

ORIGINAL



0000168614

1 Steve Wene, State Bar No. 019630
2 MOYES SELLERS & HENDRICKS LTD.
3 1850 N. Central Ave., Suite 1100
4 Phoenix, Arizona 85004
5 Telephone: 602-604-2141
6 e-mail: swene@law-msh.com

RECEIVED

2016 FEB 29 P 2:43

AZ CORP COMMISSION
DOCKET CONTROL

7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

9 **COMMISSIONERS**

10 DOUG LITTLE, CHAIRMAN
11 BOB STUMP
12 BOB BURNS
13 TOM FORESE
14 ANDY TOBIN

Arizona Corporation Commission

DOCKETED

FEB 29 2016

DOCKETED BY

15 IN THE MATTER OF THE APPLICATION
16 OF TIERRA BUENA WATER COMPANY,
17 INC. FOR APPROVAL OF A RATE
18 INCREASE.

Docket No. W-02076A-15-0135
Docket No. W-02076A-15-0024

19 IN THE MATTER OF THE APPLICATION
20 OF TIERRA BUENA WATER COMPANY,
21 INC. FOR AUTHORITY TO INCUR LONG-
22 TERM DEBT.

**TIERRA BUENA WATER
COMPANY'S APPLICATION TO
AMEND DECISION NO. 75292**

23 Pursuant to A.R.S. § 40-252, the Tierra Buena Water Company, Inc. ("Company"
24 or "Tierra Buena") hereby moves the Arizona Corporation Commission ("Commission")
25 to amend Decision No. 75292 and allow Tierra Buena to implement a surcharge to
26 purchase water from Valley Utilities Water Company ("Valley Utilities") while the Well
27 No. 2 rehabilitation is ongoing and during construction of the arsenic treatment facility,
28 if necessary. Alternatively, the Company moves for authority to enter into a water
exchange agreement with Valley Utilities.

1
2 On October 27, 2015, the Commission approved the Company's proposed
3 financing in an amount not to exceed \$904,573 pursuant to a loan agreement with the
4 Water Infrastructure Finance Authority ("WIFA"). See Decision No. 75292 at p. 22.
5 The Commission-approved financing project includes borrowing \$21,704 to purchase
6 water from Valley Utilities to serve Tierra Buena's customers while Well No. 2 is being
7 rehabilitated and \$10,250 to purchase water during construction of the arsenic treatment
8 facility, if necessary. Unfortunately, WIFA recently informed the Company that it
9 cannot lend money to purchase water.

10 After learning about WIFA's position, the Company asked Commission staff how
11 it should proceed. Commission staff suggested the Company file a motion to amend the
12 decision and implement a surcharge to pay Valley Utilities for the water. Accordingly,
13 the Company is filing this application to amend Decision No. 75292 to implement a
14 water acquisition surcharge.

15 Valley Utilities' monthly minimum for the 6" interconnection is \$920.00 per
16 month. Dividing that cost evenly among Tierra Buena's customers results in a surcharge
17 base rate of \$7.24 per month. Valley Utilities' commodity charges are significantly
18 higher than Tierra Buena's commodity charges. The Company requests that the
19 calculations, as set forth in Attachment 1, be adopted as the surcharge. Accordingly, the
20 Company calculates that Tierra Buena's median customer would pay a water acquisition
21 surcharge in the amount of \$42.22 per month, which includes the base rate, commodity
22 charge, and taxes.

23 As an alternative to the surcharge, the Company moves for a Commission order
24 allowing Valley Utilities to provide the water to Tierra Buena at no charge in exchange
25 for a commitment by Tierra Buena to provide Valley Utilities that same amount of water
26 when its system is functioning once again. In other words, allow the two companies to
27 enter into a water exchange agreement. Tierra Buena would replace the water by no
28

1 later than the end of the year. If the water exchange is allowed, then no surcharge would
2 be necessary.

3 Therefore, the Company moves the Commission for either: (1) authority to
4 implement the water acquisition surcharge; or (2) authority to enter into a water
5 exchange agreement with Valley Utilities.

6 RESPECTFULLY SUBMITTED this 29th day of February, 2016.

8 **MOYES SELLERS & HENDRICKS LTD.**

9
10 
11 _____
12 Steve Wene

13 Original and 13 copies of the foregoing
14 filed this 29th day of February, 2016, with:

15 Docket Control
16 Arizona Corporation Commission
17 1200 West Washington
18 Phoenix, Arizona 85007

19
20 
21 _____
22
23
24
25
26
27
28

ATTACHMENT 1

Tierra Buena Water Company
 Water Purchased from Valley Utilities Surcharge Calculation

		<u>VU 6"</u>	<u>Surcharge</u>
Monthly Base Rate		\$ 920.00	
Monthly Rate per TB meter			\$ 7.24
Commodity Charges:	<u>TB 1"</u>	<u>VU 6"</u>	
1 to * 5,433 Gallons	\$ 1.50	\$ 2.88	\$ 1.38
5,434 to 9,000 Gallons	\$ 1.50	\$ 3.80	\$ 2.30
9,001 to 22,500 Gallons	\$ 2.00	\$ 3.80	\$ 1.80
Over 22,500 Gallons	\$ 2.52	\$ 3.80	\$ 1.28

* VU 6" 1st tier level of 690,000 gallons divided by 127 customers = 5,433 gallons.

Tierra Buena Water Company
 Sample Water Bill Calculator

Gallons Sold 18,322 (Median usage for 2014 Test Year)
 Billing Period Days 30

	<u>Rates</u>	<u>Usage Tiers</u>	<u>Current Charges</u>	<u>Rates</u>	<u>Usage Tiers</u>	<u>Surcharge</u>	<u>Bill Total</u>	<u>Surcharge Increase %</u>
Base Rate			\$19.00			\$7.24		
Tier 1				\$1.38	5,433	\$7.50		
Tier 2	\$1.50	9,000	\$13.50	\$2.30	9,000	\$8.20		
Tier 3	\$2.00	22,500	\$18.64	\$1.80	22,500	\$16.78		
Tier 4	\$2.52	22,501+	\$0.00	\$1.28	22,501+	\$0.00		
Total Water Charges			<u>\$51.14</u>			<u>\$39.72</u>	\$90.86	77.7%
Super Tax			\$0.12			\$0.00	\$0.12	
Sales Tax			\$3.22			\$2.50	\$5.72	
Total Bill			<u>\$54.48</u>			<u>\$42.22</u>	<u>\$96.70</u>	77.5%

Valley Utilities Water Co.
 Sample 6" Water Bill Calculator

Gallons Sold 2,326,894 (Test Year 2014 median usage times 127 customers)
 Billing Period Days 30

	<u>Rates</u>	<u>Usage Tiers</u>	<u>Current Charges</u>
Base Rate			\$920.00
Tier 1	\$2.88	690,000	\$1,987.20
Tier 2	\$3.80	690,000+	\$6,220.20
Total Water Charges			<u>\$9,127.40</u>
Super Tax			\$15.12
Sales Tax			\$575.03
Total VU Bill			<u><u>\$9,717.55</u></u>
* TB Commodity & Surcharge Revenue			<u>\$9,715.88</u>
Difference (rounding)			\$1.67

* Does not include the TB base charge of \$20.20 per customer
 (\$19.00 + \$1.20 sales tax) allocated for TB fixed costs.