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**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

LEA MÁRQUEZ PETERSON– Chairwoman  
SANDRA D. KENNEDY  
JUSTIN OLSON  
ANNA TOVAR  
JIM O’CONNOR

Arizona Corporation Commission

**DOCKETED**

**JUL 28 2021**

DOCKETED BY

ew

IN THE MATTER OF THE APPLICATION OF  
BONITA CREEK LAND AND HOMEOWNER'S  
ASSOCIATION FOR APPROVAL OF A RATE  
INCREASE.

DOCKET NO. W-02195B-21-0014

IN THE MATTER OF THE APPLICATION OF  
BONITA CREEK LAND AND HOMEOWNER'S  
ASSOCIATION FOR APPROVAL OF FINANCING.

DOCKET NO. W-02195B-21-0015

DECISION NO. 78159

**ORDER**

Open Meeting  
July 13 and 14, 2021  
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**

**Procedural History**

1. On January 21, 2021, Bonita Creek Land and Homeowner's Association (“Bonita” or “Association”)<sup>1</sup> filed an application with the Commission, in Docket No. W-02195B-21-0014, for approval of a rate increase (“Rate Application Docket”).

2. On the same date, Bonita filed with the Commission, in Docket No. W-02195B-21-0015, an application for approval of financing (“Financing Application Docket”).

3. On January 26, 2021, a Procedural Order regarding Consent to Email was issued in both the Rate Application Docket and the Financing Application Docket.

<sup>1</sup> Through a filing dated June 22, 2021, Bonita indicated it was no longer a Homeowner’s Association but had become Bonita Water Company, a non-profit Utility cooperative 501(c)(12).

1           4.       On February 1, 2021, Bonita filed Verification of Mailing Customer Notice in the Rate  
2 Application Docket.

3           5.       On February 19, 2021, the Commission's Utilities Division ("Staff") filed a Sufficiency  
4 Letter in the Rate Application Docket, stating that the Association's application had met the sufficiency  
5 requirements of Arizona Administrative Code ("A.A.C.") R14-2-103, and that Bonita had been  
6 classified as a Class E utility.

7           6.       On the same date, Bonita filed an Amendment to its Financial Information in the Rate  
8 Application Docket.

9           7.       On February 22, 2021, Bonita filed a request to consolidate the Rate Application Docket  
10 and the Financing Application Docket for reporting purposes.

11          8.       On March 4, 2021, by Procedural Order, the Rate Application and Financing  
12 Application Dockets were consolidated.

13          9.       On April 20, 2021, Staff filed a Staff Report, recommending approval of the rate and  
14 financing applications.

15          10.      On April 23, 2021, Staff filed a Revised Staff Report, recommending approval of a rate  
16 increase in accordance with Staff's conditions and recommending approval of the financing application  
17 with conditions and modifications. The Revised Staff Report indicated that any party wishing to file  
18 comments to the Revised Staff Report should file them with the Commission's Docket Control by April  
19 30, 2021.

20          11.      On May 6, 2021, by Procedural Order, Bonita was directed to file a Response to the  
21 Revised Staff Report no later than May 13, 2021, and Staff was provided an opportunity to file a Reply  
22 by May 20, 2021. The timeclock was extended by 14 days.

23          12.      On May 13, 2021, Bonita filed a Request for an extension of time to file its Response,  
24 until May 17, 2021, stating that the Association did not receive a copy of the Staff Report until May  
25 10, 2021.

26          13.      Also on May 13, 2021, Bonita filed a Consent to Email Service.

27          14.      On the same date, by Procedural Order, Bonita was directed to file a Response, by June  
28 4, 2021, specific to Staff Recommendation No. 4 in the Revised Staff Report that recommended that

1 the Association be directed to file a financing application for \$45,166 of what appeared to be  
2 unauthorized long-term debt that appears in the balance sheet. Staff was directed to file a Reply, by  
3 June 11, 2021, indicating Staff's position on Bonita's comments and recommending how the  
4 Commission should treat the \$45,166. The timeclock was extended by an additional 28 days.

5 15. On May 18, 2021, Bonita filed a Response to the Revised Staff Report, as directed by  
6 the May 13, 2021, Procedural Order.

7 16. On June 15, 2021, Staff filed a Motion for Extension of Time, requesting until June 16,  
8 2021, to file its Reply. Staff's Motion stated that Staff had contacted Bonita about its request and while  
9 the Association expressed no objection to the request, Bonita questioned whether the decision in this  
10 matter would be delayed.

11 17. On the same date, by Procedural Order, Staff's Motion for Extension of Time was  
12 granted.

13 18. On June 16, 2021, Staff filed a Staff Report Addendum, making final recommendations  
14 on the applications.

15 19. On June 22, 2021, Bonita filed a response to the Staff Report Addendum, indicating its  
16 agreements and objections to specific Staff recommendations.

17 20. Also on June 22, 2021, Bonita made a filing indicating it was no longer a Homeowner's  
18 Association but had become Bonita Water Company, a non-profit Utility cooperative 501(c)(12).

19 21. No consumer comments were received in either the Rate Application Docket or the  
20 Financing Application Docket.

## 21 **Background**

22 22. Bonita is a public service corporation, Class E cooperative providing water service to  
23 53 metered customers in portions of Gila County, Arizona. The Commission approved the  
24 Association's present permanent rates and charges in Decision No. 66734 (January 20, 2004). Bonita's  
25 current rate application uses a test year ending December 31, 2019 ("TY").<sup>2</sup>

26 23. Bonita's customers are exclusively residential customers served by 5/8 x 3/4-inch  
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28 <sup>2</sup> Revised Staff Report at page 1.

1 meters. Currently, the Association's rate structure provides for a monthly minimum charge and  
2 inverted three-tier commodity charges with breakover points at 2,000 and 8,000 gallons.<sup>3</sup>

3 24. Bonita's water system consists of water pumped from Bonita Creek, an aluminum  
4 sulfate mixing tank, a 500-gallon sand filter, two fine filters, an ultraviolet ("UV") lamp, a turbidity  
5 meter, a chlorination tank, three 10,000-gallon metal storage tanks,<sup>4</sup> and a distribution system.<sup>5</sup>

6 25. In its application, Bonita reported it had pumped 832,955 gallons of water, sold 832,050  
7 gallons of water, and estimated authorized use<sup>6</sup> of 48,900 gallons of water during the TY. The  
8 Association's water loss of 0.11 percent is within the acceptable level of 10 percent as recommended  
9 by Staff. However, Staff recommends that Bonita track the water used to backwash filters, flush storage  
10 tanks, and any usage from the turbidity meter, and report the amount in its Annual Report.<sup>7</sup>

11 26. Based on Staff's engineering analysis, Staff believes that the Association has adequate  
12 storage capacity and surface water production to serve the present customer base and reasonable  
13 growth.<sup>8</sup>

14 27. The Arizona Department of Environmental Quality ("ADEQ") issued a Compliance  
15 Status Report dated March 9, 2021, indicating that Bonita is a non-transient non-community water  
16 system and stating that the Association's drinking water system, Public Water System ("PWS") #04-  
17 024, was delivering water that meets water quality standards required by 40 Code of Federal  
18 Regulations ("CFR") 141 (National Primary Drinking Water Regulations) and A.A.C. Title 18, Chapter  
19 4.<sup>9</sup>

20 28. During the TY, Bonita reported water testing expense in the amount of \$300. Staff  
21 noted that, as a non-community water provider, Bonita is not subject to mandatory participation in the  
22 Monitoring Assistance Program ("MAP")<sup>10</sup> but recommended testing expense that included fees for

23 <sup>3</sup> Revised Staff Report at p. 1, 5.

24 <sup>4</sup> Only two storage tanks are in operation at a time to allow the one on stand-by to undergo maintenance. Revised Staff  
Report, Attachment A at p. 4.

25 <sup>5</sup> Revised Staff Report, Att. A at p 1.

26 <sup>6</sup> Estimated authorized use is metered or unmetered water used for the maintenance of the water system (flushing mains,  
tanks, filters), construction, firefighting, etc.

27 <sup>7</sup> Revised Staff Report, Att. A at p. 3.

28 <sup>8</sup> Revised Staff Report, Att. A at 4.

<sup>9</sup> Revised Staff Report, Att. A at 6.

<sup>10</sup> MAP helps small drinking water systems comply with the Safe Drinking Water Act by assisting with the collection,  
transportation, analysis, and reporting of regulated contaminants.



1 MAP and other monitoring requirements based on ADEQ's decision to reclassify Bonita as a  
2 community water system.<sup>11</sup>

3 29. Arizona Department of Water Resources ("ADWR") does not regulate non-community  
4 water systems such as Bonita.<sup>12</sup>

5 30. Staff stated that the Commission's Utilities Division compliance database reported no  
6 delinquent compliance items for Bonita.<sup>13</sup>

7 31. Staff's Consumer Services database showed no formal complaints had been filed against  
8 the Association from January 1, 2018, to March 17, 2021.<sup>14</sup>

9 32. Bonita uses, and Staff recommends continued use of, Staff's typical and customary  
10 depreciation rates as shown in Attachment 4 of the Engineering Report attached to the Revised Staff  
11 Report.<sup>15</sup>

## 12 **Rate Application**

### 13 **Adjustments to Rate Base**

14 33. Bonita proposed Original Cost Rate Base ("OCRB") of \$73,469.<sup>16</sup>

15 34. Staff determined the OCRB to be \$72,996 due to Staff's adjustments to plant advances,  
16 gross contributions, amortization of contributions in aid of construction ("CIAC"), and working capital.  
17 Staff recommended decreasing plant advances by \$1,097 and reclassifying that amount to gross  
18 contributions. Staff also recommended increasing amortization of CIAC by \$352 to reflect Staff's  
19 recommended CIAC balances and decreasing working capital by \$825 to reflect Staff's recommended  
20 operation and maintenance expenses. Staff noted that its amortization of CIAC and working capital  
21 adjustments were immaterial pursuant to Commission policy but recommended each as companion  
22 adjustments to Staff recommended adjustments to expenses.<sup>17</sup>

23 35. In its response to the Revised Staff Report, Bonita indicated that the \$45,166 included  
24 on its balance sheet as long-term debt represents the value of plant received from 11 property owners

25 <sup>11</sup> Revised Staff Report, Att. A at 6.

26 <sup>12</sup> Revised Staff Report, Att. A at 8.

27 <sup>13</sup> Revised Staff Report at p. 3.

27 <sup>14</sup> Revised Staff Report at p. 3.

27 <sup>15</sup> Revised Staff Report, Att. A at 8.

28 <sup>16</sup> The Association did not propose a Fair Value Rate Base that differed from its OCRB. Staff Report at p. 2.

28 <sup>17</sup> Revised Staff Report at p. 3-4.

1 of new homes installing infrastructure at their own expense “[t]en to 15 years ago” to receive water  
2 service and turning the infrastructure over to the Association.

3 36. In reply, Staff recommended that the \$45,166 be treated as plant advances, which  
4 reduced the Association’s OCRB to \$27,830. Bonita accepted Staff’s treatment of the \$45,166.

5 37. We find Staff’s recommendation to reclassify the \$45,166 from long-term debt to plant  
6 advances to be appropriate. However, because more than 10 years have passed since the plant was  
7 conveyed to the Association, the advances should be converted to CIAC, amortized against  
8 depreciation expense, and any refunds discontinued. Consequently, we find the adjusted balance of  
9 plant advances to be \$829, CIAC to be \$59,053, accumulated CIAC to be \$13,142, and working capital  
10 to be \$4,737, resulting in a Fair Value Rate Base (“FVRB”) of \$28,588.

#### 11 **Statement of Operating Income**

12 38. Bonita reported TY operating revenue of \$27,320.

13 39. Staff did not make any adjustments to Bonita’s TY operating revenue.

14 40. We find that the Association’s TY operating revenue is reasonable and appropriate, and  
15 adopt test year operating revenue of \$27,320.

16 41. Staff made several adjustments to Bonita’s test year operating expenses of \$43,419,  
17 resulting in a net decrease of \$5,239, to account for decreases to outside services and income tax, and  
18 an increase to depreciation expense. Staff reduced outside services expense by \$6,600 citing lack of  
19 supporting evidence; increased depreciation expense by \$1,521 to reflect Staff’s recommended  
20 depreciable plant balances as reduced by the amortization of CIAC; and reduced income tax expense  
21 by \$160 because the Association is no longer a taxable entity and should not collect income tax in  
22 rates.<sup>18</sup>

23 42. Bonita disputed Staff’s adjustment to outside services, stating that the Association had  
24 provided “all of the necessary supporting documentation for the test year expenses” and asserting that  
25 adoption of the adjustment would place Bonita at financial risk of insolvency.<sup>19</sup> Staff continued to  
26 support its adjustment.

27 \_\_\_\_\_  
28 <sup>18</sup> Revised Staff Report at p. 4.

<sup>19</sup> Bonita’s Response dated May 18, 2021 at p. 2.

1           43.     We find that Bonita provided adequate support for accounting services and, therefore,  
2 do not adopt Staff's adjustments to outside services. As a result, we adopt test year operating expenses  
3 of \$42,622.

4           44.     Based on the foregoing, Bonita's present rates and charges resulted in a test year  
5 operating loss of \$15,302.

#### 6 **Revenue Requirement**

7           45.     Bonita proposed permanent rates that would produce annual operating revenue of  
8 \$50,320, which would be an increase of \$23,000, or 54.3 percent, over adjusted test year revenue of  
9 \$27,320, to provide operating income of \$6,587, for an operating margin of 13.09 percent.

10          46.     Staff recommended utilizing a cash flow analysis to determine Bonita's appropriate  
11 revenue requirement rather than a rate of return on rate base methodology, reasoning that Bonita has  
12 an insufficient rate base to develop fair and reasonable rates.<sup>20</sup>

13          47.     Staff recommended approval of permanent rates that would produce annual operating  
14 revenue of \$42,851, and that with Staff's recommended surcharge for a Water Infrastructure Financing  
15 Authority of Arizona ("WIFA") loan (discussed later), the Association would receive additional  
16 revenues of \$25,466 for total annual revenues of \$68,317.<sup>21</sup> The total recommended revenue, including  
17 estimated surcharge revenues, would be an increase of \$40,997, or 150.06 percent, over adjusted test  
18 year revenue of \$27,320, and would provide operating income of \$29,581, for a 106.29 percent rate of  
19 return on the Association's FVRB of \$27,830.<sup>22</sup>

20          48.     According to Staff, its recommended revenue requirement will provide the Association  
21 with sufficient cash flow to pay normal operating expenses and manage contingencies.

22          49.     We find that it is the Association's status of a non-profit utility that warrants the use of  
23 cash flow instead of the rate of return on rate base to be the appropriate means for establishing the  
24 revenue requirement in this case.

25          50.     Based on our findings, we adopt permanent rates to produce annual operating revenue  
26 of \$47,355, which with a WIFA loan surcharge that would produce additional revenue of \$21,526,

27 <sup>20</sup> Revised Staff Report at p. 5.

28 <sup>21</sup> Staff Report Addendum at p. 2.

<sup>22</sup> Staff Report Addendum at Revised Sched. HM-1.

1 would result in total revenues of \$68,881. The total recommended revenue would be an increase of  
 2 \$41,561, or 152.13 percent, over adjusted test year revenue of \$27,320, to provide operating income of  
 3 \$16,225, and cash flow after debt service of \$6,757.<sup>23</sup> We find that the approved revenue requirement  
 4 is sufficient to cover the Association’s operating costs and provide funds for contingencies. We  
 5 acknowledge that the increase is substantial on a percentage basis, but recognize that the Association  
 6 is a non-profit cooperative with no other source of capital than its members or debt, requires substantial  
 7 capital improvements, and has not had a rate case in over 16 years.

8 **Rate Design**

9 51. Bonita proposed a rate structure with a monthly minimum charge that increases by meter  
 10 size, and inverted three-tier commodity rates with breakover points at 2,000 and 4,000 gallons for 5/8  
 11 x 3/4 residential meter sizes.

12 52. Staff accepted the Association’s rate design approach but relied on the guidelines set  
 13 forth in the Commission’s water policy in Decision No. 75626 (July 25, 2016) to develop its  
 14 recommended rate design that included breakover points at 1,000 and 2,000 gallons.

15 53. Staff’s reliance on Decision No. 75626, while understandable, is unnecessary when, as  
 16 here, the system’s low usage compels deviation from the guidelines as nearly all of the revenue will  
 17 need to be generated from the monthly minimum charge to provide revenue stability. While we adopt  
 18 Bonita’s and Staff’s approach to structure rates, we modify the breakover points to better align with  
 19 rate design principles. The rates we adopt are presented in the table below.

20 54. The rates for Bonita at present, as proposed by Bonita, as recommended by Staff, and  
 21 as adopted herein, are as follows:

	<u>Present</u> <u>Rates</u>	<u>Company</u> <u>Proposed</u> <u>Rates</u>	<u>Staff</u> <u>Recommended</u> <u>Rates</u>	<u>Order</u>
<b><u>MONTHLY MINIMUM CHARGE:</u></b>				
5/8” x 3/4” Meter	\$35.00	\$70.00	\$54.00	\$64.15
3/4” Meter	60.00	105.00	81.00	96.22
1” Meter	100.00	175.00	135.00	160.37
1 1/2” Meter	200.00	350.00	270.00	320.74
2” Meter	320.00	560.00	432.00	513.18
3” Meter	600.00	1,120.00	810.00	1,026.37
4” Meter	1,000.00	1,750.00	1,350.00	1,603.70

28 <sup>23</sup> The total recommended revenue would result in a 15.62 percent rate of return on the Association’s FVRB of \$28,588.

1	6" Meter	0.00	3,500.00	2,700.00	3,207.40
2	<b><u>5/8" x 3/4" Meter</u></b>				
3	Gallons Included in Minimum	0	0	0	0
4	First 2,000 Gallons	\$6.25			
5	From 2,001 to 8,000 Gallons	7.00			
6	Over 8,000 Gallons	7.75			
7	First 2,000 Gallons		\$6.25		
8	From 2,001 to 4,000 Gallons		8.25		
9	Over 4,000 Gallons		12.25		
10	First 1,000 Gallons			\$6.00	
11	From 1,001 to 2,000 Gallons			12.00	
12	Over 2,000 Gallons			16.80	
13	First 2,000 Gallons				\$6.91
14	From 2,001 to 7,000 Gallons				10.37
15	Over 7,000 Gallons				12.44
16	<b><u>3/4" Meter</u></b>				
17	Gallons Included in Minimum For Larger	0	0	0	0
18	Meter Sizes – Two Tiers Only				
19	First 20,000 Gallons	\$0.00		\$12.00	
20	Over 20,000 Gallons	0.00		16.80	
21	First 2,000 Gallons		\$6.25		
22	From 2,001 to 20,000 Gallons		8.25		
23	Over 20,000 Gallons		12.25		
24	First 2,000 Gallons				\$6.91
25	From 2,001 to 7,000 Gallons				10.37
26	Over 7,000 Gallons				12.44
27	<b><u>1" Meter</u></b>				
28	Gallons Included in Minimum For Larger	0	0	0	0
29	Meter Sizes – Two Tiers Only				
30	First 50,000 Gallons	\$0.00	\$8.25	\$12.00	
31	Over 50,000 Gallons	0.00	12.25	16.80	
32	First 25,000 Gallons				\$10.37
33	Over 25,000 Gallons				12.44
34	<b><u>1 1/2" Meter</u></b>				
35	Gallons Included in Minimum For Larger	0	0	0	0
36	Meter Sizes – Two Tiers Only				
37	First 80,000 Gallons	\$0.00	\$8.25	\$12.00	\$10.37
38	Over 80,000 Gallons	0.00	12.25	16.80	12.44

**2" Meter**

Gallons Included in Minimum For Larger	0	0	0	0
Meter Sizes – Two Tiers Only				
First 150,000 Gallons	\$0.00	\$8.25	\$12.00	
Over 150,000 Gallons	0.00	12.25	16.80	
First 135,000 Gallons				\$10.37
Over 135,000 Gallons				12.44

**3" Meter**

Gallons Included in Minimum For Larger	0	0	0	0
Meter Sizes – Two Tiers Only				
First 300,000 Gallons	\$0.00	\$8.25	\$12.00	
Over 300,000 Gallons	0.00	12.25	16.80	
First 320,000 Gallons				\$10.37
Over 320,000 Gallons				12.44

**4" Meter**

Gallons Included in Minimum For Larger	0	0	0	0
Meter Sizes – Two Tiers Only				
First 500,000 Gallons	\$0.00	\$8.25	\$12.00	\$10.37
Over 500,000 Gallons	0.00	12.25	16.80	12.44

**6" Meter**

Gallons Included in Minimum For Larger	0	0	0	0
Meter Sizes – Two Tiers Only				
First 750,000 Gallons	\$0.00	\$8.25	\$12.00	
Over 750,000 Gallons	0.00	12.25	16.80	
First 1,000,000 Gallons				\$10.37
Over 1,000,000 Gallons				12.44

55. Bonita’s recommended rates would increase the current monthly bill for the typical residential bill with an average usage of 1,161 gallons by \$35.00, from \$42.26 to \$77.26, for an increase of 82.8 percent.

56. Staff’s recommended rates without the estimated loan surcharge would increase the current monthly bill for the typical residential bill with an average usage of 1,161 gallons by \$19.68, from \$42.26 to \$61.93, for an increase of 46.6 percent. Staff’s recommended rates inclusive of the estimated loan surcharge of \$39.73, would increase the current monthly bill for the same residential customer by \$59.41, from \$42.26 to \$101.66, for an increase of 140.6 percent.<sup>24</sup>

57. The rates adopted herein without the estimated loan surcharge would increase the current monthly bill for the typical residential bill with an average usage of 1,161 gallons by \$29.91,

<sup>24</sup> Staff Report Addendum at Revised Schedule HM-5.

1 from \$42.26 to \$72.17, for an increase of 70.8 percent. The rates adopted herein inclusive of the  
2 estimated loan surcharge of \$40.30, would increase the current monthly bill for the same residential  
3 customer by \$70.21, from \$42.26 to \$112.47, for an increase of 166.1 percent.

4 **Service Charges**

5 58. Bonita proposed changes to miscellaneous service charges as follows: Establishment  
6 Charge from \$30 to \$100, with Staff recommending \$50; Establishment (After Hours) of \$150, with  
7 Staff recommending denial in lieu of an After Hours Service Charge; Reconnection (Delinquent) from  
8 \$30 to \$150, with Staff recommending \$50; After Hours Service Charge of \$50, with Staff agreement;  
9 Meter Test (if correct) from \$40 to \$50, with Staff recommending no change; NSF Check from \$15 to  
10 \$30, with Staff agreement; Meter Reread (if correct) from \$10 to \$50, with Staff recommending \$35;  
11 Late Payment Penalty (Per Month) of 1.5 percent per month to 10 percent per month, with Staff  
12 recommending 1.5 percent or \$3.00, whichever is greater.

13 59. In Bonita's June 22, 2021, response to the Staff Report Addendum, the Association took  
14 issue with Staff's positions on the service charges related to Establishment, Meter Test, Meter Reread,  
15 Reconnection (delinquent), and Late Payment (per month) and asserted that its proposed charges are  
16 reasonable because Bonita is hiring a new water operator that lives two hours from the water system  
17 and the two hour travel time justifies the higher amounts.

18 60. Additionally, Bonita proposed, and Staff accepted, changes to Service Line and Meter  
19 Installation Charges.

20 61. We find that Staff's recommended changes are reasonable and appropriate, and should  
21 be adopted with one minor change to the tariff name Late Payment Penalty (Per Month) by deleting  
22 "Penalty," as the charges are not penalties but cost recovery.

23 ...

24 ...

25 ...

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28 ...

62. The charges for Bonita at present, as proposed by Bonita, as recommended by Staff, and as adopted herein, are as follows:

**SERVICE LINE AND METER INSTALLATION CHARGE**  
**(Refundable Pursuant to A.A.C. R14-2-405)**

	<u>Present Rates</u>			<u>Company Proposed/Staff Recommended/Order</u>		
	<u>Service Line</u>	<u>Meter Charge</u>	<u>Total Charge</u>	<u>Service Line</u>	<u>Meter Charge</u>	<u>Total Charge</u>
5/8" x 3/4" Meter	NT	NT	\$515.00	At Cost	At Cost	At Cost
3/4" Meter	NT	NT	575.00	At Cost	At Cost	At Cost
1" Meter	NT	NT	660.00	At Cost	At Cost	At Cost
1 1/2" Meter	NT	NT	900.00	At Cost	At Cost	At Cost
2" Meter	NT	NT	1,525.00	At Cost	At Cost	At Cost
2" Turbine Meter	NT	NT	NT	At Cost	At Cost	At Cost
2" Compound Meter	NT	NT	NT	At Cost	At Cost	At Cost
2" Meter3	NT	NT	\$2,195.00	At Cost	At Cost	At Cost
3" Turbine Meter	NT	NT	NT	At Cost	At Cost	At Cost
3" Compound Meter	NT	NT	NT	At Cost	At Cost	At Cost
4" Meter	NT	NT	\$3,360.00	At Cost	At Cost	At Cost
4" Turbine Meter	NT	NT	NT	At Cost	At Cost	At Cost
4" Compound Meter	NT	NT	NT	At Cost	At Cost	At Cost
6" Meter	NT	NT	\$6,115.00	At Cost	At Cost	At Cost
6" Turbine Meter	NT	NT	NT	At Cost	At Cost	At Cost
6" Compound Meter	NT	NT	NT	At Cost	At Cost	At Cost

<u>SERVICE CHARGES:</u>	<u>Present Rates</u>	<u>Company Proposed Rates</u>	<u>Staff Recommended/Order</u>
Establishment	\$30.00	\$100.00	\$50.00
Establishment (After Hours)	35.00	150.00	N/A
Reconnection (Delinquent)	30.00	150.00	50.00
After Hours Service Charge	NT	50.00	50.00
Meter Test (If Correct)	40.00	50.00	40.00
Deposit	*	*	*
Deposit Interest	*	*	*
Re-Establishment (Within 12 Months)	**	**	**
NSF Check	15.00	30.00	30.00
Deferred Payment	***	***	***



1	Meter Re-Red (If Correct)	10.00	50.00	35.00
	Late Payment (Per Month)	1.50%	10%	****
2	Monthly Service Charge for Fire Sprinkler			
3	4" or Smaller	*****	*****	*****
	6"	*****	*****	*****
4	8"	*****	*****	*****
	10"	*****	*****	*****
5	Larger than 10"	*****	*****	*****
6		*****	*****	*****

7           \*       Per Commission Rule A.A.C. R-14-2-403(B).  
 8           \*\*       Number of months off system times the monthly minimum per Commission  
 9           \*\*\*       Rule A.A.C. R-14-2-403(D).  
 10          \*\*\*\*       Per Commission Rule A.A.C. R14-2-409(G).  
 11          \*\*\*\*\*      1.5% or \$3.00 whichever is greater.  
 12                    1% of Monthly Minimum for a Comparable Sized Meter Connection, but no  
 13                    less than \$5.00 per month. The Service Charge for Fire Sprinklers is only  
 14                    applicable to service lines separate and distinct from the primary water service  
 15                    line.

16                    In addition to the collection of regular rates, the utility will collect from its  
 17                    customers a proportionate share of any privilege, sales, or use tax. Per  
 18                    Commission rule A.A.C. R14-2-409(D)(5).

19           **Financing Application**

20           63.     In its initial financing application, Bonita requested authorization to incur long-term  
 21           debt financing in the amount of \$32,473 from WIFA, CoBank, or other banks in the form of a 20-year  
 22           loan with an interest rate no greater than five percent.<sup>25</sup>

23           64.     Bonita proposed to use the loan proceeds to fund a Supervisory Control and Data  
 24           Acquisition ("SCADA") system,<sup>26</sup> replace 56 customer meters, replace the sand filter that is over 60  
 25           years old, and replace 3,000 feet of 2-inch mainline of current pipe that is at ground level due to erosion  
 26           and weather.<sup>27</sup>

27           65.     In Bonita's Response to the Revised Staff Report, Bonita asserted that the Association  
 28           and ADEQ agreed to change the Association's Transient Water System designation to a Community  
 29           Water System, making Bonita eligible to obtain a WIFA loan. As a result, the Association requested  
 30           adjustments to Bonita's financing requests to include the main replacement project, replacement of all

<sup>25</sup> Financing Application dated January 21, 2021 at response 1.2.

<sup>26</sup> The proposed SCADA system is a software application program that displays and processes water flows, chlorine residual, turbidity readings, pump characteristics, and storage tank levels in real-time. Revised Staff Report at p. 9.

<sup>27</sup> Financing Application dated January 21, 2021 at response 1.3, 1.7.

56 customer meters, and sand filter meter replacement with the intention of seeking a WIFA loan with the possibility of forgivable principal.

66. Staff reviewed the Association's revised proposed capital improvement projects and concluded that the projects are appropriate and the related costs are reasonable. The Revised Staff Report recommended including an emergency transfer switch for a generator to allow Bonita to rent a generator and power the pump in the event of a power outage.<sup>28</sup> In the Staff Report Addendum, Staff recommended approval of Bonita's financing request to incur long-term debt with WIFA in an amount not to exceed \$264,142. However, Staff stated that no used and useful determination of the proposed additions and improvements was made, and no particular future treatment should be inferred for ratemaking or rate base purposes.<sup>29</sup>

67. The capital improvement projects and estimated costs are as follows:

Project Description	Quantity	Cost per Unit, \$	Association Proposed	Quantity	Cost per Unit, \$	Staff Recommended
<b>General Improvements</b>						
SCADA System	1 LS	16,171.07	\$16,171.07	1 LS	16,172	\$16,172
Customer Meter Replacement	1 LS	10,640	\$10,640	56 Meters	100	\$5,600
	Meter Installation			56 meters	90	\$5,040
<b>Subtotal – General Improvements</b>			<b>\$26,811.07</b>	--	--	<b>\$26,812</b>
<b>Treatment System Improvements</b>						
Constant Chlorine Tablet Feeder	1LS	850	\$850	1 LS	850	\$850
Tank w/auto-stir for aluminum sulfate	1 LS	1,000	\$1,000	1 LS	1,000	\$1,000
Sand filter removal and installation of new sand filter	1 LS	15,000	\$15,000	1 LS	15,000	\$15,000
<b>Subtotal – Treatment System Improvements</b>			<b>\$16,850</b>	--	--	<b>\$16,850</b>
<b>Main Line Improvements</b>						
2-inch Main Line Replacement (3,000 feet)	1 LS	5,000	\$5,000	3,000 ft	68/ft	\$204,000
Permit Fees (ADEQ, Gila County)				1	1,400	\$1,400

<sup>28</sup> Revised Staff Report, Att. A at 10.

<sup>29</sup> Revised Staff Report at p. 11; Staff Report Addendum at p. 21-22.

<b>Subtotal – Mainline Improvements</b>	<b>\$5,000<sup>30</sup></b>	--	--	<b>\$205,400</b>
<b>Electrical Improvements</b>				
Emergency Transfer Switch		1 LS	2,500	\$2,500
<b>Subtotal</b>	\$48,661.07	--	--	\$251,562
<b>Contingency</b>	\$2,952.11	--	--	\$12,580
<b>Total</b>	<b>\$51,613.18</b>	--	--	<b>\$264,142</b>

68. Staff and Bonita recommended approval of a WIFA loan surcharge to fund the debt service on the proposed loan.<sup>31</sup> Staff estimated that a monthly debt service surcharge in the amount of approximately \$33.11 per connection, plus a debt service reserve surcharge of \$6.62 per connection (\$39.73) for the first five years, would generate sufficient cash flow for Bonita to meet its financial obligation under the terms of the proposed loan. Staff's calculations are based on \$264,142 WIFA loan, amortized over 20 years, at five percent interest, and would allow the Association to generate an annual cash flow of \$25,466 through the surcharges.<sup>32</sup>

69. Staff also calculated Bonita's *pro forma* debt service coverage ("DSC")<sup>33</sup> under Staff's recommended rates to be 1.32, which indicates that the Association's cash flow would be adequate to meet all obligations.<sup>34</sup>

70. We find that the proposed capital improvements are necessary and reasonable for the continued safe operation of Bonita's system. Debt financing from WIFA, with the possibility of loan forgiveness, is the best option for this member-owned cooperative to finance the needed improvements. Further, we agree with Staff that a WIFA loan surcharge is appropriate to ensure Bonita can fund the debt service on the loan. Based on our analysis of a \$264,142 WIFA loan, amortized over 20 years, at five percent interest, a monthly debt service surcharge in the amount of approximately \$33.58 per connection, plus a debt service reserve surcharge of \$6.72 per connection (\$40.30) for the first five years, will generate an annual cash flow of \$25,831 and, under the rates approved herein, a *pro forma* DSC of 1.32, which will allow Bonita to meet its financial obligation under the terms of the proposed

<sup>30</sup> It is unclear where the amount of \$5,000 for the main line project came from because the Association obtained a written cost estimate of \$68 per linear feet to replace 3,000 feet of 2-inch water main which would equal \$204,000.

<sup>31</sup> Although not requested in the financing application, the Association accepts Staff's recommendation for a surcharge mechanism.

<sup>32</sup> Staff Report Addendum at p. 2, Sched. HM-8.

<sup>33</sup> DSC ratio represents the number of times internally generated cash will cover required principal and interest payments on short-term and long-term debt. A DSC greater than 1.0 indicates that cash flow from operations is sufficient to cover debt obligations. A DSC less than 1.0 means that debt service obligations cannot be met by cash generated from operations and that another source of funds is needed to avoid default.

<sup>34</sup> Staff Report Addendum at p. 2.

1 loan.

2 **Staff's Recommendations**

3 71. In its Revised Staff Report, Staff recommended the following:

- 4 (a) Approval of Staff's rates and charges as shown on Schedule HM-4.
- 5 (b) That the Association docket a schedule of its approved rates and charges  
6 within 30 days after the date of the Decision in this matter is issued.
- 7 (c) Approval of the financing request in an amount not to exceed \$31,302 to  
8 purchase and install the Staff recommended projects in Table 7 of the  
9 Engineering Report for a period up to 20 years and at an interest rate not to  
10 exceed five percent.
- 11 (d) That the Association be ordered to file a financing application for the  
12 unauthorized long-term debt that appears in the balance sheet amounting to  
13 \$45,166 or file a description as to how this debt has been re-classified on the  
14 Association's books and records within 180 days of a Decision in this  
15 docket.
- 16 (e) That the Association file, within 30 days of execution of any financing  
17 transaction authorization herein, a notice confirming that such execution has  
18 occurred and a certification by an authorized Association representative that  
19 the terms of the financing fully comply with the authorizations granted.
- 20 (f) That the Association provide to Staff, upon request, a copy of all loan  
21 documents executed pursuant to the authorization granted herein.
- 22 (g) That the Association docket a schedule of its approved rates and charges  
23 within 30 days after the date the Decision in this matter is issued.
- 24 (h) That an annual water testing expense of \$1,649 be used for the purposes of  
25 this application. However, due to materiality an adjustment is not  
26 recommended.
- 27 (i) That the Association utilize Staff's typical and customary depreciation rates  
28 as delineated in Attachment 4 of the Engineering Report.

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- (j) That the Association track water used in backwashing of filters, flushing of storage tanks, and water usage from the turbidity meter, and accurately report this on the Annual Report submitted to the Commission.
- (k) That the Association file with Docket Control, as a compliance item in this docket, within a year of the effective date of this Decision, a copy of the appropriate Approval to Construct (“ATC”) and Approval of Construction (“AOC”) permits, or exemptions submitted to ADEQ for the 10,000-gallon storage tank.
- (l) That the Association file with Docket Control, as a compliance item in this docket, documentation demonstrating that the SCADA system, customer meter replacement, treatment system, and electrical improvements in Table 7 have been completed within three years from the effective date of the Decision in this proceeding.
- (m) Approval of \$9,300 to be used for Repairs and Maintenance expense by the Association for the purposes of this application.
- (n) That the Association notify its customers of the authorized rates and charges approved in this proceeding, and their effective date, in a form acceptable to Staff, by means of an insert in its next regularly scheduled billing and to file copies with Docket Control within four years of this Decision.
- (o) That the Association file an Emergency Water Augmentation Tariff and Plan of Administration (“POA”) within 30 days of a Decision in this proceeding.
- (p) That the Association replace the customer meters that have reached the end of their useful life which will assist the Association in tracking its water production and customer usage.
- (q) Approval of the loan be rescinded if the Association has not drawn funds from the loan within two years of the date of the Decision resulting from this proceeding.
- (r) That the Association file an updated Curtailment Tariff within 30 days of a

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Decision in this proceeding.

(s) That in addition to collection of its regular rates and charges, the Association may collect from its customers a proportionate share of any privilege, sales or use tax, per Arizona Administrative Code (“A.A.C”) Rule 14-2-409(D)(5).

72. In its Staff Report Addendum, Staff recommended:

(t) That the Commission approve the Association’s application for authorization to incur long-term debt with WIFA in an amount not to exceed \$264,142.

(u) That the Commission approve the associated surcharge mechanism not to exceed the amount per customer as described in Staff Schedule HM-8 of the Addendum to the Staff Report.

(v) That the Association be required to account for the monies collected for the debt service and debt service reserve fund separately, including recording the debt service reserve fund as a regulatory liability.

(w) That, upon filing of the loan closing notice, the Association shall file in this Docket an application requesting implementation of the associated loan surcharge.

(x) That within 30 days of the filing of a surcharge implementation request, Staff shall calculate the appropriate loan surcharge and prepare and file a recommended order for Commission consideration.

(y) That upon approval of the loan surcharge, the Association shall open a separate interest-bearing account in which all surcharge monies collected from customers will be deposited. The only disbursement of funds from this account will be to make debt service payments to WIFA.

(z) That should there be any modifications to the terms of the loan subsequent to Commission approval of the surcharge mechanism, that the Association file for an adjustment of the surcharge mechanism as appropriate.

(aa) That the approval of the loan and surcharge be rescinded if the Association

1 has not drawn funds from the loan within two years of the date of the  
2 Decision resulting from this proceeding.

3 (bb) That the Association be required to file a rate application within five (5)  
4 years of the Commission Decision in this docket.

5 (cc) That the Association file with Docket Control, as a compliance item in this  
6 docket, documentation demonstrating that the SCADA system, customer  
7 meter replacement, treatment system, and electrical improvements in  
8 Revised Table 7 of the Engineering Report have been completed within five  
9 years from the effective date of the Decision in this proceeding.

10 73. We find that Staff recommendations (f) through (j), (m), (o), and (r) through (cc) are  
11 just and reasonable and in the public interest. Because we adopt rates different than those proposed by  
12 Staff, we decline to adopt Staff recommendation (a). Staff recommendations (b) through (e), (l), and  
13 (p) through (q) are either stale or duplicative given Staff recommendations (t) through (cc). Staff  
14 recommendation (k) is found to be satisfied based on the Association's May 18, 2021, filing in which  
15 Bonita docketed a copy of an ADEQ letter dated April 30, 2021, stating the Association's 10,000-  
16 gallon storage tank is deemed exempt from plan review and the need to obtain an ATC. In addition,  
17 Staff recommendation (n) is modified from "to file copies with Docket Control within four years of  
18 this Decision" to "to file copies with Docket Control within 10 days of notice being sent to the  
19 customers."

20 74. Further, we find it reasonable to require Bonita to file annually, as part of its Annual  
21 Report to the Utilities Division, an affidavit attesting that the Association is current on its property  
22 taxes in Arizona.

23 **CONCLUSIONS OF LAW**

24 1. Bonita Creek Land and Homeowner's Association is a public service corporation within  
25 the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250, 40-251, 40-285, 40-301,  
26 40-302, 40-321, and 40-331.

27 2. The Commission has jurisdiction over Bonita Creek Land and Homeowner's  
28 Association and the subject matter of the applications.





1	<b><u>5/8" x 3/4" Meter</u></b>	
	Gallons Included in Minimum	0
2	First 2,000 Gallons	\$6.91
	From 2,001 to 7,000 Gallons	10.37
3	Over 7,000 Gallons	12.44
4	<b><u>3/4" Meter</u></b>	
	Gallons Included in Minimum For Larger Meter	0
5	Sizes – Two Tiers Only	
6	First 2,000 Gallons	\$6.91
	From 2,001 to 7,000 Gallons	10.37
7	Over 7,000 Gallons	12.44
8	<b><u>1" Meter</u></b>	
	Gallons Included in Minimum For Larger Meter	0
9	Sizes – Two Tiers Only	
10	First 25,000 Gallons	\$10.37
	Over 25,000 Gallons	12.44
11		
12	<b><u>1 1/2" Meter</u></b>	
	Gallons Included in Minimum For Larger Meter	0
13	Sizes – Two Tiers Only	
	First 80,000 Gallons	\$10.37
14	Over 80,000 Gallons	12.44
15	<b><u>2" Meter</u></b>	
	Gallons Included in Minimum For Larger Meter	0
16	Sizes – Two Tiers Only	
17	First 135,000 Gallons	\$10.37
	Over 135,000 Gallons	12.44
18		
19	<b><u>3" Meter</u></b>	
	Gallons Included in Minimum For Larger Meter	0
20	Sizes – Two Tiers Only	
	First 320,000 Gallons	\$10.37
21	Over 320,000 Gallons	12.44
22	<b><u>4" Meter</u></b>	
	Gallons Included in Minimum For Larger Meter	0
23	Sizes – Two Tiers Only	
	First 500,000 Gallons	\$10.37
24	Over 500,000 Gallons	12.44
25		
26	<b><u>6" Meter</u></b>	
	Gallons Included in Minimum For Larger Meter	0
27	Sizes – Two Tiers Only	
	First 1,000,000 Gallons	\$10.37
28	Over 1,000,000 Gallons	12.44

**SERVICE LINE AND METER INSTALLATION CHARGE**  
**(Refundable Pursuant to A.A.C. R14-2-405)**

	<b>Service Line</b>	<b>Meter Charge</b>	<b>Total Charge</b>
1			
2			
3	5/8" x 3/4" Meter	At Cost	At Cost
4	3/4" Meter	At Cost	At Cost
5	1" Meter	At Cost	At Cost
6	1 1/2" Meter	At Cost	At Cost
7	2" Meter	At Cost	At Cost
8	2" Turbine Meter	At Cost	At Cost
9	2" Compound Meter	At Cost	At Cost
10	2" Meter3	At Cost	At Cost
11	3" Turbine Meter	At Cost	At Cost
12	3" Compound Meter	At Cost	At Cost
13	4" Meter	At Cost	At Cost
14	4" Turbine Meter	At Cost	At Cost
15	4" Compound Meter	At Cost	At Cost
16	6" Meter	At Cost	At Cost
17	6" Turbine Meter	At Cost	At Cost
18	6" Compound Meter	At Cost	At Cost
19	...		
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**SERVICE CHARGES:**

1		
2	Establishment	\$50.00
	Establishment (After Hours)	N/A
3	Reconnection (Delinquent)	50.00
	After Hours Service Charge	50.00
4	Meter Test (If Correct)	40.00
	Deposit	*
5	Deposit Interest	*
6	Re-Establishment (Within 12 Months)	**
7	NSF Check	30.00
	Deferred Payment	***
8	Meter Reread (If Correct)	35.00
	Late Payment (Per Month)	****
9	Monthly Service Charge for Fire Sprinkler	
10	4" or Smaller	*****
11	6"	*****
	8"	*****
12	10"	*****
13	Larger than 10"	*****

\* Per Commission Rule A.A.C. R-14-2-403(B).  
 \*\* Number of months off system times the monthly minimum per Commission Rule A.A.C. R-14-2-403(D).  
 \*\*\* Per Commission Rule A.A.C. R14-2-409(G).  
 \*\*\*\* 1.5% or \$3.00 whichever is greater.  
 \*\*\*\*\* 1% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$5.00 per month. The Service Charge for Fire Sprinklers is only applicable to service lines separate and distinct from the primary water service line.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, or use tax. Per Commission rule A.A.C. R14-2-409(D)(5).

IT IS FURTHER ORDERED that, in addition to collection of its regular rates and charges, Bonita Creek Land and Homeowner's Association may collect from its customers a proportionate share of any privilege, sales or use tax, per Arizona Administrative Code ("A.A.C") Rule 14-2-409(D)(5).

IT IS FURTHER ORDERED that the rates and charges approved herein shall be effective for all services provided on and after August 1, 2021.

IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association shall notify its customers of the authorized rates and charges approved in this Decision, and their effective date, in a form acceptable to Staff, by means of an insert in its next regularly scheduled billing, or in a

1 separate mailing, and shall file a copy of the notice with Docket Control, as a compliance item in this  
2 Docket, within 10 days of the notice being sent to customers.

3 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association shall  
4 utilize Staff's typical and customary depreciation rates as shown in Attachment 4 of the Engineering  
5 Report attached to the Revised Staff Report in this proceeding.

6 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association shall track  
7 water used in backwashing of filters, flushing of storage tanks, and water usage from the turbidity  
8 meter, and accurately report this on the Annual Report submitted to the Commission.

9 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association shall file  
10 an Emergency Water Augmentation Tariff and Plan Of Administration within 30 days of the effective  
11 date of this Decision.

12 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association shall file  
13 an updated Curtailment Tariff within 30 days of the effective date of this Decision.

14 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association is  
15 authorized to obtain a 20-year amortizing loan from the Water Infrastructure Financing Authority of  
16 Arizona to finance the water system improvement projects described herein, in an amount not to exceed  
17 \$264,142, at an interest rate not to exceed 5.00 percent.

18 IT IS FURTHER ORDERED that the financing authorized herein is expressly contingent on  
19 Bonita Creek Land and Homeowner's Association's use of the proceeds for the purposes set forth in its  
20 financing application and discussed herein.

21 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association is  
22 authorized to engage in any transactions and to execute any documents necessary to effectuate the  
23 financing authorizations granted herein.

24 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association is  
25 authorized to pledge, mortgage, line, or otherwise encumber its assets in the State of Arizona pursuant  
26 to A.R.S. § 40-285 and A.A.C. R18-15-104 in connection with the indebtedness authorized herein.

27 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association shall  
28 provide to Staff, upon request, a copy of all loan documents executed pursuant to the authorization

1 granted herein.

2 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association shall file,  
3 within 30 days of execution of any financing transaction authorization herein, a notice confirming that  
4 such execution has occurred and a certification by an authorized Association representative that the  
5 terms of the financing fully comply with the authorizations granted.

6 IT IS FURTHER ORDERED that the loan be rescinded if Bonita Creek Land and Homeowner's  
7 Association has not drawn funds from the loan within two years of the effective date of this Decision.

8 IT IS FURTHER ORDERED that a Water Infrastructure Financing Authority of Arizona debt  
9 service surcharge mechanism is authorized to meet Bonita Creek Land and Homeowner's Association's  
10 principal and interest obligations on the capital improvement loan described herein.

11 IT IS FURTHER ORDERED that a Water Infrastructure Financing Authority of Arizona debt  
12 service reserve fund surcharge mechanism is authorized to meet Bonita Creek Land and Homeowner's  
13 Association's debt service reserve fund obligations on the capital improvement loan described herein.

14 IT IS FURTHER ORDERED that upon filing the loan closing notice, Bonita Creek Land and  
15 Homeowner's Association, shall file in this docket an application requesting implementation of the  
16 separate associated debt service and debt service reserve fund surcharges.

17 IT IS FURTHER ORDERED that the Commission's Utilities Division shall, within 30 days  
18 after Bonita Creek Land and Homeowner's Association files an application to implement the associated  
19 surcharges discussed herein: (a) calculate the appropriate associated surcharges based on the actual  
20 loan debt service (principal and interest) payments and debt service reserve fund deposit requirements,  
21 and (b) prepare and file for Commission consideration a Staff Memorandum and Proposed Order  
22 regarding Bonita Creek Land and Homeowner's Association's application to implement the associated  
23 surcharges.

24 IT IS FURTHER ORDERED that the actual amounts of the Water Infrastructure Financing  
25 Authority of Arizona debt service and debt service reserve fund surcharges shall be calculated based  
26 on the actual amount and terms of the loan and the actual number of customers at the time of the loan  
27 closing.

28 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association shall open

1 a separate interest-bearing account for deposit of all monies collected for the debt service of the  
2 approved Water Infrastructure Financing Authority of Arizona loan. Disbursements from this account  
3 are authorized only for the payment of principal and interest on the loan and incremental income taxes  
4 resulting from surcharge collections unless otherwise directed by the Commission.

5 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association shall open  
6 a separate interest-bearing account for deposit of all monies collected for the debt service reserve fund  
7 of the approved Water Infrastructure Financing Authority of Arizona loan, and shall record the  
8 surcharge collections to fund the debt service reserve fund as a regulatory liability. Disbursements  
9 from this account shall be restricted as provided for in the loan agreement unless otherwise directed by  
10 the Commission.

11 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association shall  
12 account for the monies collected for the debt service and debt service reserve fund separately.

13 IT IS FURTHER ORDERED that, should there be any modifications to the terms of the loan  
14 subsequent to Commission approval of the surcharge mechanism, Bonita Creek Land and  
15 Homeowner's Association shall file for an adjustment of the surcharge mechanism as appropriate.

16 IT IS FURTHER ORDERED that the Water Infrastructure Financing Authority of Arizona debt  
17 service surcharge shall expire without further order of the Commission on the effective date of rates  
18 adopted in Bonita Creek Land and Homeowner's Association's next general rate case.

19 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association is  
20 authorized to collect the debt service reserve fund surcharge for up to five years or until the effective  
21 date of rates adopted in its next general rate case, whichever comes first.

22 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association shall file  
23 its next rate case no later than June 30, 2026, using a test year acceptable to Staff.

24 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association shall file  
25 with Docket Control, as a compliance item in this docket, documentation demonstrating that the  
26 SCADA system, customer meter replacement, treatment system, and electrical improvements in  
27 Revised Table 7 of the Engineering Report have been completed within five years from the effective  
28 date of this Decision.

1 IT IS FURTHER ORDERED that Bonita Creek Land and Homeowner's Association shall file  
2 annually with the Commission's Utilities Division, as part of its Annual Report, an affidavit attesting  
3 that it is current on its property taxes in Arizona.

4 IT IS FURTHER ORDERED that approval of the financing set forth hereinabove does not  
5 constitute or imply approval or disapproval by the Commission of any particular expenditure or the  
6 proceeds derived thereby for purposes of establishing just and reasonable rates.

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

8 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

9 *Lea Marquez Peterson*

10 CHAIRWOMAN MÁRQUEZ PETERSON

*Jordan W. Kennedy*

11 COMMISSIONER KENNEDY

12 *Justin Olson*

13 COMMISSIONER OLSON

*Anna Tovar*

14 COMMISSIONER TOVAR

*James P. O'Connor*

15 COMMISSIONER O'CONNOR



16 IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT,  
17 Executive Director of the Arizona Corporation Commission,  
18 have hereunto set my hand and caused the official seal of the  
19 Commission to be affixed at the Capitol in the City of Phoenix,  
20 this 28 day of July 2021.

*MJ*

21 MATTHEW J. NEUBERT  
22 EXECUTIVE DIRECTOR

23 DISSENT \_\_\_\_\_

24 DISSENT \_\_\_\_\_  
25 SP/(gb)



1 SERVICE LIST FOR:

BONITA CREEK LAND AND HOMEOWNER'S  
ASSOCIATION

2 DOCKET NO.:

W-02195B-21-0014 and W-02195B-21-0015

3  
4 Lorna Glaunsinger  
5 BONITA CREEK LAND AND  
6 HOMEOWNER'S ASSOCIATION  
7 251 N. Big Al's Run  
8 Payson, AZ 85541

9 [lglauinsinger@yahoo.com](mailto:lglauinsinger@yahoo.com)

10 **Consented to Service by Email**

11 Robin Mitchell, Director  
12 Legal Division  
13 ARIZONA CORPORATION COMMISSION  
14 1200 West Washington Street  
15 Phoenix, AZ 85007

16 [LegalDiv@azcc.gov](mailto:LegalDiv@azcc.gov)

17 [utildivservicebyemail@azcc.gov](mailto:utildivservicebyemail@azcc.gov)

18 **Consented to Service by Email**

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