



VAIL WATER COMPANY
1010 N Finance Center Dr., Suite 200, Tucson, AZ 85710

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2017 JAN 26 A 10:32

January 24th, 2017

Arizona Corporation Commission
Utilities Division Director
1200 West Washington
Phoenix, AZ 85007-2996

Docket: W-01651B-12-0339 Decision# 73995

Action:

On or before February 1st of each year thereafter Vail will submit to the commission as a compliance item an annual report showing its collections under the CAP Surcharge that includes a calculation of any under/over recovery and a calculation of the CAP Long Term Storage Balance with detail showing each component's contribution to the change in balance from the prior year.

Dear Sir or Madam:

Attached is the CAP Surcharge Mechanism as required by the above referenced Decision, Section C, paragraph 62 and 63 for the year 2017. The amount Vail Water is requesting is \$2.49/1000 gallons.

If you have any questions please do not hesitate to contact me at (520) 571-1958, extension 7105, via fax at (520) 571-1961, or at kvolpe@estesco.net.

Sincerely,

Christopher T. Volpe
Vice President

Attachments

CAP SURCHARGE TARIFF

APPLICABILITY

Applicable to all customers of Vail Water Service Area

TERRITORY

Vail Water service area, Pima County.

RATES

Surcharge Rate:

Per Customer

All Customers:

All meter sizes \$ 2.49 per 1,000 gallons

SPECIAL CONDITIONS:

1. The Company is authorized to recover CAP related costs based on its CAP allocation of 1,857 AF.
2. Calculation of the CAP Surcharge. Component No. 1 calculates the variance between the current CAP charge and the CAP base rate of \$105.87. Component 2 adds the City of Tucson's cost for wheeling the CAP water from the CAP canal to the Company's service area. Unrecovered recharge credits are deducted in Component 3. Component 4 consists of a true up of the prior year's under or over recovery. The cost of LTSCs is added in Component 5. Component 6 deducts the ratepayer's 50% share of any gain on the sale of LTSCs. Component 7 credits the account for water loss exceeding 10%. Finally, total net costs to be recovered are divided by the gallons sold (in 1,000s) in the previous year.
3. The Company will annually file with the Commission by February 1 the proposed annual CAP surcharge for the current calendar year. The filing shall contain all documentation to support the proposed surcharge.
4. The annual CAP surcharge will be calculated based on the Decision 73995 Amended Plan of Administration.
5. The revised CAP surcharge will be effective after April 1 of each year.
6. Collection of the CAP surcharge will not generate a positive operating income to Vail Water Company. It is intended only to recover CAP related costs.

ISSUED: 01/24/17 EFFECTIVE: After April 1, 2017

ISSUED BY: Vail Water Company

Decision No. 75029 Docket W-01651B-12-0339

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