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AZ CORP COMMISSION  
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**GLEASON PROPOSED AMENDMENT # 2**

TIME/DATE PREPARED: 12:45p.m. / July 29, 2004

COMPANY: Pine Water Company

AGENDA ITEM NO. U-24

DOCKET NO. W-03512A-03-0279

OPEN MEETING DATE: August 3, 2004

**Rate Case Expense**

Page 8, line 2, AFTER the period, INSERT "Additionally, ratepayers should not continue to pay for rate case expenses after the full amount is recovered. If the Commission has not authorized new rates based on a new rate case filing within four years, Pine Water's operating expenses shall be reduced by \$50,000. Pine Water and Staff shall draft an adjusted rate schedule to reflect this decrease in operating expenses while retaining the authorized 11.41% rate of return. The adjusted rates shall be consistent with the rate design approved by this Order. The same FVRB determined in this Order shall be used when adjusting the rates."

Page 13, line 15, STRIKE "July 1, 2004" INSERT "August 1, 2004"

Page 13, after line 13, INSERT "IT IS FURTHER ORDERED that Pine Water shall only collect \$200,000 amortized over four years from its customers to recover the reasonable costs associated with this rate case. If new rates are not in effect by August 1, 2008, Pine Water's operating expenses shall be reduced by \$50,000 to \$608,187. Pine Water and Staff shall adjust the rates to reflect this change in operating expenses while retaining an 11.41% rate of return and recognizing a FVRB of \$640,699."

Arizona Corporation Commission

**DOCKETED**

JUL 29 2004

DOCKETED BY