, 2015, that Loma Linda is in compliance with ADWR
19 requirements governing water providers and/or community water systems.

20 16. A compliance status report issued by the Arizona Department of Environmental
21 Quality ("ADEQ") on January 21, 2015, shows that Loma Linda is currently delivering water
22 meeting the water quality standards of Title 40, Part 141 of the Code of Federal Regulations and
23 A.A.C. Title 18, Chapter 4.

24 17. Loma Linda had no delinquent compliance items in the Commission's compliance
25 database as of February 9, 2015.

26 18. Staff's Consumer Services Section reports that for the period of January 1, 2012,
27 through April 1, 2015, one complaint was filed against Loma Linda. The complaint, filed in 2013,
28

1 concerned a billing issue and has been resolved and closed.²

2 19. Loma Linda mailed notice of its Rate Application to customers on December 23,
3 2014.³ One customer provided comments opposing Loma Linda's application.

4 20. Loma Linda is current on its property tax obligations.

5 21. Loma Linda is in good standing with the Commission's Corporations Division.

6 22. Loma Linda has an approved Curtailment Tariff and an approved Backflow
7 Prevention Tariff on file with the Commission.

8 **Ratemaking**

9 23. In its Rate Application, as amended, Loma Linda set forth TY utility plant in service
10 ("UPIS") of \$253,857 and accumulated depreciation of \$223,885,⁴ resulting in a proposed original
11 cost rate base ("OCRB") of \$29,972. Loma Linda waived the option of having its fair value rate base
12 ("FVRB") determined using reconstructed cost new less depreciation.

13 24. Staff made several adjustments to Loma Linda's UPIS, resulting in an overall decrease
14 of \$1,300.⁵ Staff also increased accumulated depreciation by \$6,545;⁶ included customer security
15 deposits of \$4,936; and included a cash working capital allowance of \$6,551, calculated using the
16 formula method. As a result, Staff recommends an overall reduction of \$6,230 and an OCRB of
17 \$22,446.

18 25. Staff's adjustments to OCRB are just and reasonable, and we adopt Staff's
19 recommended OCRB of \$22,446 and find that Loma Linda's FVRB is equivalent to its OCRB and is
20 \$22,446.

21 26. Loma Linda reported TY total operating revenues of \$57,975 and total operating
22 expenses of \$58,948, for an operating loss of \$774.

23 ² Staff determined that Loma Linda's billing format complies with A.A.C. R14-2-409(B)(2).

24 ³ Although the Staff Report fact sheet shows that customer notice was mailed on December 23, 2013, we find this to
mean December 23, 2014, the day before the Rate Application was filed.

25 ⁴ This accumulated depreciation figure appeared in an Excel spreadsheet provided to Staff when the Amendment was
filed.

26 ⁵ These adjustments were made to bring the pumping equipment account into conformity with 2003 invoices; to
remove a 2011 expense item from the transmission and distribution mains account and bring the account into conformity
27 with 2013 invoices; to bring the meters and meter installations account into conformity with 2003, 2008, and 2012
invoices; and to reclassify misclassified UPIS items.

28 ⁶ Staff adjusted accumulated depreciation to reflect Staff's UPIS adjustments, authorized depreciation rates, removal of
depreciation accrued on fully depreciated plant, and plant retirements.

1 27. Staff calculated TY total operating revenues of \$58,692 and total adjusted operating
2 expenses of \$59,872, for an operating loss of \$1,180.

3 28. In performing its audit for this matter, Staff determined that Loma Linda has not been
4 using a consistent methodology for capitalizing versus expensing of plant costs and that Loma Linda
5 had included some non-water-utility expenses in its Rate Application. Additionally, Loma Linda was
6 unable to provide invoices for some plant expenditure amounts claimed in the Rate Application.
7 Staff noted that plant additions need to be supported by invoices, that Loma Linda should develop a
8 consistent procedure for capitalization versus expensing of plant items, and that Loma Linda should
9 keep separate accounts for non-water-utility expenses.

10 29. Staff's adjustments to Loma Linda's TY results increased metered water revenues,
11 decreased repairs and maintenance expenses, increased outside services expenses, decreased water
12 testing expenses, increased transportation expenses, decreased miscellaneous expenses, increased
13 depreciation expenses, decreased expenses for taxes other than income, and increased income tax
14 expenses.⁷

15 30. We find that Staff's adjustments to Loma Linda's TY results are just and reasonable
16 and that, for the TY, Loma Linda had total operating revenues of \$58,692 and total operating
17 expenses of \$59,872, resulting in an operating loss of \$1,180.

18 31. Staff recommended a revenue increase of \$8,629, or approximately 14.70 percent over
19 TY revenues, to be realized through increased monthly minimum charges, increased commodity
20 rates, decreased commodity rate tier break-over points for 5/8" x 3/4" and 3/4" meters, and two-tiered
21 commodity rates for larger meter sizes. Staff also recommended bifurcated and increased service line
22 and meter installation charges and increases in several service charges.

23 32. Staff's recommended revenue increase would produce total operating revenue of
24 \$67,321; operating income of \$5,675; a cash flow of \$9,020; an operating margin of 8.43 percent;
25 and a rate of return of 25.28 percent using the FVRB adopted herein.

26 _____
27 ⁷ Staff made these adjustments, *inter alia*, to make revenues consistent with TY billing determinants; to remove non-
28 utility expenses and plant items; to recognize operator fees; to reflect removal of incorrectly credited reimbursement from
Ashcreek Water Company; to reflect application of Staff's recommended depreciation rates and adjusted UPIS balances;
to remove property taxes for non-utility property; and to reflect Loma Linda's income taxes.

33. The rates currently authorized for Loma Linda, proposed by Loma Linda in its application as amended, and recommended by Staff in the Staff Report are as follows:

MONTHLY USAGE CHARGE:

	<u>Current Rates</u>	<u>Company Proposed</u>	<u>Staff Recommended</u>
5/8" x 3/4" Meter	\$ 16.63	\$ 20.00	\$ 19.50
3/4" Meter	17.79	22.00	29.25
1" Meter	19.77	23.00	48.75
1-1/2" Meter	27.23	30.00	97.50
2" Meter	36.01	39.00	156.00
3" Meter	57.48	60.00	312.00
4" Meter	96.75	100.00	487.50
6" Meter	193.65	210.00	975.00

COMMODITY CHARGES (Per 1,000 Gallons)

All Meter Sizes

1 to 4,000 Gallons	\$2.37
4,001 to 20,000 Gallons	3.57
In excess of 20,000 Gallons	4.27

All Meter Sizes

1 to 4,000 Gallons	\$2.60
4,001 to 18,000 Gallons	4.00
Over 18,000 Gallons	5.00

5/8" x 3/4" Meter

1 to 3,000 Gallons	\$2.50
3,001 to 12,000 Gallons	3.75
Over 12,000 Gallons	5.25

3/4" Meter

1 to 3,000 Gallons	\$2.50
3,001 to 10,000 Gallons ⁸	3.75
Over 10,000 Gallons	5.25

1" Meter

1 to 15,000 Gallons	\$3.75
Over 15,000 Gallons	5.25

1-1/2" Meter

1 to 25,000 Gallons	\$3.75
Over 25,000 Gallons	5.25

⁸ It is unclear why Staff recommended a lower tier break-over point for 3/4" meters than for 5/8" x 3/4" meters. However, Loma Linda currently has no customers served by 3/4" meters.

1	<u>2" Meter</u>			
	1 to 45,000 Gallons			\$3.75
2	Over 45,000 Gallons			5.25
3	<u>3" Meter</u>			
	1 to 90,000 Gallons			\$3.75
4	Over 90,000 Gallons			5.25
5	<u>4" Meter</u>			
6	1 to 120,000 Gallons			\$3.75
	Over 120,000 Gallons			5.25
7				
8	<u>6" Meter</u>			
	1 to 300,000 Gallons			\$3.75
9	Over 300,000 Gallons			5.25
10	<u>Bulk Water</u>			
	All Usage, Per 1,000 Gallons	NT	NT	\$5.25

SERVICE LINE & METER INSTALLATION CHARGES:
(Refundable pursuant to A.A.C. R14-2-405)

	<u>Current</u>	<u>Company</u> <u>Proposed</u>	<u>Staff Recommended</u>			
	<u>Combined</u> <u>Charge</u>	<u>Total Charge</u>	<u>Service Line</u> <u>Charge</u>	<u>Meter</u> <u>Charge</u>	<u>Total</u> <u>Charges</u>	
15						
16	5/8" x 3/4" Meter	\$ 430	\$ 700	\$ 415	\$ 105	\$ 520
17	3/4" Meter	460	800	415	205	620
	1" Meter	511	900	465	265	730
18	1-1/2" Meter	704	1,200	520	475	995
	2" Meter Turbine	931	1,795	800	995	1,795
19	2" Meter Compound	1,209	2,640	800	1,840	2,640
	3" Meter Turbine	1,486	2,635	1,015	1,620	2,635
20	3" Meter Compound	1,994	3,630	1,135	2,495	3,630
21	4" Meter Turbine	2,501	4,000	1,430	2,570	4,000
	4" Meter Compound	3,754	5,155	1,610	3,545	5,155
22	6" Meter Turbine	5,006	7,075	2,150	4,925	7,075
	6" Meter Compound	6,948	9,090	2,270	6,820	9,090
23	Over 6" Meter	NT	At Cost	At Cost ⁹	At Cost	At Cost

SERVICE CHARGES:

	<u>Present</u> <u>Rates</u>	<u>Company</u> <u>Proposed</u>	<u>Staff</u> <u>Recommended</u>
25			
26	Establishment	\$40.00	\$50.00

⁹ In the Staff Report, Staff included no entry for the service line charge for a meter over 6" in size, included \$2,270 for the meter installation charge for a meter over 6" in size, and included "At Cost" for the total for a meter over 6" in size. We interpret the "At Cost" total to signify that Staff recommends the other charges also be assessed at cost and disregard the other entries as inadvertent.

1	Establishment (After Hours)	\$75.00	NT	N/A
	Reconnection (Delinquent)	\$40.00	\$50.00	\$50.00
2	Meter Test (If Correct)	\$40.00	\$40.00	\$40.00
	Deposit	*	*	*
3	Deposit Interest – Per Annum	*	*	*
	Re-Establishment (Within 12 months)	**	**	**
4	NSF Check	\$25.00	\$25.00	\$25.00
5	Deferred Payment Per Month	1.00%	1.00%	1.00%
	Meter Re-Read (If Correct)	\$35.00	\$35.00	\$35.00
6	Late Charge per month (On unpaid balance)	NT	\$25.00	(a)
	Service Charge (After Hours)	NT	\$50.00	\$50.00

7				
8	<u>Monthly Service Charge for Fire Sprinkler</u>	Present	Company	Staff
		<u>Rates</u>	<u>Proposed</u>	<u>Recommended</u>
9	All Meter Sizes	***	N/A	***

- 10 * Per Commission rule (R-14-2-403(B)).
- 11 ** Months off system times the monthly minimum (R14-2-403(D)).
- 12 *** 1.0% of monthly minimum for a comparable size meter connection, but no less than \$5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.
- 13 (a) \$3.00 per month or 1.5% per month, whichever is higher.
- 14 NT No tariff

14 34. Loma Linda did not file a response to the Staff Report.

15 35. Loma Linda’s proposed rates and charges and Staff’s recommended rates and charges
 16 would have the following impact on the monthly bill for a customer served by a 5/8” x3/4” meter
 17 with average or median usage:

18	Loma Linda’s Proposed Rates	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
19	Average Usage (6,800 gallons)	\$36.11	\$41.60	\$5.49	15.20%
20	Median Usage (5,100 gallons)	\$30.04	\$34.80	\$4.76	15.85%
21	Staff’s Recommended Rates	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
22	Average Usage (6,800 gallons)	\$36.11	\$41.25	\$5.14	14.23%
23	Median Usage (5,100 gallons)	\$30.04	\$34.88	\$4.84	16.11%

24 36. Staff’s recommended revenue requirement of \$67,321 is just and reasonable, and we
 25 will adopt it. While it would be preferable to determine Loma Linda’s revenue requirement by
 26 applying a reasonable rate of return to Loma Linda’s FVRB, Loma Linda’s FVRB is so low that it
 27 would not be a meaningful exercise at this time. Using a cash flow analysis is an appropriate
 28 alternate means of determining revenue requirement under these circumstances.

1 37. Because Loma Linda's FVRB is quite low, and significantly lower than it was in
 2 Loma Linda's last rate case,¹⁰ we encourage Loma Linda to bring its OCRB/FVRB to an appropriate
 3 level by making reasonable and prudent investments in the system whenever system improvements
 4 are needed.

5 38. We will adopt Staff's recommended revenue requirement. However, Staff's
 6 recommended rate design would collect almost 13 percent of revenues through the third tier
 7 commodity rate (compared with 3.8% under current rates). We are concerned that Staff's proposed
 8 rate design puts too much of the increase on the third tier which creates the risk that conservation will
 9 make the company unable to earn its authorized revenue. We find it appropriate to keep the
 10 percentage of revenues collected through the third tier at a level more consistent with Loma Linda's
 11 current and proposed rate designs. We adopt the following monthly minimum charges and
 12 commodity rates in lieu of those recommended by Staff:

13 **MONTHLY USAGE CHARGE:**

14	5/8" x 3/4" Meter	\$ 21.00
15	3/4" Meter	24.15
16	1" Meter	31.50
17	1-1/2" Meter	104.80
18	2" Meter	167.70
19	3" Meter	335.40
20	4" Meter	524.10
21	6" Meter	1,048.10

22 **COMMODITY CHARGES (Per 1,000 Gallons):**

23	<u>5/8" x 3/4" Meter</u>	
24	1 to 4,000 Gallons	\$2.50
25	4,001 to 18,000 Gallons	3.75
26	Over 18,000 Gallons	4.50
27	<u>3/4" Meter</u>	
28	1 to 4,000 Gallons	\$2.50
	4,001 to 18,000 Gallons	3.75
	Over 18,000 Gallons	4.50

10 In Decision No. 63750 (June 6, 2001), the Commission determined Loma Linda's FVRB to be \$88,820. Official notice is taken of this Decision.

1	<u>1" Meter</u>	
2	1 to 18,000 Gallons	\$3.75
3	Over 18,000 Gallons	4.50
4	<u>1-1/2" Meter</u>	
5	1 to 92,000 Gallons	\$3.75
6	Over 92,000 Gallons	4.50
7	<u>2" Meter</u>	
8	1 to 140,000 Gallons	\$3.75
9	Over 140,000 Gallons	4.50
10	<u>3" Meter</u>	
11	1 to 290,000 Gallons	\$3.75
12	Over 290,000 Gallons	4.50
13	<u>4" Meter</u>	
14	1 to 433,000 Gallons	\$3.75
15	Over 433,000 Gallons	4.50
16	<u>6" Meter</u>	
17	1 to 905,000 Gallons	\$3.75
18	Over 905,000 Gallons	4.50
19	<u>Bulk Water</u>	
20	All Usage, Per 1,000 Gallons	\$4.50

39. The rates set forth in Findings of Fact No. 38 would have the following impact on the monthly bill for a customer served by a 5/8" x 3/4" meter with average or median usage:

	Present Rates	Adopted Rates	Dollar Increase	Percent Increase
Average Usage (6,800 gallons)	\$36.11	\$41.50	\$5.39	14.93%
Median Usage (5,100 gallons)	\$30.04	\$35.13	\$5.09	16.94%

40. Staff's recommended service line and meter installation charges and service charges are reasonable and appropriate and should be adopted, with one modification. Rather than adopting Staff's 1.00% or \$5.00 recommended monthly service charge for fire sprinklers, we will adopt a monthly service charge of 2.00% or \$10.00, in keeping with many of our recent Decisions.

Staff Recommendations

41. Staff made the following recommendations in this matter:

- (a) That Staff's recommended rates and charges be approved;

1 (b) That Loma Linda collect from its customers, pursuant to A.A.C. R14-2-
2 409(D)(5), a proportionate share of any privilege, sales, or use tax;

3 (c) That Loma Linda be required to file with the Commission's Docket Control,
4 within 30 days after the date of the Decision in this matter, a schedule of its approved rates and
5 charges;

6 (d) That Loma Linda be required to develop a written procedure for capitalizing
7 versus expensing of plant related expenditures;

8 (e) That Loma Linda be required to maintain separate books and records for water
9 utility operations;

10 (f) That Loma Linda be required to use the depreciation rates set forth in Table B
11 of the Engineering Report portion of the Staff Report filed in this matter;

12 (g) That Loma Linda be required to notify its customers of the rates and charges
13 authorized in this matter, and their effective date, in a form acceptable to Staff, by means of an insert
14 in its next regular scheduled billing;

15 (h) That Loma Linda be required, within 10 days after providing the customer
16 notice required by subsection (g), to file copies of the customer notice with the Commission's Docket
17 Control;

18 (i) That the Commission authorize Loma Linda to implement the BMP Tariffs
19 included as Exhibit A hereto;

20 (j) That Loma Linda be required to notify its customers of the BMP Tariffs
21 authorized in this matter and their effective date, in a form acceptable to Staff, by means of an insert
22 in Loma Linda's next regularly scheduled billing or a separate mailing;

23 (k) That Loma Linda be required to provide to any customer, upon request, copies
24 of the BMP Tariffs authorized in this matter; and

25 (l) That Loma Linda be authorized to request, in its next general rate case, cost
26 recovery of the actual costs associated with the BMPs implemented.

27 42. Staff's recommendations set forth in Findings of Fact No. 41(b) through (l) are
28 reasonable and appropriate and should be adopted.

CONCLUSIONS OF LAW

1
2 1. Loma Linda is a public service corporation within the meaning of Article XV of the
3 Arizona Constitution and A.R.S. §§ 40-250 and 40-251.

4 2. The Commission has jurisdiction over Loma Linda and the subject matter of the
5 application.

6 3. Notice of Loma Linda's Rate Application was provided in accordance with the law.

7 4. Loma Linda's FVRB is \$22,446.

8 5. The rates and charges and terms and conditions of service approved herein are just and
9 reasonable and in the public interest.

10 6. It is just and reasonable and in the public interest for the Commission to take the
11 actions described in Findings of Fact No. 38, 40, and 42 and impose the requirements set forth in
12 Findings of Fact No. 41(b) through (l).

ORDER

13
14 IT IS THEREFORE ORDERED that Loma Linda Estates, Inc., DBA Loma Linda Water
15 Company, shall file with the Commission's Docket Control, as a compliance item in this docket, on
16 or before August 31, 2015, revised rate schedules setting forth the following rates and charges:

MONTHLY USAGE CHARGE:

17	5/8" x 3/4" Meter	\$ 21.00
18	3/4" Meter	24.15
19	1" Meter	31.50
20	1-1/2" Meter	104.80
21	2" Meter	167.70
22	3" Meter	335.40
	4" Meter	524.10
	6" Meter	1,048.10

COMMODITY CHARGES (Per 1,000 Gallons):

23	<u>5/8" x 3/4" Meter</u>	
24	1 to 4,000 Gallons	\$2.50
25	4,001 to 18,000 Gallons	3.75
26	Over 18,000 Gallons	4.50
27	<u>3/4" Meter</u>	
28	1 to 4,000 Gallons	\$2.50

1	4,001 to 18,000 Gallons	3.75
	Over 18,000 Gallons	4.50
2	<u>1" Meter</u>	
3	1 to 18,000 Gallons	\$3.75
4	Over 18,000 Gallons	4.50
5	<u>1-1/2" Meter</u>	
6	1 to 92,000 Gallons	\$3.75
	Over 92,000 Gallons	4.50
7	<u>2" Meter</u>	
8	1 to 140,000 Gallons	\$3.75
	Over 140,000 Gallons	4.50
9	<u>3" Meter</u>	
10	1 to 290,000 Gallons	\$3.75
11	Over 290,000 Gallons	4.50
12	<u>4" Meter</u>	
13	1 to 433,000 Gallons	\$3.75
	Over 433,000 Gallons	4.50
14	<u>6" Meter</u>	
15	1 to 905,000 Gallons	\$3.75
	Over 905,000 Gallons	4.50
16	<u>Bulk Water</u>	
17	All Usage, Per 1,000 Gallons	\$4.50

SERVICE LINE & METER INSTALLATION CHARGES:

(Refundable pursuant to A.A.C. R14-2-405)

	<u>Service</u>	<u>Meter</u>	<u>Total</u>
	<u>Line</u>	<u>Charge</u>	<u>Charges</u>
	<u>Charge</u>		
21	5/8" x 3/4" Meter	\$ 415	\$ 520
22	3/4" Meter	415	620
	1" Meter	465	730
23	1-1/2" Meter	520	995
	2" Meter Turbine	800	1,795
24	2" Meter Compound	800	2,640
	3" Meter Turbine	1,015	2,635
25	3" Meter Compound	1,135	3,630
	4" Meter Turbine	1,430	4,000
26	4" Meter Compound	1,610	5,155
	6" Meter Turbine	2,150	7,075
27	6" Meter Compound	2,270	9,090
28	Over 6" Meter	At Cost	At Cost

SERVICE CHARGES:

Establishment	\$50.00
Reconnection (Delinquent)	\$50.00
Meter Test (If Correct)	\$40.00
Deposit	*
Deposit Interest – Per Annum	*
Re-Establishment (Within 12 months)	**
NSF Check	\$25.00
Deferred Payment Per Month	1.00%
Meter Re-Read (If Correct)	\$35.00
Late Charge per month (On unpaid balance)	***
Service Charge (After Hours)	\$50.00

Monthly Service Charge for Fire Sprinkler

All Meter Sizes *****

* Per Commission rule (R-14-2-403(B)).

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

*** \$3.00 per month or 1.5% per month, whichever is higher.

**** 2.00% of monthly minimum for a comparable size 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.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, or use tax, per Commission rule A.A.C. R14-2-409(D)(5).

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

IT IS FURTHER ORDERED that Loma Linda Estates, Inc., DBA Loma Linda Water Company, shall notify its customers of the rates and charges authorized herein, and their effective date, in a form acceptable to the Commission's Utilities Division Staff, by means of an insert in its next regularly scheduled billing.

IT IS FURTHER ORDERED that Loma Linda Estates, Inc., DBA Loma Linda Water Company, shall, within 10 days after providing the customer notice required by the preceding ordering paragraph, as a compliance item in this docket, file copies of the customer notice with the Commission's Docket Control.

IT IS FURTHER ORDERED that Loma Linda Estates, Inc., DBA Loma Linda Water Company, is hereby authorized to implement the BMP Tariffs attached hereto as Exhibit A.

IT IS FURTHER ORDERED that Loma Linda Estates, Inc., DBA Loma Linda Water

1 Company, shall notify its customers of the BMP Tariffs authorized herein, and their effective date, in
2 a form acceptable to the Commission's Utilities Division Staff, by means of an insert in its next
3 regularly scheduled billing.

4 IT IS FURTHER ORDERED that Loma Linda Estates, Inc., DBA Loma Linda Water
5 Company, shall provide to any customer, upon request, copies of the BMP Tariffs authorized herein.

6 IT IS FURTHER ORDERED that Loma Linda Estates, Inc., DBA Loma Linda Water
7 Company, may, in its next general rate case, request cost recovery of the actual costs associated with
8 the BMP Tariffs implemented.

9 IT IS FURTHER ORDERED that Loma Linda Estates, Inc., DBA Loma Linda Water
10 Company, shall develop and implement a written procedure for capitalizing versus expensing of plant
11 related expenditures.

12 IT IS FURTHER ORDERED that Loma Linda Estates, Inc., DBA Loma Linda Water
13 Company, shall ensure that the books and records for its water utility operations are maintained
14 completely separate from the books and records for any non-water-utility business operations or
15 personal transactions.

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1 IT IS FURTHER ORDERED that Loma Linda Estates, Inc., DBA Loma Linda Water
2 Company, shall use, on a going-forward basis, the depreciation rates set forth in Table B of the
3 Engineering Report portion of the Staff Report in this matter.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

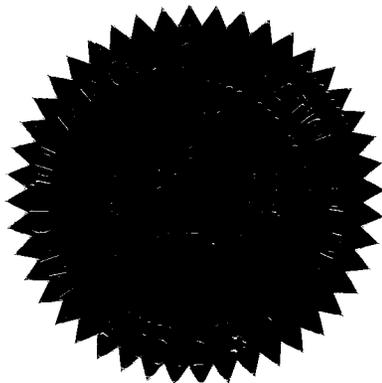
6
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8 CHAIRMAN

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8 COMMISSIONER

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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
15 Commission to be affixed at the Capitol, in the City of Phoenix,
16 this 20th day of August 2015.

15
16 
17 JODI JERICH
17 EXECUTIVE DIRECTOR

18 DISSENT _____

19
20 DISSENT _____

21 SH:ru/tv

1 SERVICE LIST FOR: LOMA LINDA ESTATES, INC., DBA LOMA LINDA
2 WATER COMPANY

3 DOCKET NO.: W-02211A-14-0419

4 Bevan Barney, President/General Manager
5 Loma Linda Water Company
6 P.O. Box 967
7 Thatcher, Arizona 85552

8 Janice Alward, Chief Counsel
9 Legal Division
10 ARIZONA CORPORATION COMMISSION
11 1200 W. Washington Street
12 Phoenix, Arizona 85007

13 Steve Olea, Director
14 Utilities Division
15 ARIZONA CORPORATION COMMISSION
16 1200 W. Washington Street
17 Phoenix, Arizona 85007

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Company: _____

Decision No.: _____

Phone: _____

Effective Date: _____

Water Waste Investigations and Information Tariff – BMP 3.8**PURPOSE**

A program for the Company to assist customers with water waste complaints and provide customers with information designed to improve water use efficiency (Modified Non-Per Capita Conservation Program BMP Category 3: Outreach Services 3.8: Water Waste Investigations and Information).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission specifically R14-2-403 and R14-2-410 and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. The Company shall handle water waste complaints as calls are received.
2. Calls shall be taken by a customer service representative who has been trained to determine the type of water waste and to determine if it may be attributed to a leak or broken water line.
3. The Company shall follow up on every water waste complaint.
4. Upon request by the customer or when the Company determines it is warranted, a trained Field Technician shall be sent to investigate further and notify the responsible party of the waste and offer assistance and information to prevent waste in the future.
5. A letter of enforcement will be issued to customers with water running beyond the curb and/or off the customers property due to such things as, but not limited to, backwashing of pools, broken sprinkler heads, and over watering of lawns beyond the saturation point.
6. The same procedures outlined above in item #4 will be followed in the event of a second violation. Termination of service may result in the event of the third violation within a 12 month period. In the event of a third violation the customer's service may be terminated per Arizona Administrative Code R14-2-410C, R14-2-410D and R14-2-410E (applicable service reconnection fees shall apply).
7. The Company shall record each account and each instance noted for water waste, the action taken and any follow-up activities.
8. Subject to the provisions of this tariff, compliance with the water waste restriction will be a condition of service.
9. The Company shall provide to its customers a complete copy of this tariff and all attachments upon request and to each new customer. The customer shall abide by the water waste restriction.
10. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

DECISION NO. 75234

Company: _____

Decision No.: _____

Phone: _____

Effective Date: _____

Meter Repair and/or Replacement Tariff – BMP 4.2

PURPOSE

A program for the Company to systematically assess all in-service water meters (including Company production meters) in its water service area to identify under-registering meters for repair or replacement (Modified Non-Per Capita Conservation Program Best Management Practice Category 4: Physical System Evaluation and Improvement 4.2 Meter Repair and/or Replacement Program).

REQUIREMENTS

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission and were adapted from the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. On a systematic basis, the Company will inspect 100 percent of its 1-inch and smaller in-service water meters at least once every ten years for one of the following reasons (whichever occurs first):
 - a. A meter reading complaint is filed with the Company by a customer or Arizona Corporation Commission Staff,
 - b. A meter has registered 1,000,000 gallons of usage,
 - c. A meter has been in service for ten years.
2. Meters larger than 1-inch shall be inspected for one of the following reasons:
 - a. A meter reading complaint is filed with the Company by a customer or Arizona Corporation Commission Staff,
 - b. A meter has been in service for five years.
3. The inspection will be accomplished by having the meter pulled and having a Company Technician physically inspect each meter and its fittings for leaks, registers which may have become loose or are not properly attached to the meter and could be under-registering or other broken parts which need repair. In addition, meters shall be randomly selected for flow testing to identify potentially under-registering meters.
4. The Company shall also replace or reprogram any water meters that do not register in gallons. Upon the effective date of this tariff, the Company shall install all replacement meters with new:
 - a. 1-inch and smaller meters that register in 1 gallon increments,
 - b. 1-1/2-inch through 4-inch meters that register in 10 gallon increments, and
 - c. 6-inch and larger meters that register in 100 gallon increments.
5. The Company shall keep records of all inspected and replacement meters and make this information available to the Commission upon request.

DECISION NO. 75234

Company: _____

Decision No.: _____

Phone: _____

Effective Date: _____

WATER SYSTEM TAMPERING TARIFF – BMP 5.2**PURPOSE**

The purpose of this tariff is to promote the conservation of groundwater by enabling the Company to bring an action for damages or to enjoin any activity against a person who tampers with the water system.

REQUIREMENTS:

The requirements of this tariff are governed by Rules of the Arizona Corporation Commission, specifically Arizona Administrative Code ("AAC") R14-2-410 and the Arizona Department of Water Resources' Required Public Education Program and Best Management Practices in the Modified Non-Per Capita Conservation Program.

1. In support of the Company's water conservation goals, the Company may bring an action for damages or to enjoin any activity against a person who: (1) makes a connection or reconnection with property owned or used by the Company to provide utility service without the Company's authorization or consent; (2) prevents a Company meter or other device used to determine the charge for utility services from accurately performing its measuring function; (3) tampers with property owned or used by the Company; or (4) uses or receives the Company's services without the authorization or consent of the Company and knows or has reason to know of the unlawful diversion, tampering or connection. If the Company's action is successful, the Company may recover as damages three times the amount of actual damages.
2. Compliance with the provisions of this tariff will be a condition of service.
3. The Company shall provide to all its customers, upon request, a complete copy of this tariff and AAC R14-2-410. The customers shall follow and abide by this tariff.
4. If a customer is connected to the Company water system and the Company discovers that the customer has taken any of the actions listed in No. 1 above, the Company may terminate service per AAC R14-2-410.
5. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.