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AZ CORP COMMISSION
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Arizona Corporation Commission
DOCKETED

JUN 20 2005

DOCKETED BY
KA

BEFORE THE ARIZONA CORPORATION COMMISSION

16 IN THE MATTER OF THE
17 APPLICATION OF ARIZONA WATER
18 COMPANY, AN ARIZONA
19 CORPORATION, FOR ADJUSTMENTS
20 TO ITS RATES AND CHARGES FOR
21 UTILITY SERVICE FURNISHED BY
22 ITS WESTERN GROUP AND FOR
23 CERTAIN RELATED APPROVALS.

Docket No. W-01445A-04-0650

**NOTICE OF FILING REVISED
PROPERTY TAX EXPENSE
CALCULATION**

24 Arizona Water Company, an Arizona corporation ("Arizona Water), hereby
25 submits schedules showing revised property tax expense calculations for each of the
26 Western Group systems. These schedules show the calculation of property taxes at the
revenue levels proposed by Arizona Water and by the Utilities Division ("Staff") for each
water system, using the methodology employed by Staff in the Chaparral City Water
Company rate case, Docket No. W-02113A-03-0616, and adjusting the property tax
assessment ratio to 24.5% to take into account the enactment of House Bill 2779, which
reduces the assessment ratio for class one (commercial, industrial and mining) properties
from 25% to 20% over a period of 10 years, beginning in 2006. Company witness Sheryl

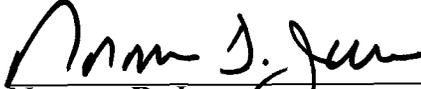
1 Hubbard will sponsor the revised schedules.

2 DATED this 20th day of June, 2005.

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FENNEMORE CRAIG, P.C.

4

By 

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Arizona Water Company

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10 An original and 13 copies of the
11 foregoing filed this 15th day of
June, 2005 with: *20*

12 Docket Control
13 Arizona Corporation Commission
1200 West Washington
14 Phoenix, AZ 85007

15 A copy of the foregoing hand-delivered
this 15th day of June, 2005 to:
20

16 Ms. Teena Wolfe
17 Administrative Law Judge
Hearing Division
18 Arizona Corporation Commission
1200 West Washington
19 Phoenix, AZ 85007

20 Timothy J. Sabo
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21 Legal Division
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Attorneys for Pivotal Group, Inc.

7
8 A copy of the foregoing via U.S. mail
this 15th day of June, 2005 to:

9 K. Scott McCoy
City Attorney
10 City of Casa Grande
510 E. Florence Blvd.
11 Casa Grande, AZ 85222

12 Jeffery W. Crockett
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Arizona Water Company - Casa Grande
 Docket No. W-01445A-04-0650
 Test Year Ended December 31, 2003

PROPERTY TAX EXPENSE - Revised to incorporate Recent Property Tax Legislation

LINE NO.	DESCRIPTION	(A)		AWC Proposed With Governor's Property Tax Bill	Staff's Proposed With Governor's Property Tax Bill
		COMPANY AS FILED	(B) ADJUSTMENT		
1	Adjusted Test Year Revenue - 2003			\$ 7,921,381	\$ 7,921,381
2	Weight Factor			2	2
3	Subtotal (Line 1 X Line 2)			\$ 15,842,762	\$ 15,842,762
4	Recommended Revenue			\$ 8,937,616	\$ 7,925,510
5	Subtotal (Line 3 + Line 4)			\$ 24,780,378	\$ 23,768,272
6	Number of Years			3	3
7	Three Year Average (Line 5 / Line 6)			\$ 8,260,126	\$ 7,922,757
8	Department of Revenue Multiplier			2	2
9	Revenue Base Value (Line 7 x Line 8)			\$ 16,520,252	\$ 15,845,515
10	Plus: 10% of 2003 CWIP			14,715	14,715
11	Less: Net Book Value of Leased Vehicles (See Note A Below)			\$ 201,384	\$ 201,384
12	Full Cash Value (Line 9 + Line 10 - Line 11)			\$ 16,333,583	\$ 15,658,846
13	Assessment Ratio			0.2450	0.2450
14	Assessed Value (Line 12 x Line 13)			\$ 4,001,728	\$ 3,836,417
15	Composite Property Tax Rate (See Note B Below)			0.1515	0.1515
16	Proposed Property Tax Expense (Line 14 x Line 15)	\$ 612,639	\$ (6,377)	\$ 606,262	\$ 581,217

Note A: Net Book Value of Licensed Vehicles provided by Arizona Water.

Note B: Property tax rate provided to ACC Staff by Arizona Dept. of Revenue.

Arizona Water Company - Stanfield
Docket No. W-01445A-04-0650
Test Year Ended December 31, 2003

PROPERTY TAX EXPENSE - Revised to incorporate Recent Property Tax Legislation

LINE NO.	DESCRIPTION	(A)		AWC Proposed With Governor's Property Tax Bill	Staff's Proposed With Governor's Property Tax Bill
		COMPANY AS FILED	(B) ADJUSTMENT		
1	Adjusted Test Year Revenue - 2003			\$ 131,003	\$ 131,003
2	Weight Factor			2	2
3	Subtotal (Line 1 X Line 2)			\$ 262,006	\$ 262,006
4	Recommended Revenue			\$ 142,604	\$ 136,699
5	Subtotal (Line 3 + Line 4)			\$ 404,610	\$ 398,705
6	Number of Years			3	3
7	Three Year Average (Line 5 / Line 6)			\$ 134,870	\$ 132,902
8	Department of Revenue Multiplier			2	2
9	Revenue Base Value (Line 7 x Line 8)			\$ 269,740	\$ 265,803
10	Plus: 10% of 2003 CWIP			1,000	1,000
11	Less: Net Book Value of Leased Vehicles (See Note A Below)			\$ 242	\$ 242
12	Full Cash Value (Line 9 + Line 10 - Line 11)			\$ 270,498	\$ 266,561
13	Assessment Ratio			0.2450	0.2450
14	Assessed Value (Line 12 x Line 13)			\$ 66,272	\$ 65,308
15	Composite Property Tax Rate (See Note B Below)			0.1899	0.1899
16	Proposed Property Tax Expense (Line 14 x Line 15)	\$ 13,290	\$ (705)	\$ 12,585	\$ 12,402

Note A: Net Book Value of Licensed Vehicles provided by Arizona Water.

Note B: Property tax rate provided to ACC Staff by Arizona Dept. of Revenue.

Arizona Water Company - White Tank
Docket No. W-01445A-04-0650
Test Year Ended December 31, 2003

PROPERTY TAX EXPENSE - Revised to incorporate Recent Property Tax Legislation

LINE NO.	DESCRIPTION	(A)	(B)	AWC Proposed With Governor's Property Tax Bill	Staff's Proposed With Governor's Property Tax Bill
		COMPANY AS FILED	ADJUSTMENT		
1	Adjusted Test Year Revenue - 2003			\$ 783,483	\$ 783,483
2	Weight Factor			2	2
3	Subtotal (Line 1 X Line 2)			\$ 1,566,966	\$ 1,566,966
4	Recommended Revenue			\$ 885,067	\$ 779,787
5	Subtotal (Line 3 + Line 4)			\$ 2,452,033	\$ 2,346,753
6	Number of Years			3	3
7	Three Year Average (Line 5 / Line 6)			\$ 817,344	\$ 782,251
8	Department of Revenue Multiplier			2	2
9	Revenue Base Value (Line 7 x Line 8)			\$ 1,634,689	\$ 1,564,502
10	Plus: 10% of 2003 CWIP			10	10
11	Less: Net Book Value of Leased Vehicles (See Note A Below)			\$ 38,463	\$ 38,463
12	Full Cash Value (Line 9 + Line 10 - Line 11)			\$ 1,596,236	\$ 1,526,049
13	Assessment Ratio			0.2450	0.2450
14	Assessed Value (Line 12 x Line 13)			\$ 391,078	\$ 373,882
15	Composite Property Tax Rate (See Note B Below)			0.12405	0.12405
16	Proposed Property Tax Expense (Line 14 x Line 15)	\$ 41,993	\$ 6,520	\$ 48,513	\$ 46,380

Note A: Net Book Value of Licensed Vehicles provided by Arizona Water.

Note B: Property tax rate provided to ACC Staff by Arizona Dept. of Revenue.

Arizona Water Company - Coolidge
Docket No. W-01445A-04-0650
Test Year Ended December 31, 2003

PROPERTY TAX EXPENSE - Revised to incorporate Recent Property Tax Legislation

LINE NO.	DESCRIPTION	(A)	(B)	AWC Proposed With Governor's Property Tax Bill	Staff's Proposed With Governor's Property Tax Bill
		COMPANY AS FILED	ADJUSTMENT		
1	Adjusted Test Year Revenue - 2003			\$ 1,427,285	\$ 1,427,285
2	Weight Factor			2	2
3	Subtotal (Line 1 X Line 2)			\$ 2,854,570	\$ 2,854,570
4	Recommended Revenue			\$ 1,672,135	\$ 1,433,279
5	Subtotal (Line 3 + Line 4)			\$ 4,526,705	\$ 4,287,849
6	Number of Years			3	3
7	Three Year Average (Line 5 / Line 6)			\$ 1,508,902	\$ 1,429,283
8	Department of Revenue Multiplier			2	2
9	Revenue Base Value (Line 7 x Line 8)			\$ 3,017,803	\$ 2,858,566
10	Plus: 10% of 2003 CWIP			12,794.00	12,794.00
11	Less: Net Book Value of Leased Vehicles (See Note A Below)			\$ 38,379	\$ 38,379
12	Full Cash Value (Line 9 + Line 10 - Line 11)			\$ 2,992,218	\$ 2,832,981
13	Assessment Ratio			0.2450	0.2450
14	Assessed Value (Line 12 x Line 13)			\$ 733,093	\$ 694,080
15	Composite Property Tax Rate (See Note B Below)			0.15065	0.15065
16	Proposed Property Tax Expense (Line 14 x Line 15)	\$ 127,110	\$ (16,669)	\$ 110,441	\$ 104,563

Note A: Net Book Value of Licensed Vehicles provided by Arizona Water.

Note B: Property tax rate provided to ACC Staff by Arizona Dept. of Revenue.

Arizona Water Company - Ajo
Docket No. W-01445A-04-0650
Test Year Ended December 31, 2003

PROPERTY TAX EXPENSE - Revised to incorporate Recent Property Tax Legislation

LINE NO.	DESCRIPTION	(A)		AWC Proposed With Governor's Property Tax Bill	Staff's Proposed With Governor's Property Tax Bill
		COMPANY AS FILED	(B) ADJUSTMENT		
1	Adjusted Test Year Revenue - 2003			\$ 412,203	\$ 412,203
2	Weight Factor			2	2
3	Subtotal (Line 1 X Line 2)			\$ 824,406	\$ 824,406
4	Recommended Revenue			\$ 500,772	\$ 474,232
5	Subtotal (Line 3 + Line 4)			\$ 1,325,178	\$ 1,298,638
6	Number of Years			3	3
7	Three Year Average (Line 5 / Line 6)			\$ 441,726	\$ 432,879
8	Department of Revenue Multiplier			2	2
9	Revenue Base Value (Line 7 x Line 8)			\$ 883,452	\$ 865,759
10	Plus: 10% of 2003 CWIP			3	3
11	Less: Net Book Value of Leased Vehicles (See Note A Below)			\$ 664	\$ 664
12	Full Cash Value (Line 9 + Line 10 - Line 11)			\$ 882,791	\$ 865,098
13	Assessment Ratio			0.2450	0.2450
14	Assessed Value (Line 12 x Line 13)			\$ 216,284	\$ 211,949
15	Composite Property Tax Rate (See Note B Below)			0.1159	0.1159
16	Proposed Property Tax Expense (Line 14 x Line 15)	\$ 27,099	\$ (2,032)	\$ 25,067	\$ 24,565

Note A: Net Book Value of Licensed Vehicles provided by Arizona Water.

Note B: Property tax rate provided to ACC Staff by Arizona Dept. of Revenue.