

ORIGINAL

NEW APPLICATION



0000175743

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

DOCKETED

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

AZ CORP. C.  
DOCKET 00  
2016 DEC 22 PM 3:59

DEC 22 2016

DOCKETED BY R.A.

W-01445A-16-0477

IN THE MATTER OF THE FILING OF  
ARIZONA WATER COMPANY, AN  
ARIZONA CORPORATION, TO SUSPEND  
OFF-SITE FACILITIES FEE TARIFF NO.  
FF-102 FOR THE WHITE TANK SYSTEM.

DOCKET NO. W-01445A-16-\_\_\_\_\_

**SUSPENSION OF TARIFF**

Pursuant to the provisions of A.R.S. § 40-367, Arizona Water Company ("Arizona Water") hereby files this request to suspend Tariff Schedule FF-102, Off-Site Facilities Fee (Water) ("Off-Site Facilities Fee Tariff") in the White Tank system.

The Off-Site Facilities Fee Tariff was approved in Decision No. 75741, dated September 19, 2016, and became effective on October 1, 2016. Arizona Water wishes to suspend the Off-Site Facilities Fee Tariff to allow time to develop modified provisions allowing Arizona Water to offset all or a portion of the fees paid pursuant to the Off-Site Facilities Fee Tariff by applicants who advance funds for, or construct and convey, water production, treatment, storage, or pumping facilities. Arizona Water expects to file a revised Off-Site Facilities Fee Tariff in this docket as soon as practical. As required by A.R.S. § 40-367, attached is a revised tariff schedule, the only change being the addition of a watermark indicating its suspension. Approval of this filing does not constitute a rate increase as contemplated by A.R.S. § 40-250.

All correspondence regarding matters in this docket should be sent to:

Arizona Water Company  
Attn: Joseph D. Harris, Vice President and Treasurer  
3805 North Black Canyon Highway  
Phoenix, AZ 85015  
(602) 240-6860

1 RESPECTFULLY SUBMITTED this 22<sup>nd</sup> day of December, 2016.

2 ARIZONA WATER COMPANY

3  
4 By:   
5 E. Robert Spear, General Counsel  
6 ARIZONA WATER COMPANY  
7 3805 North Black Canyon Highway  
8 Phoenix, AZ 85015  
9 Phone: 602-240-6860

8 Original and fifteen (15) copies of the foregoing filed this 22<sup>nd</sup> day of December, 2016, with:

9 Docket Control Division  
10 Arizona Corporation Commission  
11 1200 West Washington Street  
12 Phoenix, Arizona 85007

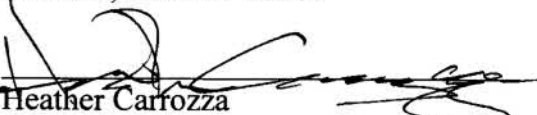
12 A copy of the foregoing mailed and/or emailed to:

13 Honorable Dwight D. Nodes  
14 Chief Administrative Law Judge, Hearing Division  
15 Arizona Corporation Commission  
16 1200 West Washington Street  
17 Phoenix, Arizona 85007

18 Janet Wagner, Esq.  
19 Acting Director, Legal Division  
20 Arizona Corporation Commission  
21 1200 West Washington Street  
22 Phoenix, Arizona 85007

23 Jeffrey M. Hatch-Miller  
24 Interim Director, Utilities Division  
25 Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

26 Daniel W. Pozefsky, Chief Counsel  
27 Residential Utility Consumer Office  
28 1110 West Washington Street, Suite 220  
29 Phoenix, Arizona 85007

30   
31 Heather Carrozza



**ARIZONA WATER COMPANY**

**TARIFF SCHEDULE – OFF-SITE FACILITIES FEE (WATER)**

Filed by: William M. Garfield  
Title: President  
Date of Original Filing: August 21, 2015  
System(s): **WHITE TANK**

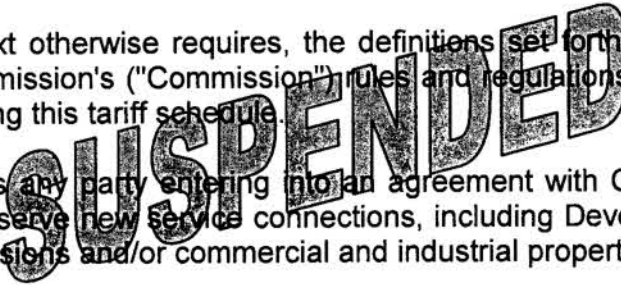
A.C.C. No. 563  
Cancelling A.C.C. No. N/A  
Tariff or Schedule No. FF-102  
Filed: August 21, 2015  
Effective: October 1, 2016

**I. Purpose and Applicability**

The purpose of the off-site facilities fees payable to Arizona Water Company ("the Company") pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities necessary to provide water production, treatment, delivery, recharge, recovery, storage and pressure among all new service connections. These charges are applicable to all new service connections established after the effective date of this tariff undertaken via Main Extension Agreements or requests for service not requiring a Main Extension Agreement. The charges are one-time charges and are payable as a condition to Company's establishment of service, as more particularly provided below.

**II. Definitions**

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting this tariff schedule.



"Applicant" means any party entering into an agreement with Company for the installation of water facilities to serve new service connections, including Developers and/or Builders of new residential subdivisions and/or commercial and industrial properties.

"CAP Water" means water from the Central Arizona Project provided directly or indirectly to the Company.

"Company" means Arizona Water Company.

"Main Extension Agreement" means any agreement whereby an Applicant agrees to advance the costs of the installation of water facilities necessary for the Company to serve new service connections within a development, or installs such water facilities necessary to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the Commission pursuant to A.A.C. R-14-2-406, and shall have the same meaning as "Water Facilities Agreement" or "Line Extension Agreement."

"Off-site Facilities" means water treatment facilities, including treatment of CAP Water and other available water supplies, recharge and recovery facilities, storage tanks and related appurtenances and equipment necessary for proper operation of such water treatment facilities, including engineering and design costs. Off-site facilities may also include booster pumps, wells for recovery of stored CAP water or other groundwater supplies, pressure tanks, transmission mains and related appurtenances and equipment necessary for proper operation



**ARIZONA WATER COMPANY**  
**OFF-SITE FACILITIES FEE (WATER)** (continued)

of such facilities if these facilities are not for the exclusive use of the applicant and will benefit the entire water system.

"Service Connection" means and includes all service connections for single-family residential or commercial, industrial other uses, regardless of meter size.

**III. Off-Site Water Facilities Fee**

For each new service connection, the Company shall collect an off-site facilities fee derived from the following table:

OFF-SITE FACILITIES FEE TABLE			
Meter Size	Size Factor	Total Fee	
		Residential	All Other Classes
5/8" x 3/4 "	1	\$2,500	\$2,500
3/4"	1.5	\$2,500	\$3,750
1"	2.5	\$6,250	\$6,250
1-1/2"	5	\$12,500	\$12,500
2"	8	\$20,000	\$20,000
3"	16	\$40,000	\$40,000
4"	25	\$62,500	\$62,500
6" or larger	50	\$125,000	\$125,000

**SUSPENDED**

**IV. Terms and Conditions**

(A) Assessment of One Time Off-Site Facilities Fee: The off-site facilities fee may be assessed only once per parcel, service connection, or lot within a subdivision (similar to meter and service line installation charge). These charges are not applicable to additional service connections that are established as back-up connections, under the condition that these service connections are not to be used at the same time.

(B) Use of Off-Site Facilities Fee: Off-site facilities fees may only be used to pay for capital items of off-site facilities or for repayment of loans obtained to fund the cost of installation of off-site facilities. Off-site facilities fees shall not be used to cover repairs, maintenance, or operational costs. The Company shall record amounts collected under tariff as Contributions in Aid of Construction ("CIAC"); however, such amounts shall not be deducted from rate base until such amounts have been expended for utility plant.



**ARIZONA WATER COMPANY**  
**OFF-SITE FACILITIES FEE (WATER)** (continued)

(C) Time of Payment:

- 1) For those requiring a Main Extension Agreement: In the event that the Applicant is required to enter into a Main Extension Agreement, whereby the Applicant agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements or construct such improvements in order to extend service in accordance with R-14-2-406(B), payment of the off-site facilities fees required hereunder shall be made by the Applicant no later than 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the Main Extension Agreement in accordance with R-14-2-406(M).
- 2) For those connecting to an existing main: In the event that the Applicant is not required to enter into a Main Extension Agreement, the off-site facilities fee charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.

(D) Off-Site Facilities Construction by Developer: Company and Applicant may agree to construction of off-site facilities necessary to serve a particular development by Applicant, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site facilities fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant and conveyed to Company is less than the applicable off-site facilities fees under this Tariff, Applicant shall pay the remaining amount of off-site facilities fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant and conveyed to Company is more than the applicable off-site facilities fees under this Tariff, Applicant shall be refunded the difference upon acceptance of the off-site facilities by the Company.

(E) Failure to Pay Charges/Delinquent Payments: The Company will not be obligated to make an advance commitment to provide or actually provide water service to any Applicant in the event that the Applicant has not paid in full all charges hereunder. Under no circumstances will the Company set a meter or otherwise allow service to be established if the entire amount of any payment due hereunder has not been paid.

(F) Large Subdivision and/or Development Projects: In the event that the Applicant is engaged in the development of a residential subdivision and/or development containing more than 150 lots, the Company may, in its discretion, agree to payment of off-site facilities fees in installments. Such installments may be based on the residential subdivision and/or development's phasing, and should attempt to equitably apportion the payment of charges hereunder based on the Applicant's construction schedule and water service requirements. In the alternative, the Applicant shall post an irrevocable letter of credit in favor of the Company in a commercially reasonable form, which may be drawn by the Company consistent with the actual or planned construction and hook up schedule for the subdivision and/or development.

(G) Off-Site Facilities Fees Non-refundable: The amounts collected by the Company as off-site facilities fees shall be non-refundable contributions in aid of construction.





**ARIZONA WATER COMPANY**  
**OFF-SITE FACILITIES FEE (WATER)** (continued)

(H) Use of Off-Site Facilities Fees Received: All funds collected by the Company as off-site facilities fees shall be deposited into a separate interest bearing bank account and used solely for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system.

(I) Off-Site Facilities Fee in Addition to On-site Facilities: The off-site facilities fee shall be in addition to any costs associated with the construction of on-site facilities under a Main Extension Agreement.

(J) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to this tariff, or if the off-site facilities fee tariff has been terminated by order of the Arizona Corporation Commission, any funds remaining in the bank account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

(K) Fire Flow Requirements: In the event the Applicant for service has fire flow requirements that require additional facilities not covered by this tariff, such additional facilities shall be constructed under a separate Main Extension Agreement as a non-refundable contribution and shall be in addition to the off-site facilities fees.

(L) Status Reporting Requirements to the Commission: The Company shall submit a calendar year off-site facilities fee status report each January 31<sup>st</sup> to Docket Control for the prior twelve (12) month period, beginning January 31, 2017, until the off-site facilities fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the off-site facilities fee, the amount each has paid, the physical location/address of the property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and a list of all facilities that have been installed with the tariff funds during the 12-month period.

SUSPENDED