

ORIGINAL

OPEN MEETING ITEM



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EXECUTIVE DIRECTOR

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



ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION  
DOCKET CONTROL

2016 JUL 22 AM 11 54

DATE: JULY 22, 2016  
DOCKET NOS.: W-02062A-15-0224

TO ALL PARTIES:

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

SOUTHLAND UTILITIES COMPANY, INC.  
(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:

AUGUST 1, 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:

AUGUST 9, 2016 AND AUGUST 10, 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

JUL 22 2016

DOCKETED BY 

1200 WEST WASHINGTON STREET, PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET, TUCSON, ARIZONA 85701-1347

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This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail [SBernal@azcc.gov](mailto:SBernal@azcc.gov).

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 SOUTHLAND UTILITIES COMPANY, INC. FOR  
10 APPROVAL OF AN INCREASE IN RATES.

DOCKET NO. W-02062A-15-0224

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

11 **ORDER**

12 Open Meeting  
13 August 9 and 10, 2016  
14 Phoenix, Arizona

15 **BY THE COMMISSION:**

16 Having considered the entire record herein and being fully advised in the premises, the Arizona  
17 Corporation Commission (“Commission”) finds, concludes, and orders that:

18 **FINDINGS OF FACT**

19 **Procedural History**

20 1. On June 30, 2015, Southland Utilities Company, Inc. (“Southland” or “Company”) filed  
21 an application with the Commission for a rate increase (“Application”).

22 2. Southland filed a Notice of Customer Mailing on July 6, 2015, stating that the Company  
23 had mailed notice of the Application to its customers on June 30, 2015. Four customers filed comments  
24 in opposition to the proposed rate increase.

25 3. On July 28, 2015, the Company filed its tax certificate and several amended pages to  
26 the Application.

27 4. The Commission’s Utilities Division (“Staff”) docketed a Letter of Deficiency on July  
28 30, 2015, and Southland filed its Response to Insufficiency Letter on August 7, 2015.

On August 25, 2015, Staff submitted its Letter of Sufficiency, indicating that the  
Application met the sufficiency requirements of Arizona Administrative Code (“A.A.C.”) R14-3-103,

1 and classifying Southland as a class D public utility.<sup>1</sup>

2 6. Staff docketed its Staff Report on November 11, 2015, recommending approval of  
3 Staff's recommended rates and charges.

4 7. Southland filed its Response to Staff Report on November 24, 2015, objecting to certain  
5 of Staff's recommendations.

6 8. A Procedural Order issued December 1, 2015, directed Staff to reply to the Company's  
7 comments, and directed Southland to file comments to Staff's reply. The Procedural Order extended  
8 the time clock accordingly.

9 9. On December 22, 2015, Staff filed a Supplemental Staff Report, and the Company  
10 responded on January 15, 2016, continuing to dispute certain of Staff's recommendations.

11 10. Due to various unresolved substantive issues, a Procedural Order was docketed on  
12 February 19, 2016, directing the parties to address the issues, and extending the time clock accordingly.

13 11. Staff submitted its Second Supplemental Staff Report on March 11, 2016, and  
14 Southland filed its Surreply on April 4, 2016.

15 12. On April 15, 2016, Staff advised the Administrative Law Judge that Staff would shortly  
16 be filing a response to the Company's Surreply. Accordingly, a Procedural Order was issued extending  
17 the time clock to June 17, 2016.

18 13. Staff filed its Third Supplemental Staff Report on June 17, 2016, in which Staff revised  
19 several of its original recommendations.

20 14. Because of the substantive revisions, a Procedural Order was issued on June 20, 2016,  
21 directing the Company to file its comments, if any, to Staff's recommendations by July 5, 2016. The  
22 Procedural Order extended the time clock to August 12, 2016.

23 15. On June 29, 2016, the parties filed a Joint Request for a Procedural Conference.

24 16. On July 5, 2016, Southland docketed its Reply to Staff's Third Supplemental Report,  
25 stating that the Company found Staff's revised recommendations to be reasonable.

26 17. At the parties' request, a telephonic procedural conference was held on July 7, 2016.  
27

28 <sup>1</sup> In the Company's previous rate case, Southland had been classified as a Class C utility.

1 The Company reiterated that it agreed to Staff's updated recommendations. Staff was asked questions  
2 regarding the correct amount of certain charges and other information noted in the recent Supplemental  
3 Staff Report. Staff indicated it would file the necessary additional information.

4 18. On July 18, 2016, Staff docketed its Addendum to Second Supplemental Staff Report  
5 and Supplemental Staff Report providing the additional information requested.

6 **Company Background**

7 19. Southland is an Arizona C corporation engaged in the business of providing water  
8 service to approximately 600 customers south of Sierra Vista, Arizona, pursuant to a Certificate of  
9 Convenience and Necessity granted in Decision No. 39693 (October 25, 1968).

10 20. Southland's current rates and charges were set by the Commission in Decision No.  
11 72429 (June 24, 2011), as corrected in a Procedural Order issued July 7, 2011, and as amended in  
12 Decision No. 73153 (May 7, 2012).

13 21. In Decision 72429, the Commission also authorized Southland to obtain a \$1.8 million  
14 loan from the Arizona Water Infrastructure Finance Authority ("WIFA"). In order to meet the debt  
15 service on the WIFA loan, the Commission approved a separate WIFA Surcharge to be collected from  
16 customers. The Decision also directed Southland to file a rate application no later than June 30, 2015.

17 22. Southland's plant is located on three separate sites and includes two wells with a total  
18 pump yield of 320 gallons per minute, three storage tanks with a total capacity of 392,000 gallons,  
19 eight booster pumps, a pressure tank, two bladder tanks and a distribution system. The Company  
20 reported a water loss of 5.22 percent, which is within acceptable limits. Staff concludes that Southland  
21 has adequate production and storage capacity to serve the present customer base and reasonable growth.

22 23. Staff noted that on August 14, 2016, a Compliance Status Report from the Arizona  
23 Department of Environmental Quality indicated that Southland's water system is currently delivering  
24 water that meets water quality standards required by 40 CFR 141, and A.A.C., Title 18, Chapter 4.

25 24. Southland's water system is not located in an Arizona Department of Water Resources  
26 ("ADWR") Active Management Area. In a July 15, 2015, Compliance Status Report, ADWR reported  
27 that the Company is currently in compliance with departmental requirements governing water providers  
28 and/or community water systems.

1 25. The Company has Commission-approved curtailment and backflow prevention tariffs.

2 26. Staff stated that Southland has no delinquent Commission compliance issues. Between  
3 January 1, 2012, and October 23, 2015, there were 17 complaints against Southland. All complaints  
4 have been resolved and closed. The Company is in good standing with the Commission's Corporations  
5 Division. Southland is current on its Arizona tax obligations.

6 27. In Decision No. 72429, the Commission ordered the Company to file as part of its  
7 Utilities Division Annual Report, an affidavit attesting that the Company is current on payments of its  
8 property taxes in Arizona. We believe it is reasonable to require the Company to continue to do so.

9 **Rate Application**

10 28. During the test year ending December 31, 2014 ("test year"), Southland provided water  
11 utility service to approximately 600 customers.

12 29. Set forth below are the current rates, the rates proposed in the Company's November  
13 24, 2016, Response to Staff Report ("Response"), and Staff's recommended rates and charges from its  
14 June 17, 2016, Supplemental Staff Report ("Supplement").

	<u>Present Rates</u>	<u>Company Proposed</u>	<u>Staff Recommended</u>
<b><u>MONTHLY USAGE CHARGE:</u></b>			
5/8" x 3/4" Meter	\$ 16.00	\$ 26.00	\$ 26.50
3/4" Meter	22.50	39.00	39.00
1" Meter	37.50	65.00	75.00
1-1/2" Meter	75.00	130.00	150.00
2" Meter	120.00	208.00	205.00
3" Meter	240.00	416.00	480.00
4" Meter	375.00	650.00	750.00
6" Meter	750.00	1,300.00	1,500.00
<b><u>WIFA SURCHARGE</u></b>			
5/8" x 3/4" Meter	\$ 13.39	N/A	N/A
3/4" Meter	20.09	N/A	N/A
1" Meter	33.48	N/A	N/A
1-1/2" Meter	66.95	N/A	N/A
2" Meter	107.13	N/A	N/A
3" Meter	214.25	N/A	N/A
4" Meter	334.77	N/A	N/A
6" Meter	669.54	N/A	N/A

**COMMODITY CHARGES**  
**(Per 1,000 Gallons, All Classes)**

**5/8 x 3/4-Inch Meter**

0 to 2,000 gallons	\$1.55	\$3.45	\$3.50
2,001 to 6,000 gallons	3.00	4.90	5.00
6,001 to 12,000 gallons	4.00	6.50	5.50
Over 12, 000 gallons	6.18	7.55	6.78

**3/4-Inch Meter**

0 to 12,000 gallons	4.00	6.50	\$3.50
Over 12, 000 gallons	6.18	7.55	6.78

**3/4-Inch Meter**

1 to 12,000 gallons	4.00	6.50	5.50
Over 12, 000 gallons	6.18	7.55	6.78

**1-Inch Meter**

1, to 30,000 gallons	4.00	6.50	5.50
Over 30,000 gallons	6.18	7.55	6.78

**1 1/2-Inch Meter**

1 to 60,000 gallons	4.00	6.50	5.50
Over 60,000 gallons	6.18	7.55	6.78

**2-Inch Meter**

1 to 90,000 gallons	4.00	6.50	5.50
Over 90,000 gallons	6.18	7.55	6.78

**3-Inch Meter**

1 to 125,000 gallons	4.00	6.50	5.50
Over 125,000 gallons	6.18	7.55	6.78

**4-Inch Meter**

1 to 200,000 gallons	4.00	6.50	5.50
Over 200,000 gallons	6.18	7.55	6.78

**6-Inch Meter**

1 to 400,000 gallons	4.00	6.50	5.50
Over 400,000 gallons	6,18	7.55	6.78

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

	<u>Present</u>		<u>Company Proposed</u>		<u>Staff Recommended</u>		
	Total	Service Line	Meter Installation	Total	Service Line	Meter Installation	Total
5/8" x 3/4 " Meter	\$ 600.00	\$ 445.00	\$ 155.00	\$ 600.00	\$ 445.00	\$ 155.00	\$ 600.00
3/4 " Meter	700.00	445.00	255.00	700.00	445.00	255.00	700.00

1	1" Meter	810.00	495.00	315.00	810.00	495.00	315.00	810.00
	1-1/2" Meter	1,075.00	550.00	515.00	1,075.00	550.00	525.00	1,075.00
	2" Turbine Meter	1,875.00	830.00	1,045.00	1,875.00	830.00	1,045.00	1,875.00
2	2" Compound Meter	2,720.00	830.00	1,890.00	2,720.00	830.00	1,890.00	2,720.00
	3" Turbine Meter	2,715.00	1,045.00	1,670.00	2,715.00	1,045.00	1,670.00	2,715.00
	3" Compound Meter	3,710.00	1,165.00	2,545.00	3,710.00	1,165.00	2,545.00	3,710.00
3	4" Turbine Meter	4,160.00	1,490.00	2,670.00	4,160.00	1,490.00	2,670.00	4,160.00
	4" Compound Meter	5,315.00	1,670.00	3,645.00	5,315.00	1,670.00	3,645.00	5,315.00
4	6" Turbine Meter	7,235.00	2,210.00	5,025.00	7,235.00	2,210.00	5,025.00	7,235.00
	6" Compound Meter	9,250.00	2,330.00	6,920.00	9,250.00	2,330.00	6,920.00	9,250.00

		Present Rates	Company Proposed	Staff Recommended
5	<b><u>SERVICE CHARGES:</u></b>			
6	Establishment	\$30.00	\$35.00	\$35.00
7	Establishment (After Hours)	40.00	N/A	N/A
	Reconnection (Delinquent)	40.00	\$40.00	\$40.00
8	Reconnection (Delinquent and After Hours)	50.00	N/A	N/A
	After Hours Service Charge	N/A	\$40.00	\$40.00
9	Meter Test (If Correct)	\$35.00	35.00	35.00
	Meter Re-Read (If Correct)	20.00	20.00	20.00
10	NSF Check	25.00	25.00	25.00
11	Deposit	*	*	*
	Deposit Interest	*	*	*
12	Re-Establishment (Within 12 Months)	**	**	**
	Deferred Payment (Per Month)	1.5%	1.5%	1.5%
13	Late Fee (Per Month)	1.5%	1.5%	1.5% or \$5.00***
14	Monthly Service Charge for Fire Sprinkler	****	****	****

- \* Per Commission Rules R14-2-403(B).
- \*\* Months off the system times the monthly minimum per Commission Rules R14-2-403(D).
- \*\*\* Whichever is greater.
- \*\*\*\* 2% of month minimum for a comparable sized meter connection, but less than \$10.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary service line.

30. As stated in the Company's Reply to Staff's Third Supplemental Report, and in its comments during the July 7, 2016 Procedural Conference, the Company believes Staff's positions and recommendations in its June 17, 2016, Supplemental Staff Report are reasonable.

31. In its Response, the Company proposed a fair value rate base ("FVRB") of \$1,095,707, which is the same as its original cost rate base. Staff recommended a FVRB of \$1,095,424, reflecting a \$283 decrease to working capital.

32. We find Staff's adjustment to working capital is reasonable and we adopt Staff's recommendation.

33. Accordingly, we find Southland's FVRB to be \$1,095,424.

34. During the test year, Southland reported total operating revenues of \$331,767 and Staff agreed with the Company. We find test year revenues to be \$331,767.

1           35.     In its Response, Southland claimed \$255,755 in test year operating expenses, resulting  
2 in test year operating income of \$76,012. Staff accepted the Company's amounts proposed in the  
3 Response.

4           36.     Based on the foregoing discussion, we find that the recommended test year operating  
5 expense of \$255,755 is reasonable and shall be adopted.

6           37.     Accordingly, we find that test year operating revenues were \$331,767, and test year  
7 operating expenses were \$255,755, for a test year operating income of \$76,012.

8           38.     In its Response, Southland proposes a revenue increase of \$44,709, for an annual  
9 revenue requirement of \$376,476, which is a 13.48 percent increase over test year revenues, for a rate  
10 of return of 8.17 percent, and a cash flow of \$72,626.

11           39.     Staff recommends a revenue increase of \$41,259, for an annual revenue requirement of  
12 \$373,026, or 12.44 percent over test year revenues, for a rate of return of 8.38 percent, and a cash flow  
13 of \$73,851.

14           40.     We find Staff's proposed revenue requirement to be reasonable and we adopt it.

15           41.     Both parties recommend that the current WIFA Surcharge should be eliminated and  
16 built into base rates.

17           42.     The parties' rate design would provide approximately 53 percent of proposed revenue  
18 from the monthly usage charge and 47 percent from the commodity charge.

19           43.     Under the agreed upon rates, a customer on a 5/8 x 3/4-inch meter with average usage  
20 of 4,595 gallons would experience an increase of \$6.20, or 15.4 percent, from \$40.28 to \$46.48. A  
21 customer on a 5/8 x 3/4-inch meter with median usage of 3,451 gallons would experience an increase  
22 of \$3.91, or 10.6 percent, from \$36.84 to \$40.75.

23           44.     Staff recommends that Southland file with the Commission a schedule of its approved  
24 rates and charges within 30 days of this Decision's effective date.

25           45.     Staff also recommends that Southland, as a compliance item in this matter, should notify  
26 its customers of the authorized rates and charges, and their effective date, in a form acceptable to Staff,  
27 by means of an insert in the Company's next regularly scheduled billing, and to file a copy of the notice  
28 with Docket Control within 10 days of the date notice is sent to customers.

1 46. Staff recommends that the Company use the depreciation rates presented in Table C of  
2 the Engineering Report attached to the Staff Report as Exhibit A.

3 47. Staff's recommendations are reasonable and shall be adopted.

4 48. We believe it is reasonable to allow Southland to collect from its customers a  
5 proportionate share of any privilege, sales, or use tax as provided for in A.A.C. R14-2-409(D).

6 **WIFA Surcharge and Contributions in Aid of Construction ("CIAC")**

7 49. In Decision No. 72429, the Commission ordered that "the appropriate rate-making  
8 treatment for the portion of plant paid for with WIFA Surcharge Funds shall be to treat such plant as  
9 Contributions in Aid of Construction."<sup>2</sup>

10 50. The parties agree that during the test year, the portion of gross CIAC attributable to  
11 principal payments to WIFA, gathered through the WIFA Surcharge, was \$63,415, and the associated  
12 CIAC amortization was \$2,933, for a net CIAC related to the WIFA Surcharge of \$60,482.

13 51. In Southland's April 4, 2016, Surreply, the Company stated: "But to the Company's  
14 knowledge the Commission only followed [the above] approach once and Staff no longer advocates  
15 this approach. Unfortunately, Southland was the test case and it has paid the price. But there is no  
16 reason for the Company to continue to receive this treatment in the post-test year period when no other  
17 utility is treated in this manner."<sup>3</sup> The Company requests that the Commission "expressly state that the  
18 Company's principal payments made to WIFA after the test year should be treated normally, not  
19 recognized as CIAC."<sup>4</sup> Staff did not object to the Company's request.

20 52. We agree with the Company that the rate-making treatment for the portion of plant paid  
21 for with WIFA Surcharge Funds should no longer be to treat the principal payments as CIAC.

22 53. Accordingly, we find that the principal payments for the portion of the plant paid for  
23 with WIFA Surcharge funds after January 1, 2015, are not required to be treated as CIAC.

24 ...

25 ...

26 \_\_\_\_\_  
27 <sup>2</sup> Decision No. 72429, page 25. A portion of the Commission's discussion on this provision may be viewed in the  
Commission's 2011 Open Meeting video archives for June 16, 2011, beginning at 1:54:45.

28 <sup>3</sup> April 4, 2016, Surreply, page 5.

<sup>4</sup> *Id.*, page 3.

**CONCLUSIONS OF LAW**

- 1 2. Southland 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 Southland and the subject matter contained in the
- 5 Application.
- 6 3. Notice of the Application was given in accordance with Arizona law.
- 7 4. The authorized rates and charges are just and reasonable and in the public interest.
- 8 5. The stated recommendations are reasonable and should be adopted.

**ORDER**

10 IT IS THEREFORE ORDERED that Southland Utilities Company, Inc. is hereby authorized  
11 and directed to file with the Commission by August 31, 2016, revised schedules of the authorized rates  
12 and charges, as set forth below:

**MONTHLY USAGE CHARGE:**

13	5/8" x 3/4" Meter	\$ 26.50
14	3/4" Meter	39.00
15	1" Meter	75.00
16	1-1/2" Meter	150.00
17	2" Meter	205.00
18	3" Meter	480.00
	4" Meter	750.00
	6" Meter	1,500.00

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

**5/8 x 3/4-Inch Meter**

21	0 to 2,000 gallons	\$3.50
22	2,001 to 6,000 gallons	5.00
23	6,001 to 12,000 gallons	5.50
	Over 12, 000 gallons	6.78

**3/4-Inch Meter**

24	1 to 12,000 gallons	3.50
25	Over 12, 000 gallons	6.78

**1-Inch Meter**

26	1, to 30,000 gallons	5.50
27	Over 30,000 gallons	6.78
28		

1	<b><u>1 1/2-Inch Meter</u></b>	
2	1 to 60,000 gallons	5.50
3	Over 60,000 gallons	6.78
4	<b><u>2-Inch Meter</u></b>	
5	1 to 90,000 gallons	5.50
6	Over 90,000 gallons	6.78
7	<b><u>3-Inch Meter</u></b>	
8	1 to 125,000 gallons	5.50
9	Over 125,000 gallons	6.78
10	<b><u>4-Inch Meter</u></b>	
11	1 to 200,000 gallons	5.50
12	Over 200,000 gallons	6.78
13	<b><u>6-Inch Meter</u></b>	
14	1 to 400,000 gallons	5.50
15	Over 400,000 gallons	6.78

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

	<u>Service Line</u>	<u>Meter Installation</u>	<u>Total</u>	
16	5/8" x 3/4 " Meter	\$ 445.00	\$ 155.00	\$ 600.00
17	3/4 " Meter	445.00	255.00	700.00
18	1" Meter	495.00	315.00	810.00
19	1-1/2" Meter	550.00	525.00	1,075.00
20	2" Turbine Meter	830.00	1,045.00	1,875.00
21	2" Compound Meter	830.00	1,890.00	2,720.00
22	3" Turbine Meter	1,045.00	1,670.00	2,715.00
23	3" Compound Meter	1,165.00	2,545.00	3,710.00
24	4" Turbine Meter	1,490.00	2,670.00	4,160.00
25	4" Compound Meter	1,670.00	3,645.00	5,315.00
26	6" Turbine Meter	2,210.00	5,025.00	7,235.00
27	6" Compound Meter	2,330.00	6,920.00	9,250.00

**SERVICE CHARGES:**

23	Establishment	\$35.00
24	Establishment (After Hours)	40.00
25	Reconnection (Delinquent)	40.00
26	Meter Test (If Correct)	35.00
27	NSF Check	25.00
28	Meter Re-Read (If Correct)	20.00
	Deposit	*
	Deposit Interest	*
	Re-Establishment (Within 12 Months)	**

1	Deferred Payment (Per Month)	1.5%
	Late Fee	1.5% or \$5.00***
2	Monthly Service Charge for Fire Sprinkler	****

- 3 \* Per Commission Rules R14-2-403.B
- 4 \*\* Months off the system times the monthly minimum per R14-2-403.d
- 5 \*\*\* Whichever is greater.
- 6 \*\*\*\* 2% of month minimum for a comparable sized meter connection, but less than \$10.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary service line.

7 IT IS FURTHER ORDERED that, in addition to collection of its regular rates and charges,  
 8 Southland Utilities Company, Inc., shall collect from its customers a proportionate share of any  
 9 privilege, sales or use tax per A.A.C. R14-2-409(D).

10 IT IS FURTHER ORDERED that the revised schedules of rates and charges shall become  
 11 effective beginning with Southland Utilities Company, Inc.'s next regularly scheduled billing cycle.

12 IT IS FURTHER ORDERED that Southland Utilities Company, Inc. shall notify its customers  
 13 of the revised schedules of the authorized rates and charges by means of either an insert in its next  
 14 regularly scheduled billing or by a separate mailing, in a form acceptable to Staff, and shall, within 10  
 15 days after the date notice is sent to its customers, file with the Commission's Docket Control, as a  
 16 compliance item in this docket, a copy of the notice provided.

17 IT IS FURTHER ORDERED that Southland Utilities Company, Inc. shall use the depreciation  
 18 rates presented in Table C in the Engineering Report attached to the Staff Report as Exhibit A.

19 IT IS FURTHER ORDERED that Southland Utilities Company, Inc. shall continue to file as  
 20 part of its Utilities Division Annual Report an affidavit attesting that it is current on payment of its  
 21 property taxes in Arizona.

22 ...  
 23 ...  
 24 ...  
 25 ...  
 26 ...  
 27 ...  
 28 ...

1 IT IS FURTHER ORDERED that the principal payments for the portion of the plant paid for  
2 with WIFA Surcharge funds after January 1, 2015, are not required to be treated as CIAC.

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

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.  
5

6  
7 CHAIRMAN LITTLE

COMMISSIONER STUMP

8  
9 COMMISSIONER FORESE

COMMISSIONER TOBIN

COMMISSIONER BURNS  
10

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

15 \_\_\_\_\_  
16 JODI A. JERICH  
EXECUTIVE DIRECTOR

17 DISSENT \_\_\_\_\_  
18

19 DISSENT \_\_\_\_\_  
20 BM:aw  
21  
22  
23  
24  
25  
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27  
28

1 SERVICE LIST FOR:

SOUTHLAND UTILITIES COMPANY, INC.

2 DOCKET NOS.:

W-02062A-15-0224

3 Steve Wene  
4 MOYES SELLERS & HENDRICKS, LTD.  
5 1850 North Central Avenue, Suite 1100  
6 Phoenix, AZ 85004

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