

ORIGINAL



0000019809

30LW

BEFORE THE ARIZONA CORPORATION CC

COMMISSIONERS  
JEFF HATCH-MILLER -- Chairman  
WILLIAM A. MUNDELL  
MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES

Arizona Corporation Commission

DOCKETED

MAY 27 2005

DOCKETED BY 

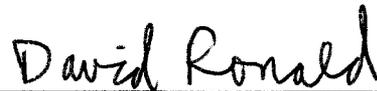
IN THE MATTER OF THE APPLICATION OF  
CHAPARRAL CITY WATER COMPANY, INC.,  
AN ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE CURRENT FAIR  
VALUE OF ITS UTILITY PLANT AND  
PROPERTY AND FOR INCREASES IN ITS  
RATES AND CHARGES FOR UTILITY SERVICE  
BASED THEREON.

DOCKET NO. W-02113A-04-0616

STAFF'S NOTICE OF FILING  
WITNESS SUMMARIES

Staff of the Arizona Corporation Commission hereby files the Witness Summary of Marlin Scott, Jr., of the Engineering Division in the above-referenced matter.

RESPECTFULLY SUBMITTED this 27<sup>th</sup> day of May, 2005.



David M. Ronald  
Attorney, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007  
(602) 542-3402

The original and thirteen (13) copies  
of the foregoing were filed this  
27<sup>th</sup> day of May, 2005 with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Copy of the foregoing were mailed  
this 27<sup>th</sup> day of May, 2005 to:

...

...

RECEIVED  
2005 MAY 27 P 1:56  
AZ CORP COMMISSION  
DOCUMENT CONTROL

1 Norman D. James, Esq.  
Jay L. Shapiro, Esq.  
2 FENNEMORE CRAIG  
3003 North Central Avenue  
3 Suite 2600  
Phoenix, Arizona 85012  
4 Attorneys for Chaparral City Water Company

5 Scott S. Wakefield, Chief Counsel  
RUCO  
6 1110 West Washington Street  
Suite 220  
7 Phoenix, Arizona 85007

8 Christopher Kempley, Chief Counsel  
Legal Division  
9 Arizona Corporation Commission  
1200 West Washington Street  
10 Phoenix, Arizona 85007

11 Lyn Farmer, Chief Hearing Officer  
Hearing Division  
12 Arizona Corporation Commission  
1200 West Washington Street  
13 Phoenix, Arizona 85007

14 Ernest Johnson, Director  
Utilities Division  
15 Arizona Corporation Commission  
1200 West Washington Street  
16 Phoenix, Arizona 85007

17   
18 Angela L. Bennett  
19 Angela L. Bennett secretary to  
David M. Ronald

20  
21  
22  
23  
24  
25  
26  
27  
28

**SUMMARY OF PRE-FILED TESTIMONY  
BY MARLIN SCOTT, JR. FOR  
CHAPARRAL CITY WATER COMPANY  
DOCKET NO. W-02113A-04-0616**

**CONCLUSIONS**

- A. The Chaparral City Water Company ("Company") water system's current source and storage capacity are adequate to serve the present customer base and reasonable growth.
- B. The Maricopa County Environmental Service Department ("MCESD") has reported no major deficiencies and based on data submitted to MCESD, MCESD has determined that this system, PWS #07-017, is currently delivering water that meets water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4.
- C. The Company reported the arsenic concentrations for its point-of-entry ("POE") #1 at 2 ppb, POE #5 at 2 ppb, POE #3 at 13 ppb and POE #4 at 12 ppb. The Company is proposing to blend its two well sources with the CAP water source in order to meet the new arsenic MCL.
- D. The Company is located in the Phoenix Active Management Area ("AMA") and the AMA reported that the Company has complied with its water use and monitoring requirements.
- E. The Company has no outstanding Arizona Corporation Commission compliance issues.

**RECOMMENDATIONS**

- 1. The Company is aware of its 11.6% water loss amount and believes some of its meters are being under read. For this reason, the Company is currently monitoring its meter reading practices. Staff recommends that the Company docket the results of the monitoring as a compliance item in this case by July 30, 2006. If the reported water loss for the period from June 1, 2005 to June 1, 2006, is greater than 10%, the Company shall prepare a report containing a detailed analysis and plan to reduce water loss to 10% or less. If the Company believes it is not cost effective to reduce water loss to less than 10%, it should submit a detailed cost benefit analysis to support its opinion. This report shall be docketed as a compliance item for this proceeding for review and certification by Staff.
- 2. Staff recommends its average annual cost of \$43,806 be adopted for the water testing expense in this proceeding.

**SUMMARY OF PRE-FILED TESTIMONY  
BY MARLIN SCOTT, JR. FOR  
CHAPARRAL CITY WATER COMPANY  
DOCKET NO. W-02113A-04-0616**

3. Staff has reviewed the Company's RCN Study and agrees with the reported values.
4. The two post-test year plant items were constructed and placed into service before December 2004. Staff recommends that the transmission main project be included in rate base.
5. Staff recommends that the Company use Staff's depreciation rates by individual National Association of Regulatory Utility Commissioners category on a going forward basis.
6. Staff recommends the acceptance of the Company's proposed service line and meter installation charges.
7. Staff recommends that the Company file a Curtailment Plan Tariff in the form of Attachment L-1. This tariff shall be docketed as a compliance item in this case within 45 days of the effective date of an order in this proceeding for review and certification by Staff.
8. Staff recommends that the Company submit a plan by November 30, 2005, on how it will meet the arsenic standard when the CAP canal is down for service.