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BEFORE THE ARIZONA CORPORATION COMMISSION

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2016 JAN 29 PM 12 17

COMMISSIONERS

DOUG LITTLE, Interim Chairman
BOB STUMP
BOB BURNS
TOM FORESE

IN THE MATTER OF THE APPLICATION OF CHAPARRAL CITY WATER COMPANY FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASE IN ITS RATES AND CHARGES BASED THEREON.

DOCKET NO. W-02113A-13-0118

Decision No. 74568, dated June 20, 2014, authorized Chaparral City Water Company ("Company") to implement a Central Arizona Project ("CAP") Water Surcharge Mechanism ("CAP Surcharge"). In compliance with this decision, the Company hereby timely files its tariff and schedules setting forth the CAP Surcharge for 2016. Based on the current reconciliation, fees were under collected by $210,241 as of December 2015, with a projected over collection of $38,856 in 2016, resulting in a surcharge rate of $0.1018 per 1,000 gallons. This rate consists of a surcharge of $0.1249 per 1,000 gallon to recover the under collection of prior year's costs, plus ($.0231) per 1,000 gallon for the refund of the 2016 projected over collection. This rate is applicable to all customers.

This surcharge amount is to be effective March 1, 2016. Copies of work papers supporting the surcharge amount as well as the tariff schedules are attached. Customers will be informed by bill text message of the change.

RESPECTFULLY SUBMITTED on January 29, 2016.

Arizona Corporation Commission
DOCKETED
JAN 29 2016
DOCKETED BY

Sandra L. Murrey
Rate Analyst
EPCOR Water Arizona Inc.
2355 W. Pinnacle Peak Road, Suite 300
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Original and 13 copies **filed**
on January 29, 2016, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
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Copies of the foregoing **mailed**
on January 29, 2016, to:

Brian Bozzo
Compliance and Enforcement Manager
Utilities Division
1200 West Washington Street
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Work Papers

Chaparral City Water Company
CAP Surcharge Annual Reconciliation

Recovery Target and Tariff Calculations
Data as of 12/31/15

Contents

Schedule A - Previous Year's Actual Expense and Revenue
Schedule B - Previous Year's Actual Customer Consumption
Schedule C - Water Loss Worksheet
Schedule D - Sales Volume Adjustment Worksheet
Schedule E - Current Year's Projected Costs.

Prior Year Under/(Over) Recovery				Notes
2015 Annual Costs net of water loss adjustment	$ 1,298,969			from Schedule A
2015 Surcharge Revenues	$ -			from Schedule A
Authorized CAP Expense In Base Rates	$ (1,156,477)			a
Sales Volume Adjustment	$ 67,750			from Schedule D
2015 Under/(Over) Collected		$	210,241	
Actual Consumption (kgals)			1,682,745	from Schedule B
Surcharge Rate per 1,000 gal. - Previous Year		**$**	**0.1249**	b
Projected Current Year Expense				
Projected 2016 Annual Costs including water loss adjustment	$ 1,049,872			from Schedule E
Authorized CAP Expense In Base Rates	$ (1,156,477)			
Sales Volume Adjustment	$ 67,750			from Schedule D
Projected 2016 Under/(Over) Collected		$	(38,856)	
Projected Consumption (kgals)			1,682,745	c
Surcharge Rate per 1,000 gal. - Current Year		**$**	**(0.0231)**	d
Total Surcharge Rate Per Kgal				
Surcharge Rate per 1,000 gal. - TOTAL		**$**	**0.1018**	e

Notes

a Source: Final Schedule GWB-11, Col [A] (Company Purchased Water ($1,065,953)) plus Col [D] (Staff Adjustment ($990,524)) [Excludes water loss adjustment, it is made in Schedule A of this workbook]

b The per kgal rate to be assessed in 2016 for unrecovered expense in 2015

c Projected consumption is equal to prior year's actual consumption

d The per kgal rate to be assessed in 2016 for projected unrecovered expense in 2016

e The total per kgal rate to be assessed on all consumption in 2016 (the sum of b and d)

Chaparral City Water Company - CAP Surcharge
Schedule A - Costs and Revenue

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Revenue													
Total Surcharge Revenue *	-	-	-	-	-	-	-	-	-	-	-	-	-
Costs / Expense													
Municipal and Industrial Charges	$98,805	$98,805	$98,805	$ 98,805	$ 98,805	$98,805	$98,805	$98,805	$98,805	$ 98,805	$ 90,697	$ 90,697	$ 1,169,447
Capital Charges				97,999						102,454	-		200,453
MWD Storage (Credit)	-	-	(100)	(2,400)	(700)	(1,200)	(1,200)	(1,280)	(1,360)	-	-	8,240	-
Other Storage Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
CAP Power Credit for prior year	-	-	(63,382)	-	-	-	-	-	-	-	-	-	(63,382)
CAP Remarketing Credit for prior year	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expense / Costs	$98,805	$98,805	$35,324	$ 194,404	$ 98,105	$97,605	$97,605	$97,525	$97,445	$ 201,259	$ 90,697	$ 98,937	$ 1,306,517
Water Loss Adjustment - Schedule C													$ (7,549)
Total 2015 Annual Costs including Water Loss Adjustment													$ 1,298,969

* Note - The surcharge will not be in effect in 2015, thus no revenues are shown. In future years this field will be populated with actual surcharge revenues.

	2015	2016	2017	
CAP M&I Rate	$ 157	$ 161	$ 166	per acre foot
CAP Capital Rate	$ 22	$ 23	$ 24	per acre foot
CAP Underground Storage Rate	$ 10	$ 10	$ 12	per acre foot
MWD Storage (Credit) Rate	$ (16)	$ (16)	$ (16)	per acre foot
Total CAP Allocation		8909	8909	acre feet
Water Ordered for 2016		6760	6963	acre feet
Water to be Stored at a CAP Facility		0	0	acre feet
Water to be Stored at MWD		500	600	acre feet

Chaparral City Water Company - CAP Surcharge
Schedule B - Actual Consumption (kgals)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2015 Actual Consumption	119,335	105,038	100,294	124,238	149,436	133,205	169,445	181,817	183,520	147,148	145,147	124,122	1,682,745

Note - The annual surcharge calculation will be based on projected consumption (kgals) which is the previous year's actual consumption and this table will display the actual monthly consumption.

Chaparral City Water Company - CAP Surcharge
Schedule C - Water Loss Worksheet

LINE NO.		
1	One plus allowable water loss	110.00%
2	One plus actual water loss	110.64%
3	Allowable portion	99.42%
4	Disallowable portion	0.58%
5	Actual Purchased Water Expense incurred in prior year (2015)	$ 1,306,517
6	Water Loss Adjustment (line 4 x line 5)	$ 7,549

Line 1: Maximum acceptable level of water losses
Line 2: Actual level of water losses as reported on 2015 Annual Report.
Line 3: Line 1 / Line 2
Line 4: 1 - line 3
Line 5: Total Expenses / Cost from Schedule A
Line 6: Line 4 x line 5

NOTE: If line 2 is equal to or less than 110.00% this adjustment (line 6) is set to 0.

Chaparral City Water Company - CAP Surcharge
Schedule D - Sales Volume Worksheet

LINE NO.		
1	2012 Test Year Consumption	1,787,460
2	Previous Year Consumption	1,682,745
3	Percentage of Test Year Consumption	94.14%
4	Sales Adjustment Factor	5.86%
5	Authorized CAP Expense in Base Rates	$ 1,156,477
6	Sales Volume Adjustment	$ 67,750

Line 1: 2012 Test Year Consumption from Company's Schedule H Final
Line 2: 2015 Consumption from Schedule B
Line 3: Line 2 / Line 1
Line 4: 100% minus Line 3
Line 5: Per Schedule GWB-11, Col [A] plus Col [D]
Line 6: Line 5 times Line 4

Chaparral City Water Company - CAP Surcharge
Schedule E - Projected Costs

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Cost / Expense													
Municipal and Industrial Charges	$ 90,697	$ 90,697	$ 90,697	$ 90,697	$ 90,697	$ 90,697	$ 90,697	$ 90,697	$ 90,697	$ 90,697	$ 96,322	$ 96,322	$ 1,099,610
Capital Charges					102,454					106,908	-		209,362
MWD Storage (Credit)	-	-	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	-	-	(8,000)
Other Storage Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
CAP Power Credit for prior year	-	-	(39,450)	-	-	-	-	-	-	-	-	-	(39,450)
CAP Remarketing Credit for prior year			(90,697)	(90,697)	(22,707)								(204,101)
Total Projected Expense / Costs	$ 90,697	$ 90,697	$ (40,450)	$ (1,000)	$ 169,443	$ 89,697	$ 89,697	$ 89,697	$ 89,697	$ 196,605	$ 96,322	$ 96,322	$ 1,057,420
Water Loss Adjustment - Schedule C													$ (7,549)
Projected 2016 Annual Costs including water loss adjustment													$ 1,049,872

* Note - The surcharge will not be in effect in 2015, thus no revenues are shown. In future years this field will be populated with actual surcharge revenues.

	2015	2016	2017	
CAP M&I Rate	$ 157	$ 161	$ 166	per acre foot
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Tariff

Chaparral City Water Company
(Name of Company)

ALL SERVICE AREAS

PART ONE, SECTION I (Cont.)

F. CAP SURCHARGE MECHANISM

Applicability
Applicable to all customers served by this service area.

Surcharge Rate for all Customers:
All usage per 1,000 gallons per month $0.1018 **

** Rate consists of $0.1249 per 1,000 gallons of usage to recover the under collection of prior years' surcharge and ($0.0231) per 1,000 gallons of usage for the over collection of current annual CAP charges.

Terms and Conditions
The Company is authorized to recover CAP related costs per Decision No. 74568.

The Company will annually file with the Commission by January 31 the proposed annual CAP surcharge for the current calendar year. The filing shall contain all documentation to support the proposed surcharge.

The annual CAP surcharge will be calculated based on the historic consumption of the applicable customers from the previous twelve months.

The revised CAP surcharge will be effective on March 1 of each year.

The CAP surcharge will appear on each applicable customer bill as a separate line item.