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**BEFORE THE ARIZONA CORPORATION COMMISSION**

ROBERT "BOB" BURNS  
Chairman

BOYD DUNN  
Commissioner

SANDRA D. KENNEDY  
Commissioner

JUSTIN OLSON  
Commissioner

LEA MÁRQUEZ PETERSON  
Commissioner

Arizona Corporation Commission

DOCKETED

JUL 10 2019

DOCKETED BY

IN THE MATTER OF THE APPLICATION )  
OF PAYSON WATER CO., INC., AN )  
ARIZONA CORPORATION, FOR A )  
DETERMINATION OF THE FAIR VALUE )  
OF ITS UTILITY PLANTS AND )  
PROPERTY AND FOR INCREASES IN ITS )  
RATES AND CHARGES FOR UTILITY )  
SERVICE BASED THEREON. )

DOCKET NO. W-03514A-18-0230

DECISION NO. 77278

ORDER

**STAFF'S RECOMMENDATIONS  
REGARDING THE LOW-INCOME  
TARIFF AND DEPLOYED SERVICES  
MEMBER TARIFF**

Open Meetings  
July 10 and 11, 2019  
Phoenix, Arizona

BY THE COMMISSION:

\* \* \* \* \*

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

FINDINGS OF FACT

1. On May 15, 2019, the Commission issued Decision No. 77179 which ordered that Payson Water Co., Inc. ("PWC" or "Company") to develop and file both a Low Income Tariff and a Deployed Services Member Tariff within 15 days of the effective date of this order, and that Staff shall review and file a recommendation to the Commission regarding the Low Income Tariff and Deployed Services Member Tariff within 30 days of the Company's filing.

2. On May 21, 2019, PWC filed, as a compliance item, exhibits of the Low Income Tariff and Deployed Services Member Tariff. See Exhibits 1 (Low Income Tariff) and 2 (Deployed Services Member Tariff) attached. The Low Income Tariff provides a discount to qualified

1 applicants of 15 percent of the total bill or \$10 per month, whichever is less, funded by a surcharge  
 2 assessed to non-participants. The Deployed Services Member Tariff provides a total monthly bill  
 3 credit for qualified active U.S. Military during their deployment, the cost of which will be deferred  
 4 by the Company for consideration in its next rate case.

### 5 **Staff Analysis and Recommendations**

6 3. Staff's review of the documents finds that the Company-proposed tariffs conform  
 7 with similar tariffs authorized for other utilities.<sup>1</sup> Based on the median usage of 1,500 gallons for a  
 8 typical 5/8 x 3/4-inch meter customer billed \$43.85, the Low Income Program would result in a  
 9 reduction of \$6.58 per month.<sup>2</sup> The surcharge impact for non-participants, based on a three percent  
 10 participation rate, would be \$0.31 per customer per month.<sup>3</sup>

11 4. Staff recommends the following:

- 12 a. Approval of the Low Income Tariff, Low Income Tariff Surcharge and  
 13 Deployed Services Member Tariff as filed by the Company.
- 14 b. That the Low Income Tariff and Deployed Services Member Tariff shall  
 15 become effective on the date of the Decision in this proceeding.
- 16 c. That PWC shall begin to collect the surcharge beginning with the Company's  
 17 next billing cycle after the date of the Decision in this proceeding.
- 18 d. That PWC shall notify its customers of the Low Income Tariff, Low Income  
 19 Tariff Surcharge, and Deployed Services Member Tariff authorized herein,  
 20 and its effective date, in a form acceptable to Staff, by means of an insert in  
 21 its next regularly scheduled billing or as a separate mailing.
- 22 e. That PWC shall track Low Income Tariff activity, and over and under  
 23 collections shall be subject to true up in the Company's next rate case.

24 <sup>1</sup> EPCOR Water Arizona Inc., Decision No. 77147, Docket No. WS-01303A-19-0011, Exhibits B and C; Rio Rico  
 25 Utilities, Inc., Decision No. 73996, Docket No. WS-02676A-12-0196; Coronado Utilities, Inc., Decision No. 71956,  
 Docket No. SW-04305A-09-0291; Chaparral City Water Company, Decision No. 71308, Docket No. W-02113A-07-  
 0551.

26 <sup>2</sup> Decision No. 77179 at 10:20-26 provides average and median usage and estimated bill amounts:  $\$43.85 \times 15\% =$   
 $\$6.58$ , which is the lower of  $\$6.58$  or the  $\$10.00$  cap.

27 <sup>3</sup> Using the following assumptions: (1) 1,100 total customers; (2) 3 percent, or 33 qualifying customers ( $1,100 \times .03 =$   
 28  $33$ ); (3) 1,067 non-qualifying customers ( $1,100 - 33 = 1067$ ); (4) program costs are \$10 per qualifying customer per  
 month, or  $\$10 \times 33 = \$330$  per month, or  $\$3,960$  annually; (5) the surcharge would be  $\$0.31$  per customer per month  
 ( $\$330/1067 = \$0.31$ ).

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CONCLUSIONS OF LAW

1. Payson Water Co., Inc. is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§40-250 and 40-251.

2. The Commission has jurisdiction over Payson Water Co., Inc. and the subject matter of this proceeding.

3. Notice of the proceeding was provided in conformance with law.

4. The Low Income Tariff, Low Income Tariff Surcharge and Deployed Services Member Tariff are just and reasonable and in the public interest.

5. The approved tariffs and surcharge are compatible with the public interest, compatible with sound financial practices, compatible with Payson Water Co., Inc.'s proper performance of service as a public service corporation and will not impair the Company's ability to provide service.

ORDER

IT IS THEREFORE ORDERED that Payson Water Co., Inc.'s Low Income Tariff, Low Income Tariff Surcharge and Deployed Services Member Tariff, as filed by the Company, are approved.

IT IS FURTHER ORDERED that the Low Income Tariff and Deployed Services Member Tariff shall become effective on the date of this Decision in this proceeding.

IT IS FURTHER ORDERED that Payson Water Co., Inc. shall begin to collect the surcharge beginning with the Company's next billing cycle after the date of this Decision in this proceeding.

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1 IT IS FURTHER ORDERED that Payson Water Co., Inc. shall notify its customers of the  
2 Low Income Tariff, Low Income Tariff Surcharge, and Deployed Services Member Tariff  
3 authorized herein, and the effective date of each, in a form acceptable to Staff, by means of an insert  
4 in its next regularly scheduled billing or as a separate mailing.

5 IT IS FURTHER ORDERED that Payson Water Co., Inc. shall track Low Income Tariff  
6 activity, and over and under collections shall be subject to true up in the Company's next rate case.

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

8  
9  
10 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

11   
12 CHAIRMAN BURNS  COMMISSIONER DUNN   
13 COMMISSIONER KENNEDY

14   
15 COMMISSIONER OLSON   
16 COMMISSIONER MÀRQUEZ PETERSON



17 IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT,  
18 Executive Director of the Arizona Corporation Commission,  
19 have hereunto, set my hand and caused the official seal of this  
20 Commission to be affixed at the Capitol, in the City of  
21 Phoenix, this 10 day of July, 2019.

22   
23 MATTHEW J. NEUBERT  
24 EXECUTIVE DIRECTOR

25 DISSENT: \_\_\_\_\_

26 DISSENT: \_\_\_\_\_

27 EOA:RSD:red/BAH

1 Service List for: Payson Water Co., Inc.  
2 Docket No. W-03514A-18-0230

3 Mr. Jay L. Shapiro  
4 Shapiro Law Firm, P.C.  
5 1819 East Morten Avenue, Suite 280  
6 Phoenix, Arizona 85020  
7 [whitney@shapslawaz.com](mailto:whitney@shapslawaz.com)  
8 [jay@shapslawaz.com](mailto:jay@shapslawaz.com)

9 **Consented to Service by Email**

10 Ms. Robin Mitchell, Director  
11 Director and Chief Counsel, Legal Division  
12 Arizona Corporation Commission  
13 1200 West Washington Street  
14 Phoenix, Arizona 85007  
15 [legaldiv@azcc.gov](mailto:legaldiv@azcc.gov)  
16 [utildivservicebyemail@azcc.gov](mailto:utildivservicebyemail@azcc.gov)

17 **Consented to Service by Email**

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# **EXHIBIT 1**

PAYSON WATER CO., INC.

Sheet No. -

DOCKET NO. W-03514A-18-0230

Cancelling Sheet No. \_\_

Applies to all service areas

**LOW INCOME PROGRAM (LIP)**

APPLICABILITY

Applicable to residential water service for domestic use rendered to low-income households where the customer meets all of the program qualifications and special conditions of this rate schedule.

TERRITORY

Within all customer service areas served by Payson Water Co., Inc. ("PWC").

RATES

The discount rate is 15 percent of the total bill or \$10.00 per month, whichever is less.

PROGRAM QUALIFICATIONS

1. The bill must be in your name and the address must be your primary residence or you must be a tenant receiving water utility service for which you are responsible.
2. You may not be claimed as a dependent on another person's tax return.
3. You must reapply each time you move residences.
4. You must reapply every two (2) years, or sooner, if requested.
5. You must recertify each year by submitting a declaration attesting to your continuing eligibility.
6. You must notify the Company within thirty (30) days of having become ineligible for the LIP.
7. Your total gross annual income of all persons living in your household cannot exceed 200 percent of the annual Federal Poverty Guidelines:<sup>1</sup>

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<sup>1</sup> The 2019 U.S. Department of Health and Human Services poverty guidelines are in effect as of January 11, 2019.

Issued: \_\_\_\_\_

Effective: \_\_\_\_\_

ISSUED BY:

Jason Williamson, President  
7581 E. Academy Blvd., Suite 229  
Denver, CO 80230

Decision No. 77278

PAYSON WATER CO., INC.

Sheet No. -

DOCKET NO. W-03514A-18-0230

Cancelling Sheet No. \_\_

Effective: \_\_\_\_\_, 2019

<u>No. of Persons in Household</u>	<u>Total Gross Annual Income</u>
1	\$24,980
2	33,820
3	42,660
4	51,500
5	60,340
6	69,180

For each additional person residing in the household, add \$8,840

For the purpose of the program the "gross household income" means all money and non-cash benefits, available for living expenses, from all sources, both taxable and non-taxable, before deductions for all people who live in your home. This includes, but is not limited to:

- |                                  |                                    |                                |
|----------------------------------|------------------------------------|--------------------------------|
| Wages or salaries                | Social Security, SSI, SSP          | Rental or royalty income       |
| Interest or dividends from:      | Scholarships, grants, or other aid | Profit from self-employment    |
| Savings account, stocks or bonds | Disability payments                | (IRS form Schedule C, Line 29) |
| used for living expenses         | Food Stamps                        | Worker's Compensation          |
| TANF (AFDC)                      | Insurance settlements              | Child Support                  |
| Pensions                         | Unemployment benefits              | Spousal Support                |
| Gifts                            |                                    |                                |

Issued: \_\_\_\_\_

ISSUED BY:

Effective: \_\_\_\_\_

Jason Williamson, President  
7581 E. Academy Blvd., Suite 229  
Denver, CO 80230

Decision No. 77278



PAYSON WATER CO., INC.

Sheet No. -

DOCKET NO. W-03514A-18-0230

Cancelling Sheet No. \_\_

**SPECIAL CONDITIONS**

1. Application and Eligibility Declaration: An Application and eligibility declaration on a form authorized by the Commission is required for each request for service under this schedule. Renewal of a customer's eligibility declaration will be required at least every two (2) years.
2. Recertification: A customer enrolled in PWC's LIP must, each year, recertify by submitting a declaration attesting to continuing eligibility.
3. Commencement of Rate: Eligible customers shall be billed on this schedule commencing with the next regularly scheduled billing period that follows receipt of application by PWC.
4. Verification: Information provided by the applicant is subject to verification by PWC. Refusal or failure of a customer to provide documentation of eligibility acceptable to PWC, upon request by PWC, shall result in removal from this rate schedule.
5. Notice from Customer: It is the customer's responsibility to notify the PWC if there is a change of eligibility status.
6. Rebilling: Customers may be re-billed for periods of ineligibility under the applicable rate schedule.
7. Participation Cap: The LIP is limited to 200 residential customers.

**LIP ADMINISTRATION**

1. The program cost will be recovered through a surcharge assessed to non-participating residential and commercial customers. All funds, less any program administration fees incurred, will be used directly by PWC for bill assistance provided to PWC qualifying customers.
2. The Company will file, by March 1 each year, an annual report detailing the number of participants from the previous calendar year, the total amount of discounts given, direct and indirect costs associated with the program, collections made from the surcharge from all ratepayers used to fund the program and provide updated gross annual income guidelines from the federal government as necessary.
3. If an applicant does not meet the LIP qualifications, they will be notified by PWC of ineligibility and the reason for denial.

Issued: \_\_\_\_\_

Effective: \_\_\_\_\_

ISSUED BY:

Jason Williamson, President  
 7581 E. Academy Blvd., Suite 229  
 Denver, CO 80230

Decision No. 77278

PAYSON WATER CO., INC.

Sheet No. -

DOCKET NO. W-03514A-18-0230

Cancelling Sheet No. \_\_

Applies to all service areas  
**LOW INCOME PROGRAM (LIP)**  
**SURCHARGE**

APPLICABILITY

Applicable to all customers of the Company not participating in the LIP, through which residential water service for domestic use is rendered to low income households where the customer meets all the LIP qualifications and special conditions of the LIP rate schedule.

TERRITORY

Within all customer service areas served by the Company.

RATES

A surcharge of \$0.31 will be applied each month to the bills of non-participating customers for recovery of the costs (discounts, direct costs, and carrying charges) associated with the LIP program. The surcharge is the amount resulting from dividing the total program costs by the number of bills issued to non-participating customers in the past 12-month tracking period.

Issued: \_\_\_\_\_

ISSUED BY:

Effective: \_\_\_\_\_

Jason Williamson, President  
 7581 E. Academy Blvd., Suite 229  
 Denver, CO 80230

Decision No. 77278

**PAYSON WATER CO., INC.  
APPLICATION FOR LOW INCOME PROGRAM**

**Your Name** \_\_\_\_\_  
*As it appears on your water bill or as appearing on valid identification*

**Customer Account No.** \_\_\_\_\_

**Service Address** \_\_\_\_\_

**Mailing Address** \_\_\_\_\_  
*If different from above address*

**Daytime Telephone Number** \_\_\_\_\_  
*Please include Area Code*

**Number of people living in household:** Adults [ ] [ ] + Children [ ] [ ] = Total [ ] [ ]

**Total Gross Annual Income of Household:** \_\_\_\_\_

Applicants must provide a copy of their current picture ID, most recent water bill, and most recent proof of 30-day income (i.e., pay stubs, SSA, SSI, unemployment insurance, etc.) along with the application for verification of program eligibility. Annual low income cannot exceed 200% of the annual Federal Poverty Guidelines (\$24,980 for a single-person household and \$33,820 for a two-person household). For more information on the Federal Poverty Guidelines please visit [www.aspe.hhs.gov](http://www.aspe.hhs.gov).  
\*\*Please note, if approved for the LIP, approval is ongoing. \*\*\*

By signing below, I certify under penalty of perjury that (1) this information is true and correct under the laws of the State of Arizona, (2) I am not claimed as a dependent on another person's tax return, and (3) I will provide proof of income and notify Payson Water Co., Inc. of any changes that affect my eligibility. I understand that if I receive the discount without meeting the qualifications for it, I may be required to pay back the discount I received.

\_\_\_\_\_  
Customer Signature Date

**INSTRUCTIONS: An Application for PWC's Low Income Program must be submitted every two (2) years. A Declaration of Eligibility must be submitted annually.**

Submit completed application to:

Payson Water Co., Inc.  
7851 E. Academy Boulevard, Suite 229  
Denver, CO 80230  
info@jwwater.net

FOR PAYSON WATER CO., INC. USE ONLY

Date received \_\_\_\_\_ Date Verified \_\_\_\_\_ Verified By \_\_\_\_\_

Decision No. 77278

**PAYSON WATER CO., INC.  
LOW INCOME PROGRAM DECLARATION OF ELIGIBILITY**

**Your Name** \_\_\_\_\_  
*As it appears on your water bill or as appearing on valid identification*

**Customer Account No.** \_\_\_\_\_

**Service Address** \_\_\_\_\_

**Mailing Address** \_\_\_\_\_  
*If different from above address*

**Daytime Telephone Number** \_\_\_\_\_  
*Please include Area Code*

I, \_\_\_\_\_,  
*Your Name (please print)*

last submitted an LIP Application on \_\_\_\_\_  
(dd/mm/yyyy)

and hereby confirm my eligibility for the year ending \_\_\_\_\_  
(dd/mm/yyyy)

\_\_\_\_\_  
Customer Signature

\_\_\_\_\_  
Date

**INSTRUCTIONS: An Application for PWC's Low Income Program must be submitted every two (2) years. A Declaration of Eligibility must be submitted annually.**

Submit completed declaration to:

Payson Water Co., Inc.  
7851 E. Academy Boulevard, Suite 229  
Denver, CO 80230  
info@jwwater.net

\_\_\_\_\_  
PAYSON WATER CO, INC. USE ONLY

Date received \_\_\_\_\_ Date Verified \_\_\_\_\_ Verified By \_\_\_\_\_

Decision No. 77278

# **EXHIBIT 2**

PAYSON WATER CO., INC.

Sheet No. -

DOCKET NO. W-03514A-18-0230

Cancelling Sheet No. \_\_

Applies to all service areas

**DEPLOYED SERVICES MEMBER PROGRAM**

This program allows the Company to provide a credit to deployed service members of the United States Military equal to the cost of the basic and volumetric water charges as well as applicable taxes. The Company will defer these costs and seek recovery in its next rate case.

The Company will provide the credit on the deployed service member's water bill provided that the following criteria are met:

1. Deployment is not a "permanent change of station." Permanent change of station requires a service member to permanently change his or her place of residence, paid for by the applicable military branch. A service member's decision to keep a secondary residence in Arizona would be discretionary and would not qualify for this credit.
2. Deployed member does not have family or any tenant(s) living in the premises. Short term deployments, where a spouse and/or dependents remain in the United States would not qualify, as the service member would receive separate compensation from the military to cover domestic expenses while deployed.
3. The deployed service member is an active member of the military (e.g., Air Force, Army, Coast Guard, Marines, and Navy).

**ADMINISTRATION**

1. Participation shall be limited to 50 customers, but the Company is permitted to seek Commission approval to change participant limits based on level of participation.
2. The Company will file with Docket Control, by March 1<sup>st</sup> each year, an annual report detailing the number of participants from the previous calendar year, the total amount of credits provided by the program, and the total of any program administrative costs.

Issued: \_\_\_\_\_

Effective: \_\_\_\_\_

ISSUED BY:

Jason Williamson, President  
7581 E. Academy Blvd., Suite 229  
Denver, CO 80230

Decision No. 77278

**PAYSON WATER CO., INC.**

**DEPLOYED SERVICES MEMBER PROGRAM APPLICATION**

**Your Name** \_\_\_\_\_  
*As it appears on your water bill or as appearing on valid identification*

**Customer Account No.** \_\_\_\_\_

**Service Address** \_\_\_\_\_

**Mailing Address** \_\_\_\_\_  
*If different from above address*

**Daytime Telephone Number** \_\_\_\_\_  
*Please include Area Code*

I, \_\_\_\_\_,  
Your Name (please print)

confirm my eligibility until \_\_\_\_\_,  
(deployment return date)

\_\_\_\_\_  
Customer Signature

\_\_\_\_\_  
Date

**INSTRUCTIONS: Attach a copy of your redacted deployment orders.**

Submit completed application to:

Payson Water Co., Inc.  
7851 E. Academy Boulevard, Suite 229  
Denver, CO 80230  
info@jwwater.net

\_\_\_\_\_  
PAYSON WATER CO, INC. USE ONLY

Date received \_\_\_\_\_ Date Verified \_\_\_\_\_ Verified By \_\_\_\_\_

Decision No. 77278