

COMMISSIONERS  
DOUG LITTLE – Chairman  
BOB STUMP  
BOB BURNS  
TOM FORESE  
ANDY TOBIN

OPEN MEETING ITEM



ORIGINAL

ARIZONA CORPORATION COMMISSION



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Executive Director  
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AZ CORP COMMISSION  
DOCKET CONTROL

DATE: JUNE 27, 2016  
DOCKET NO.: W-03718A-15-0213

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Belinda Martin. The recommendation has been filed in the form of an Opinion and Order on:

SAHUARITA WATER COMPANY, LLC  
(RATES)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

JULY 6, 2016

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

JULY 12 AND 13, 2016

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

  
JODI A. JERICH  
EXECUTIVE DIRECTOR

Arizona Corporation Commission

DOCKETED

JUN 27 2016

DOCKETED BY 

1200 WEST WASHINGTON STREET, PHOENIX, ARIZONA 85007-2827 / 400 WEST CONGRESS STREET, TUCSON, ARIZONA 85701-1347

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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 DOUG LITTLE - Chairman  
4 BOB STUMP  
5 BOB BURNS  
6 TOM FORESE  
7 ANDY TOBIN

8 IN THE MATTER OF THE APPLICATION OF  
9 SAHUARITA WATER COMPANY, LLC FOR A  
10 DETERMINATION OF THE CURRENT FAIR  
11 VALUE OF ITS UTILITY PROPERTY AND FOR  
12 THE ESTABLISHMENT OF JUST AND  
13 REASONABLE RATES AND CHARGES.

DOCKET NO. W-03718A-15-0213

DECISION NO. \_\_\_\_\_

OPINION AND ORDER

10 DATES OF HEARING:

April 28, 2016

11 PLACE OF HEARING:

Tucson, Arizona

12 ADMINISTRATIVE LAW JUDGE:

Belinda A. Martin

13 APPEARANCES:

14 Mr. Jason Gellman, SNELL & WILMER,  
15 LLP, on behalf of Sahuarita Water  
16 Company, LLC;

17 Mr. Matthew Laudone, Staff Attorney,  
18 Legal Division, on behalf of the Utilities  
19 Division of the Arizona Corporation  
20 Commission.

18 **BY THE COMMISSION:**

19 Having considered the entire record herein and being fully advised in the premises, the Arizona  
20 Corporation Commission ("Commission") finds, concludes, and orders that:

21 FINDINGS OF FACT

22 **I. PROCEDURAL HISTORY**

23 1. On June 26, 2015, Sahuarita Water Company, LLC ("SWC" or "Company") filed with  
24 the Commission an application for a determination of the current fair value of its utility property and  
25 for the establishment of just and reasonable rates and charges ("Application"). Attached to the  
26 Application was the Direct Testimony of Geoff Caron, SWC's General Manager, and Thomas  
27 Bourassa, the Company's financial, cost of capital, and rate design witness.  
28

1           2.       The Commission's Utilities Division ("Staff") docketed a Letter of Sufficiency on July  
2 24, 2015, stating that the Application met the sufficiency requirements of Arizona Administrative Code  
3 ("A.A.C.") R14-2-103, and indicating that SWC had been classified as a Class B utility.

4           3.       On July 24, 2015, SWC docketed various revised schedules to its Application.

5           4.       A Procedural Order issued August 6, 2015, scheduled the matter for a hearing to begin  
6 on April 28, 2016, and set other procedural guidelines.

7           5.       On August 31, 2015, the Company submitted its Notice of Filing Certification of  
8 Publication and Proof of Mailing, stating that it had published notice of the Application and hearing on  
9 August 21, 2015, and had mailed the notice to its customers on August 24, 2015. The Commission  
10 received no customer comments in response to the notice.

11          6.       On January 15, 2016, Staff filed the Direct Testimony of Teresa Hunsaker, Staff's  
12 witness for rate base, operating revenues and expenses, revenue requirement, and rate design. Staff also  
13 filed the Direct Testimony of Crystal Brown, Staff's cost of capital witness, and Michael Thompson,  
14 Staff's engineering witness.

15          7.       Staff filed Ms. Hunsaker's Direct Testimony on rate design and cost of service on  
16 February 12, 2016.

17          8.       The Company docketed the Rebuttal Testimony of Mr. Caron and Mr. Bourassa on  
18 March 11, 2016.

19          9.       On April 1, 2016, Staff filed the Surrebuttal Testimony of Ms. Hunsaker, Ms. Brown,  
20 and Mr. Thompson.

21          10.       On April 15, 2016, SWC submitted Mr. Bourassa's Rejoinder Testimony.

22          11.       The pre-hearing conference was held on April 21, 2016. The parties stated they believed  
23 that they had resolved all issues between the Company and Staff.

24          12.       On April 26, 2016, the parties filed a Notice of Filing Joint Resolution, advising that  
25 SWC and Staff had resolved the outstanding issues on the Application. The parties believed the  
26 resolution results in just and reasonable rates and is in the public interest.

27          13.       The hearing convened on April 28, 2016, at the Commission's Tucson office. Both  
28 parties appeared through counsel. No members of the public were present to provide public comment.

1           14.     Mr. Caron and Mr. Bourassa testified on behalf of the Company, and Darron Carlson,  
2 Public Utilities Analyst Manager for the Utilities Division, testified on behalf of Staff. The witnesses  
3 testified that SWC and Staff had resolved all outstanding issues and presented a draft of the final  
4 schedules representing the agreement between the parties. The witnesses testified that the rates are just  
5 and reasonable and in the public interest.

6           15.     On April 29, 2016, the Company filed the Final Schedules reflecting the agreement of  
7 the parties.

8           16.     On May 4, 2016, Staff docketed a Notice of Filing recommending approval of the rates  
9 and charges as shown in the Final Schedules, and providing other miscellaneous recommendations.

## 10 **II.     COMPANY BACKGROUND**

11           17.     SWC is an Arizona limited liability company that provides water utility service to  
12 approximately 5,500 connections in the Rancho Sahuarita Master Planned Development in the Town  
13 of Sahuarita, in Pima County, Arizona. The Company received its Certificate of Convenience and  
14 Necessity in Decision No. 59431 (December 20, 1995) and began serving its first permanent residential  
15 customer in 2000. The Company's current rates were approved in Decision No. 72177 (February 11,  
16 2011), and amended in Decision No. 74389 (March 19, 2014).

17           18.     The Company's water system consists of three active wells generating a total of 4,965  
18 gallons per minute, five inactive wells,<sup>1</sup> three storage tanks holding 2,550,000 gallons, three booster  
19 pump stations, six hydro-pneumatic pressure tanks, three emergency generators, a data  
20 communications system, an arsenic water treatment plant, and a distribution system. The majority of  
21 SWC's customers are served via 5/8 x 3/4-inch meters.

22           19.     Staff concludes that SWC has adequate production and storage capacity to serve the  
23 present customer base and reasonable growth.

24           20.     According to an Arizona Department of Environmental Quality ("ADEQ") compliance  
25 status report dated July 22, 2015, the Company is in full compliance with ADEQ regulations and the  
26 water system is currently delivering water that meets water quality standards required by 40 CFR 141,

27 \_\_\_\_\_  
28 <sup>1</sup> The inactive wells were determined to be not used or useful during the previous rate case, but are presently used for monitoring aquifer levels.

1 and A.A.C. Title 14, Chapter 4.

2 21. SWC's water system is located within the Arizona Department of Water Resources'  
3 ("ADWR") Tucson Active Management Area ("AMA"). According to an ADWR compliance status  
4 report dated July 2, 2015, the Company is in compliance with ADWR requirements governing water  
5 providers and/or community water systems.

6 22. In Decision No. 72177, the Commission authorized SWC to implement a Central  
7 Arizona Groundwater Replenishment District ("CAGRDR") fee adjustor mechanism. The CAGRDR fee  
8 adjustor mechanism is calculated by dividing the total CAGRDR fees for the Tucson AMA paid by the  
9 Company in the most current year by the gallons sold by the Company in that same year to determine  
10 a CAGRDR fee adjustor. The current CAGRDR fee charged to customers is \$1.46 per 1,000 gallons.

11 23. Staff recommends that the Company continue the CAGRDR fee adjustor mechanism.

12 24. SWC currently has an approved Off-Site Hook-up Fee Tariff on file with the  
13 Commission.

14 25. The Company has Commission-approved Curtailment and Backflow Prevention Tariffs.

15 26. Staff states that SWC has no delinquent compliance items. Staff also notes that from  
16 January 1, 2012, to November 23, 2015, there were two customer complaints filed against SWC. Both  
17 complaints have been resolved and closed.

### 18 III. RATE APPLICATION

#### 19 Summary

20 27. In its Application, the Company adopted a December 31, 2014, test year.

21 28. In the Final Schedules, SWC and Staff agreed to a total revenue requirement of  
22 \$3,102,677, an increase of \$205,930, or 7.11 percent, over test year revenues of \$2,896,746, and an  
23 Original Cost Rate Base ("OCRB") and Fair Value Rate Base ("FVRB") of \$9,359,656. SWC and Staff  
24 agreed to a capital structure comprised of 20.57 percent debt and 79.43 percent equity, and a cost of  
25 debt of 4.20 percent, a cost of equity of 9.90 percent and a weighted average cost of capital of 8.73  
26 percent.

#### 27 Rate Base

28 29. In its Application, SWC did not request a Reconstruction Cost New Rate Base; as such,

1 its FVRB is the same as its OCRB. The Company originally proposed a FVRB of \$9,298,032.

2 30. Staff initially recommended a FVRB of \$8,778,456, a decrease of \$519,576, due to  
3 Staff's \$576,655 decrease to plant in service relating to arsenic media, and \$57,079 relating to  
4 accumulated depreciation. After discussion, SWC and Staff agreed on an amount of \$568,160 for the  
5 arsenic media and \$6,147,648 in accumulated depreciation.

6 31. The Final Schedules reflect the following rate base components:

7	Gross Plant in Service	\$27,429,576
8	Less: Accumulated Depreciation	(6,147,648)
9	Net Utility Plant in Service	21,281,928
10	Less:	
11	Contributions in Aid of Construction	7,712,717
12	Less: Accumulated Amortization	(1,354,681)
13	Net CIAC	6,358,036
14	Advances in Aid of Construction	5,189,497
15	Customer Deposits	52,876
16	Deferred income Tax Credits	321,863
17	Add:	
18	Unamortized Debt Issuance Costs	--
19	Deferred Regulatory Assets	--
20	Working Capital	--
21	Original Cost Rate Base	\$9,359,656

22 32. Based on the evidence and testimony presented, we find that an OCRB of \$9,359,656  
23 is reasonable and should be adopted.

24 **Income Statement**

25 33. SWC and Staff agree on adjusted test year operating revenue of \$2,896,746.

26 34. The Company originally proposed test year operating expenses of \$2,298,743, resulting  
27 in test year operating income of \$598,003.

28 35. Staff initially recommended adjusted test year operating expenses of \$2,215,202, a

1 decrease of \$83,541, for test year operating income of \$681,544. Staff's proposed adjustments related  
 2 to repairs and maintenance, contract services, management fees, contract services – water testing, rate  
 3 case expense, depreciation expense, and income tax expense.

4 36. The parties resolved the disputed adjustments and agreed on adjusted test year operating  
 5 expenses of \$2,238,509, for test year operating income of \$658,238:

6 **Test Year Revenues:**

7	Metered Water Revenues	\$2,843,219
8	Other Water Revenues	53,528
9	<b>Total</b>	<b>2,896,746</b>

10 **Test Year Operating Expenses:**

11	Purchased Water	5,265
12	Purchased Power	138,932
13	Chemicals	14,734
14	Repairs and Maintenance	96,405
15	Contract Services – Accounting	13,497
16	Contract Services – Legal	10,603
17	Contract Services – Engineering	7,968
18	Contract Services – Other	115,031
19	Management Fees	735,967
20	Contract Services – Water Testing	13,975
21	Rents	1,666
22	Transportation Expenses	20,650
23	Insurance – General Liability	17,137
24	Rate Case Expense	35,000
25	Miscellaneous Expense	29,504
26	Bad Debt Expense	541
27	Depreciation Expense	699,060
28	Taxes Other Than Income	10,350

1	Property Taxes	154,562
2	Income Tax	117,663
3	<b>Total</b>	<b>2,238,509</b>
4	<b>Test Year Operating Income</b>	<b>658,238</b>

5 37. Based on the evidence and testimony presented, we find the adjusted test year operating  
6 revenues, expenses, and income to be reasonable and they should be adopted.

7 **Cost of Capital**

8 38. SWC's and Staff's original test year capital structure and weighted average cost of  
9 capital proposals, and those agreed to in the Final Schedules, are as follows:

10	Description	Weight	Cost	Weighted Cost
11	<b>Staff</b>			
12	Debt	20.57%	4.20%	0.86%
13	Common Equity	79.43%	9.50%	7.55%
14	WACC			8.41%
15	<b>Company</b>			
16	Debt	20.57%	4.20%	0.86%
17	Common Equity	79.43%	10.5%	8.34%
18	WACC			9.20%
19	<b>Final</b>			
20	Debt	20.57%	4.20%	0.86%
21	Common Equity	79.43%	9.90%	7.86%
22	WACC			8.73%

23 39. Both the Company's and Staff's cost of capital witnesses applied the Discounted Cash  
24 Flow model and Capital Asset Pricing Model to the sample group of publicly traded water utilities that  
25 are typically utilized by Staff and accepted by the Commission. As demonstrated above, the only point  
26 of contention was the cost of equity. After ongoing discussions throughout the course of the rate case,  
27 the parties determined that the appropriate cost of equity in this instance was 9.90 percent; an amount  
28 well within the range of cost of equity projections calculated by the parties in the witnesses' testimony.

40. Considering the entire record in this case, we find that a capital structure of 20.57 percent debt and 79.43 percent equity, and a weighted cost of capital of 8.73 percent, based on a cost of equity of 9.90 percent, and cost of debt of 4.20 percent, are reasonable and should be adopted.

**Revenue Requirement**

41. Based on the foregoing, and as summarized below, we authorize an annual revenue level of \$3,102,677, which is an increase of \$205,930, or 7.11 percent, over test year revenues:

Adjusted Fair Value Rate Base	\$9,359,656
Adjusted Operating Income	\$658,238
Current Rate of Return	7.03%
Required Rate of Return	8.73%
Required Operating Income	\$817,098
Operating Income Deficiency	\$158,860
Gross Revenue Conversion Factor	1.2963
Required Revenue Increase	\$205,930
Adjusted Test Year Revenue	\$2,896,746
Proposed Annual Revenue	\$3,102,677
Required Increase in Revenue (%)	7.11%

**Rate Design**

42. During the test year, the average and median water usage by a residential customer on a 5/8 x 3/4-inch meter were 4,677 gallons and 4,500 gallons, respectively.

43. The Company's current rates and those agreed to by the parties are as follows:

<b><u>MONTHLY USAGE CHARGE:</u></b>	<b><u>Present Rates</u></b>	<b><u>Company and Staff Proposed</u></b>
<b><u>All Classes</u></b>		
5/8" x 3/4" Meter	\$17.15	\$18.35
3/4" Meter	26.80	27.53
1" Meter	42.88	45.88
1-1/2" Meter	85.75	91.75
2" Meter	137.20	146.80
3" Meter	274.40	293.61
4" Meter	428.75	458.76
6" Meter	857.50	917.53

**COMMODITY RATES (Per 1,000 Gallons)**

1			
2	<b><u>5/8" x 3/4" Meter (Residential)</u></b>		
	0 to 3,000 gallons	\$2.50	\$2.74
	3,001 to 9,000 gallons	3.75	4.04
3	Over 9,000 gallons	4.50	4.84
4	<b><u>5/8" x 3/4" Meter (Commercial/Industrial)</u></b>		
	0 to 9,000 gallons	\$3.75	\$4.04
5	Over 9,000 gallons	4.50	4.84
6	<b><u>3/4" Meter (Residential)</u></b>		
	0 to 3,000 gallons	\$2.50	\$2.74
7	3,001 to 9,000 gallons	3.75	4.04
8	Over 9,000 gallons	4.50	4.84
9	<b><u>3/4" Meter (Commercial/Industrial)</u></b>		
	0 to 9,000 gallons	\$3.75	\$4.04
10	Over 9,000 gallons	4.50	4.84
11	<b><u>1" Meter (All Classes)</u></b>		
	0 to 20,000 gallons	\$3.75	\$4.04
12	Over 20,000 gallons	4.50	4.84
13	<b><u>1 1/2" Meter (All Classes)</u></b>		
	0 to 55,000 gallons	\$3.75	\$4.04
14	Over 55,000 gallons	4.50	4.84
15	<b><u>2" Meter (All Classes)</u></b>		
	0 to 90,000 gallons	\$3.75	\$4.04
16	Over 90,000 gallons	4.50	4.84
17	<b><u>3" Meter (All Classes)</u></b>		
	0 to 200,000 gallons	\$3.75	\$4.04
18	Over 200,000 gallons	4.50	4.84
19	<b><u>4" Meter (All Classes)</u></b>		
	0 to 350,000 gallons	\$3.75	\$4.04
20	Over 350,000 gallons	4.50	4.84
21	<b><u>6" Meter (All Classes)</u></b>		
	0 to 750,000 gallons	\$3.75	\$4.04
22	Over 750,000 gallons	4.50	4.84
23	<b><u>Standpipe (Construction/Bulk)</u></b>		
	All gallons	4.50	4.84
24	...		
25	...		
26	...		
27	...		
28	...		

**SERVICE LINE AND METER INSTALLATION CHARGES**  
**(Refundable pursuant to A.A.C. R14-2-404)**

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

**SERVICE CHARGES:**

	<u>Present Rates</u>	<u>Company and Staff Proposed</u>
Establishment	\$25.00	\$25.00
Establishment (After Hours)	40.00	N/A
After Hours Service Charge	N/A	\$50.00
Reconnection (Delinquent)	\$25.00	25.00
Reconnection (Delinquent and After Hours)	40.00	N/A
NSF Check	15.00	\$15.00
Meter Test (If Correct)	25.00	25.00
Meter Re-read (If Correct)	N/A	25.00
Deposit	*	*
Deposit Interest	6.0%	6.0%
Reestablishment (within 12 months)	**	**
Late Payment Fee (Per Month)	\$5.00 or 1.5%	\$5.00 or 1.5%
Deferred Payment (Per Month)	1.5%	1.5%
Moving Meter at Customer Request	At Cost	At Cost
Main Extension and Additional Facilities	At Cost	At Cost

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

\*\* Per Commission Rule A.A.C. R-14-2-403(D) – Months off the system times the monthly minimum.

44. Under the rates proposed by the parties, a 5/8 x 3/4-inch meter residential customer using a median 4,500 gallons a month, would see a monthly increase of \$2.36, or 7.78 percent, from \$30.28 to \$32.64. A 5/8 x 3/4-inch meter residential customer using an average 4,677 gallons a month, would see a monthly increase of \$2.41, or 7.78 percent, from \$30.94 to \$33.35.<sup>2</sup>

<sup>2</sup> Exclusive of the \$1.46 per 1,000 gallon CAGR adjutor fee.



**ORDER**

IT IS THEREFORE ORDERED that Sahuarita Water Company, LLC is authorized and directed to file with the Commission, on or before July 29, 2016, revised schedules of the following rates and charges:

**MONTHLY USAGE CHARGE:****All Classes**

5/8" x 3/4" Meter	\$18.35
3/4" Meter	27.53
1" Meter	45.88
1-1/2" Meter	91.75
2" Meter	146.80
3" Meter	293.61
4" Meter	458.76
6" Meter	917.53

**COMMODITY RATES (Per 1,000 Gallons)****5/8" x 3/4" Meter (Residential)**

0 to 3,000 gallons	\$2.74
3,001 to 9,000 gallons	4.04
Over 9,000 gallons	4.84

**5/8" x 3/4" Meter (Commercial/Industrial)**

0 to 9,000 gallons	\$4.04
Over 9,000 gallons	4.84

**3/4" Meter (Residential)**

0 to 3,000 gallons	\$2.74
3,001 to 9,000 gallons	4.04
Over 9,000 gallons	4.84

**3/4" Meter (Commercial/Industrial)**

0 to 9,000 gallons	\$4.04
Over 9,000 gallons	4.84

**1" Meter (All Classes)**

0 to 20,000 gallons	\$4.04
Over 20,000 gallons	4.84

**1 1/2" Meter (All Classes)**

0 to 55,000 gallons	\$4.04
Over 55,000 gallons	4.84

**2" Meter (All Classes)**

0 to 90,000 gallons	\$4.04
Over 90,000 gallons	4.84

**3" Meter (All Classes)**

0 to 200,000 gallons	\$4.04
Over 200,000 gallons	4.84

**4" Meter (All Classes)**

0 to 350,000 gallons	\$4.04
Over 350,000 gallons	4.84

**6" Meter (All Classes)**

0 to 750,000 gallons	\$4.04
Over 750,000 gallons	4.84

**Standpipe (Construction/Bulk)**

All gallons	4.84
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**SERVICE LINE AND METER INSTALLATION CHARGES**  
**(Refundable Pursuant to A.A.C R14-2-405)**

	Service Line Charge	Meter Installation Charge	Total Charge
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	830.00	1,045.00	1,875.00
2" Compound	830.00	1,890.00	2,720.00
3" Turbine	1,045.00	1,670.00	2,715.00
3" Compound	1,165.00	2,545.00	3,710.00
4" Turbine	1,490.00	2,670.00	4,160.00
4" Compound	1,670.00	3,645.00	5,315.00
6" Turbine	2,210.00	5,025.00	7,235.00
6" Compound	2,330.00	6,920.00	9,250.00
Over 6"	At Cost	At Cost	At Cost

**SERVICE CHARGES:**

Establishment	\$25.00
After Hours Service Charge	50.00
Reconnection (Delinquent)	25.00
NSF Check	15.00
Meter Test (If Correct)	25.00
Meter Re-read (If Correct)	25.00
Deposit	*
Deposit Interest	6.0%
Reestablishment (within 12 months)	**
Late Payment Fee (Per Month)	\$5.00 or 1.5%
Deferred Payment (Per Month)	1.5%
Moving Meter at Customer Request	At Cost
Main Extension and Additional Facilities	At Cost

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

\*\* Per Commission Rule A.A.C. R-14-2-403(D) – Months off the system times the monthly minimum.

IT IS FURTHER ORDERED that Sahuarita Water Company, LLC, shall collect from its customers a proportionate share of any privilege, sales, or use tax, pursuant to A.A.C. R14-2-409(D)(5).

IT IS FURTHER ORDERED that the revised schedules of rates and charges shall be effective

1 for all service on and after August 1, 2016.

2 IT IS FURTHER ORDERED that Sahuarita Water Company, LLC, shall notify its customers  
3 of the revised schedules of rates and charges authorized herein by means of an insert in its next regularly  
4 scheduled billing, or by separate mailing, in a form acceptable to Staff.

5 IT IS FURTHER ORDERED that Sahuarita Water Company, LLC, shall continue the CAGR  
6 fee adjustor mechanism.

7 IT IS FURTHER ORDERED that Sahuarita Water Company, LLC, shall use the depreciation  
8 rates by individual National Association of Regulatory Utility Commissioners category, as delineated  
9 in Exhibit MST-1, of the Surrebuttal Testimony of Michael Thompson.

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

11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

12  
13  
14 CHAIRMAN

COMMISSIONER

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16 COMMISSIONER

COMMISSIONER

COMMISSIONER

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18 IN WITNESS WHEREOF, I, JODI JERICH, Executive Director  
19 of the Arizona Corporation Commission, have hereunto set my  
20 hand and caused the official seal of the Commission to be affixed  
at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of  
\_\_\_\_\_, 2016.

21  
22 \_\_\_\_\_  
23 JODI JERICH  
EXECUTIVE DIRECTOR

24 DISSENT \_\_\_\_\_

25  
26 DISSENT \_\_\_\_\_  
27 BM:rt

1 SERVICE LIST FOR:

SAHUARITA WATER COMPANY, LLC

2 DOCKET NO.:

W-03718A-15-0213

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