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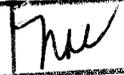
AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE JOINT
APPLICATION OF SUN CITY WATER
COMPANY AND SUN CITY WEST
UTILITIES COMPANY FOR APPROVAL
OF CENTRAL ARIZONA PROJECT
WATER UTILIZATION PLAN AND FOR
AN ACCOUNTING ORDER
AUTHORIZING A GROUNDWATER
SAVINGS FEE AND RECOVER OF
DEFERRED CENTRAL ARIZONA
PROJECT EXPENSES.

Docket No. W-01656A-98-0577
Docket No. SW-02334A-98-0577

Arizona Corporation Commission
DOCKETED

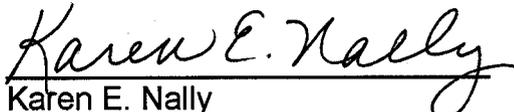
SEP 10 1999

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NOTICE OF FILING

The Residential Utility Consumer Office ("RUCO") hereby provides notice of filing the
Direct Testimony of Marylee Diaz Cortez, in the above-referenced matter.

RESPECTFULLY SUBMITTED this 10th day of September, 1999.


Karen E. Nally
Counsel

AN ORIGINAL AND TEN COPIES
of the foregoing filed this 10th day
of September, 1999 with:

Docket Control
Arizona Corporation Commission
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SUN CITY WATER AND SUN CITY WEST
DOCKET NO. W-01656A-98-0577
DOCKET NO. SW-02334A-98-0577

DIRECT TESTIMONY
OF
MARYLEE DIAZ CORTEZ

ON BEHALF OF
THE
RESIDENTIAL UTILITY CONSUMER OFFICE

SEPTEMBER 10, 1999

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1 **INTRODUCTION**

2 Q. Please state your name, occupation, and business address.

3 A. My name is Marylee Diaz Cortez. I am a Certified Public Accountant. I am the
4 Utilities Audit Manager for the Residential Utility Consumer Office (RUCO)
5 located at 2828 North Central Avenue, Suite 1200, Phoenix, Arizona 85004.

6
7 Q. Please state your educational background and qualifications in the utility
8 regulation field.

9 A. Appendix I, which is attached to this testimony, describes my educational
10 background and includes a list of the rate case and regulatory matters in which I
11 have participated.

12
13 Q. Please state the purpose of your testimony.

14 A. The purpose of my testimony is to present recommendations resulting from my
15 analysis of Citizens' Sun City Water Company (Sun City) and Sun City West
16 Utilities Company's (Sun City West) (collectively the "Company") request for
17 approval of a Central Arizona Project (CAP) utilization plan and for an accounting
18 order authorizing a ground water savings fee and recovery of deferred CAP
19 costs.

1 **CAP BACKGROUND**

2 Q. Please provide some background information regarding Citizens Utilities CAP
3 allocation.

4 A. Sun City Water and Agua Fria (another division of Citizens) entered into CAP
5 subcontracts with the U.S. Bureau of Reclamation and the Central Arizona Water
6 Conservation District (CAWCD) in 1985 for 17,274 acre feet of water. Citizens
7 acquired an additional 380 acre foot allocation when it purchased the Youngtown
8 water system in 1995. In 1998 the Department of Water Resources (DWR) and
9 the CAP Board approved a reassignment of 9,654 of the original allocation from
10 Sun City to the Agua Fria Division of Citizens. Early in 1999 DWR and the CAP
11 Board approved the reassignment of 2,372 acre feet to Sun City West. Citizens
12 CAP allocation currently totals 17,654 and is allocated as follows:

13	Sun City Water	4,189
14	Sun City West	2,372
15	Agua Fria	11,093
16		

17 Q. Has Citizens ever taken delivery of any of its allocation?

18 A. No. To-date Citizens has not taken delivery of any of its allocation. However,
19 the terms of the subcontract require Citizens to make annual capital payments on
20 its allocation whether or not it uses the water. The Company has attempted
21 unsuccessfully in the context of several different rate proceedings to obtain rate
22 recognition of the CAP capital payments. The Commission has consistently
23 taken the position that the CAP water must be used and useful in order to receive
24 rate recognition. The Commission, however, granted the Company authority to

1 defer its CAP capital charges on its balance sheet for potential future recovery in
2 Decision No. 58750, dated August 31, 1994.

3
4 Q. What position did the Commission take in the Company's last rate case regarding
5 the CAP allocation?

6 A. The Commission ruled as follows in Decision No. 60172:

7 As pointed out by the Concerned Customers, SCTA, Staff,
8 and RUCO, the Company has held its CAP allocation for more
9 than eleven years, but has not delivered or put to beneficial use
10 any CAP water, and currently has no plan for its use. The ADWR,
11 CAWCD, Staff, and most of the parties recognize that the time for
12 Citizens to take action is now - not decades in the future when
13 costs will be higher and alternatives may be restricted or not
14 available. Because Citizens is not utilizing CAP water in the
15 provision of service to its customers, its CAP allocation by
16 definition is not "used" and "useful". Therefore, the costs of
17 Citizens' CAP capital charges should not be borne by ratepayers.
18 Furthermore, because Citizens has no definite plans to use the
19 CAP water, its proposal to use its CAP allocation is speculative
20 and the use of this water cannot be considered a known and
21 measurable event. Therefore, Citizens' request for M&I Capital
22 Charges should be denied.

23 We will, however, allow Citizens to defer CAP capital costs
24 for future recovery from ratepayers when the CAP allocation has
25 been put to beneficial use for Citizens' ratepayers. This order is
26 subject to a development of a plan and date of implementation by
27 December 31, 2000. If CAP water is not implemented by
28 December 31, 2000, then Citizens will lose its ability to defer future
29 costs. [Decision No. 60172 at page 10]
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1 **CURRENT CAP PROPOSAL**

2 Q. What is the Company requesting in the instant case regarding its CAP
3 allocation?

4 A. The Company is requesting rate recovery of all CAP capital charges deferred
5 pursuant to Decision No. 58750 related to its Sun City and Sun City West
6 allocations. These prior costs total approximately \$1 million. The Company is
7 also requesting on-going recovery of all future Sun City and Sun City West CAP
8 allocation costs. The on-going costs, based on the year 2000, total
9 approximately \$700,000 annually. The Company has a plan in place to use its
10 Sun City and Sun City West CAP allocations and accordingly, pursuant to
11 Decision No. 60107, is requesting rate recovery of used and useful CAP water.

12
13 Q. How does the Company plan to use the CAP Water?

14 A. The Company's plan is twofold and involves both a long-term CAP usage plan
15 and an interim CAP usage plan. The Company intends to implement the interim
16 plan as soon as it receives approval to do so from the Commission. Under the
17 interim plan the Company would deliver its entire Sun City and Sun City West
18 CAP allocation to the already existing Maricopa Water District (MWD)
19 groundwater saving project. The CAP water will be delivered through an existing
20 distribution system to farms located in MWD's service area that have historically
21 used groundwater. For every acre foot of groundwater not pumped by MWD
22 farmers, Sun City and Sun City West will be legally entitled to recover that water
23 through wells to meet the existing demands in Sun City and Sun City West.

1 Q. Please discuss the proposed long-term CAP usage plan.

2 A. Under the long-term plan the entire Sun City and Sun City West CAP allocation
3 would be used to irrigate golf courses that have historically pumped groundwater
4 in the Sun City and Sun City West service territories. As a result, every gallon of
5 groundwater not pumped by the golf courses would be preserved for potable
6 water uses. The plan would require the construction of a transmission line,
7 delivery system, additional storage, and booster pumps. Citizens predicts the
8 necessary infrastructure for the long-term plan could be completed by 2003.

9
10 Q. How does the Company propose to recover the costs associated with CAP water
11 use?

12 A. The Company requests a special tariff to collect the deferred CAP capital
13 charges and also a special tariff to recover annual on-going CAP costs. For
14 both of these tariffs, the Company proposes a flat per meter charge for all
15 residential customers and commodity charge to be applied to all commercial
16 usage.

17
18 **IDENTIFICATION OF CAP ISSUES**

19 Q. Please identify the specific issues that arise out of the Company's CAP proposal.

20 A. RUCO has identified five basic issues that arise out of Citizens' CAP proposal.

21 They are:

- 1 1) Should the incremental cost of using CAP water in lieu of groundwater be
- 2 recoverable through rates despite the fact it represents a higher cost than
- 3 the current source of supply?
- 4 2) Should the interim CAP usage plan be approved?
- 5 3) Should the long-term CAP usage plan be approved?
- 6 4) If a CAP usage plan is approved, should the deferred capital charges be
- 7 recoverable through rates?
- 8 5) If recovery of the deferrals and the on-going costs of CAP are allowed,
- 9 what is the amount to be recovered, and from whom should it be
- 10 recovered?

12 **DISCUSSION OF CAP ISSUES**

13 **Issue #1**

14 Q. Please discuss the first issue.

15 A. Very few of the regulated utilities that have CAP allocations are actually using
16 CAP Water. Thus, until recently, with the Commission approval of a CAP usage
17 plan for Paradise Valley Water Company, Decision No. 61831, there was no
18 policy regarding recoverability of used and useful CAP water. This issue
19 presents two conflicting aspects. First, it has historically been the goal of
20 regulation to allow only necessary, prudent, and reasonable costs to be
21 recovered through rates. As part of determining what is necessary, prudent, and
22 reasonable one factor that is typically considered and examined is relative cost.
23 For example, prudence of construction costs are often determined by examining

1 bids to ensure that the lowest bid was accepted. In other words, rate recovery
2 has been contingent on a finding that the utility selected the least-cost
3 alternative. Traditionally, RUCO has striven to ensure that the rates authorized
4 for utilities include least-cost alternatives. Both the proposed interim and long-
5 term CAP usage plans are more expensive than the Company's current cost to
6 pump groundwater. Thus, use of CAP water does not represent the least-cost
7 alternative.

8
9 Q. How does the least-cost standard create a conflict in the CAP water issue?

10 A. The State of Arizona has legislated and implemented certain water policies and
11 goals that require utilities to find alternatives to groundwater. Conversely, for
12 most water utilities in Arizona, use of groundwater currently represents the least-
13 cost alternative. In this respect, the traditional regulatory policy of using least-
14 cost alternatives conflicts with water policy goals and legislation. RUCO took the
15 position in the recent Paradise Valley case that prudent implementation of CAP
16 usage is justified to achieve state water policy goals even if such implementation
17 exceeds the current cost of using groundwater. RUCO further noted that this
18 does not mean that CAP water is justified at any cost. The individual
19 circumstances surrounding a given CAP usage plan, the relative cost, and the
20 impact on rates must be weighed for each utility.

1 Q. Have you weighed Citizens' Sun City and Sun City West CAP usage plan?

2 A. Yes. I have separately weighed the interim CAP usage plan and the long-term
3 CAP usage plan. These plans are discussed further under Issue #2 and Issue
4 #3, respectively.
5

6 **Issue #2**

7 Q. Please discuss the second issue regarding the Company's request for approval
8 of its interim CAP usage plan.

9 A. As discussed earlier, the interim plan involves the delivery of Citizens Sun Cities'
10 CAP allocation to the MWD. This plan was one of six CAP usage plans
11 analyzed by Brown and Caldwell, who were hired by Citizens to prepare a cost
12 analysis of CAP water usage options. The six options and their relative
13 incremental¹ operating and capital costs are as follows:

<u>Option</u>	<u>Capital Costs</u>	<u>Oper. Costs</u>
Lease capacity at Agua Fria Recharge Proj.	\$0	\$132,000
Citizens Recharge Project	11M	76,000
Exchange with MWD	0	(111,000)
Golf Course Usage	15M	187,000
CAP Water Treatment Plant	21M	679,000
Capacity at City of Glendale	10M	1,669,000

21

¹ The Brown and Caldwell cost estimates include only relative incremental costs. Relative incremental costs refer to all costs other than the annual M&I capital charges and the annual CAP delivery charges. Since these costs are the same for all options they are not included in the Brown and Caldwell estimates.

1 Q. Please continue your discussion of the Company's MWD CAP usage plan.

2 A. As shown on the above chart, the option of a CAP water exchange with MWD
3 has the lowest relative cost. In fact, this option will generate revenue. On June
4 14, 1999 the MWD agreed it will pay Citizens \$16 per acre foot for the CAP water
5 the Company delivers to MWD. No new infrastructure is necessary to implement
6 the MWD option, thus, there are no capital costs associated with this option.

7

8 Q. Should Citizens be granted regulatory approval to proceed with the MWD CAP
9 water exchange plan?

10 A. Yes. It appears the MWD exchange would allow Citizens to utilize its CAP
11 allocation at the lowest cost possible for CAP usage. This is because the only
12 on-going costs associated with the MWD exchange option are the annual CAP
13 payments, net of the \$16 per acre foot MWD will pay Citizens for the water.
14 There is no investment in infrastructure necessary. The MWD plan minimizes
15 the cost of using CAP water. Thus, in this case, RUCO believes Citizens should
16 receive regulatory approval of the MWD CAP water usage plan.

17

18 **Issue #3**

19 Q. Please discuss the third issue regarding the Company's request for approval of
20 its long-term CAP usage plan.

21 A. As discussed earlier, Citizens' long-term CAP usage plan would involve the use
22 of the Sun Cities' CAP allocation to irrigate golf courses in the Sun Cities' service
23 territory. This option would require the installation of, and investment in, a

1 substantial amount of new infrastructure. The Brown and Caldwell study
2 estimated the costs of the infrastructure at \$15 million. Brown and Caldwell
3 further noted that the estimate was preliminary, and in all probability,
4 conservative. As a result, the necessary investment likely could be much higher.
5 The annual operating costs were estimated at \$187,000. This option is much
6 higher in cost than the MWD exchange, Citizens recharge, or Agua Fria recharge
7 options.

8
9 Q. Would implementation of this option be in accordance with regulatory goals and
10 principles?

11 A. No. As discussed earlier, one of the principles of regulation is to ensure that
12 utility investment adhere to least-cost principles. Although RUCO believes in
13 general that the higher cost of CAP water vs. groundwater is outweighed by the
14 furtherance of state water policies and goals, we do not believe that CAP water
15 at any cost is necessary, justified, or prudent. Citizens has three other CAP
16 water usage options that will utilize the entire Sun Cities' CAP allocation at far
17 less cost than the golf course plan. Further, all three of these plans meet state
18 water policy goals. It is therefore, unnecessary, if not imprudent, to expend
19 millions of dollars in excess of what is necessary to achieve the water policy
20 goals.

1 Q. What impact would an additional investment of \$15 million, or more, have on Sun
2 City Water and Sun City West's rates?

3 A. At the time of Citizens' last rate case, Sun City and Sun City West had combined
4 net plant in service of approximately \$37 million. An additional investment of \$15
5 million would increase rate base by over 40%, which in turn would have a
6 significant impact on rates. In contrast, the Agua Fria recharge option and MWD
7 exchange option would have no impact on rate base.

8
9 Q. Do you recommend approval of Citizens' long-term CAP usage plan?

10 A. No. As just discussed, Citizens has several CAP usage options available at
11 substantially less cost. Further, I believe it is premature to commit Citizens to the
12 substantial investment necessary to implement this option. As yet Citizens has
13 not used CAP water in any capacity. I believe it would be more prudent for
14 Citizens to precede with the MWD exchange option, or the Agua Fria recharge
15 option, and see how those plans work before committing the substantial
16 investment necessary for the golf course option. Moreover, with each passing
17 year new CAP usage options are evolving. In fact, many of the options set forth
18 by Citizens in this application were not even available 5 or 10 years ago. It is
19 quite possible over the next several years additional, and more attractive, options
20 may become available. Last, Citizens has announced that it plans to sell its
21 regulated water, gas, and electric utilities. Therefore, it may not be in the
22 public's best interest to commit to an expensive course of action, when the
23 requesting party likely will not be around to see it through.

1 **Issue #4**

2 Q. Please discuss the fourth issue regarding the recoverability of the deferred CAP
3 capital charges.

4 A. The fourth issue relates to whether the deferred charges should be recoverable
5 from ratepayers. The Company's current deferral balance is \$2,801,715. That
6 balance represents the annual M&I cap charges paid to CAWCD for Citizens'
7 17,654 acre foot allocation from 1995 through the first half of 1999. It also
8 includes \$4,023 in late payment charges.

9
10 Q. Has the Company requested recovery of these deferrals in the instant case?

11 A. Yes. The Company has requested recovery of the pro rata portion of the
12 \$2,801,715 deferral that is related to the Sun Cities' acre foot allocation. Citizens
13 proposes to recover the deferred costs over a 42 month period through a
14 surcharge. In addition to the actual deferred capital charges the Company is
15 requesting recovery of a return on the outstanding deferral balance over the 42
16 month period.

17
18 Q. Should recovery of the deferrals be allowed?

19 A. Yes. In Decision No. 60172 the Commission granted the Company authority to
20 continue to defer its CAP capital charges, subject to a plan of use and
21 implementation by December 31, 2000. The interim MWD Cap usage plan will
22 meet this criteria. Further, regarding CAP capital charge deferrals, the
23 Commission in Decision No. 61831 found that the capital charges allowed the

1 retention of the CAP allocation, and the pending use of the CAP will benefit
2 customers. Accordingly, the Commission granted a five year amortization and
3 recovery of the deferred capital charges for Paradise Valley Water Company. I
4 am recommending similar treatment for Citizens.

5
6 **Issue #5**

7 Q. Please discuss the fifth issue.

8 A. This issue relates to the amount of the CAP costs to be recovered, and from
9 whom these costs should be recovered (rate design). As discussed earlier, the
10 Company is proposing two surcharges; one to recover the deferred charges, and
11 another to recover the on-going annual costs of the CAP water. In my testimony
12 on Issue #2 regarding the use of CAP water by the MWD, and Issue #4 regarding
13 the deferrals, I recommend recovery of the related costs. Accordingly, I agree
14 with the implementation of two separate surcharges to recover these costs.

15
16 Q. Do you agree with the Company's calculation of the deferral surcharge?

17 A. No. While RUCO recommends recovery of the CAP deferrals, I do not agree
18 with the Company's calculation of the amount to be recovered, nor do I agree
19 with the Company's proposed design of the surcharge.

20
21 Q. Please discuss the amount of the deferrals.

22 A. As just discussed, the Company is requesting recovery of \$4,023 in late payment
23 penalties as part of its deferral balance. Ratepayers should not be required to

1 pay for the Company's failure to pay its bills on time. Further, the Commission
2 denied recovery of CAP late fees for Paradise Valley Water in Decision No.
3 61831. Accordingly, I excluded the late fees from my calculation of
4 the surcharge.

5
6 Additionally, the Company is requesting a return on the deferral balance over the
7 proposed amortization period. Decision No. 61831 did not allow any returns on
8 the deferral balance for Paradise Valley. Likewise, I have excluded the return
9 component from my calculation of the surcharge. I am also recommending a five
10 year amortization of the deferral balance, as opposed to the 42 months proposed
11 by the Company. The Company-proposed 42 month amortization is based on
12 the planned implementation date of the long-term golf course plan. Since I am
13 recommending postponement of that plan, the 42 period is no longer necessary.
14 My recommended five-year recovery is based again on Decision No. 61831,
15 where the Commission found a five recovery period for the deferrals to be
16 appropriate.

17
18 Q. What is the amount of the Company's proposed surcharge to recover the
19 deferrals?

20 A. The Company is proposing a flat monthly fee for residential customers of \$0.41
21 for Sun City and \$0.45 for Sun City West. The surcharge for all commercial
22 customers would be \$0.0391 per 1,000 gallons for Sun City and \$0.0493 per

1 1,000 gallons for Sun City West. All commercial consumption would be subject
2 to the charge.

3
4 Q. Do you agree with the Company's proposed rate design?

5 A. No. I believe the Company's proposed rate design is inappropriate. The purpose
6 of the CAP surcharges is to recover the incremental cost of using CAP water.
7 That incremental cost should appropriately be assigned to the customers causing
8 those costs, not as a flat fee to all residential customers as proposed by the
9 Company. The purpose of using CAP water is to reduce the pumping of
10 groundwater. It is necessary for the Sun Cities to reduce groundwater pumping
11 because both water service territories continue to exceed the Gallons Per Capita
12 Day (GPCD) limits set forth by the Department of Water Resources (DWR).
13 Thus, those customers whose usage exceeds the GPCD limits should pay the
14 incremental cost of using CAP water. DWR calculates GPCD by dividing the
15 Company's total water production by the service area population. The
16 population figure used by DWR does not include commercial customers. Since
17 the commercial customers' water consumption is included in the numerator of the
18 calculation, but not in the denominator of the calculation, they are in large part
19 the reason for exceeding the GPCD limits. Certain residential customers are
20 also contributing to the Company exceeding its GPCD limits.

1 Q. How did you determine who these customers were?

2 A. The current GPCD limits for Sun City and Sun City West are 272 and 201
3 respectively. I multiplied the GPCD limits by the average household occupancy
4 of 1.8 persons to arrive at the GPCD per household limits. I then multiplied this
5 amount by 30 days to determine the monthly amount of household usage
6 allowable under the GPCD limits. For Sun City the allowable monthly usage is
7 15,000 gallons and for Sun City West 11,000 gallons.

8
9 Q. What is your proposed CAP deferral surcharge?

10 A. As shown on Schedule MDC-1, my proposed surcharge per 1,000 gallons of
11 consumption for Sun City is \$0.051 and for Sun City West \$0.089. This
12 surcharge is designed to recover the CAP costs from those customers that cause
13 the cost. Thus, the charge is applicable to all commercial consumption and to
14 Sun City residential consumption above 15,000 gallons and Sun City West
15 residential consumption above 11,000 gallons. As discussed previously, my
16 deferral surcharge does not allow recovery of the late fees, or a return on the
17 unrecovered balance outstanding.

18
19 Q. Has the Commission previously approved this type rate design for the recovery
20 of CAP costs?

21 A. Yes. The rate design approved for the CAP surcharge in Decision No. 61831
22 was identical to the design I am proposing here. In that case Paradise Valley's
23 CAP surcharge was authorized for all commercial usage and all residential usage

1 above the applicable monthly GPCD threshold. This type rate design
2 appropriately assigns the cost of the CAP water to the cost causers. It also has
3 the added advantage of sending a price message to excess users of water.
4

5 Q. Do you agree with the Company's calculation of its surcharge to recover the
6 annual on-going CAP costs?

7 A. No. Again, the Company has used a rate design that assigns a flat monthly fee
8 to residential use and a commodity charge for commercial use. This is
9 inappropriate for the same reasons discussed for the deferral surcharge.
10 Accordingly, I recommend the same rate design for the on-going surcharge as I
11 did for the deferral surcharge. My recommended commodity charge is applicable
12 to all commercial usage and all residential usage above the calculated thresholds
13 (15,000 gallons for Sun City and 11,000 gallons for Sun City West).
14

15 Q. Do you and the Company agree on the annual amount to be recovered from the
16 surcharge?

17 A. Yes. The Company has requested recovery of the annual M&I capital charge
18 and annual CAP delivery charge, net of the water payments it will receive from
19 the MWD. My calculations comport with those of the Company.
20

21 Q. What is your recommended surcharge for the on-going CAP costs?

22 A. As shown on Schedule MDC-2, I am recommending a surcharge per 1,000
23 gallons of consumption for Sun City of \$0.172 and for Sun City West of \$0.299.

1 The surcharge is applicable to all commercial consumption and all residential
2 consumption exceeding 15,000 and 11,000 gallons in Sun City and Sun City
3 West, respectively.

4

5 Q. Does this conclude your direct testimony?

6 A. Yes.

7

APPENDIX I

Qualifications of Marylee Diaz Cortez

EDUCATION: University of Michigan, Dearborn
B.S.A., Accounting 1989

CERTIFICATION: Certified Public Accountant - Michigan
Certified Public Accountant - Arizona

EXPERIENCE: Audit Manager
Residential Utility Consumer Office
Phoenix, Arizona 85004
July 1994 - Present

Responsibilities include the audit, review and analysis of public utility companies. Prepare written testimony, schedules, financial statements and spreadsheet models and analyses. Testify and stand cross-examination before Arizona Corporation Commission. Advise and work with outside consultants. Work with attorneys to achieve a coordination between technical issues and policy and legal concerns. Supervise, teach, provide guidance and review the work of subordinate accounting staff.

Senior Rate Analyst
Residential Utility Consumer Office
Phoenix, Arizona 85007
October 1992 - June 1994

Responsibilities included the audit, review and analysis of public utility companies. Prepare written testimony and exhibits. Testify and stand cross-examination before Arizona Corporation Commission. Extensive use of Lotus 123, spreadsheet modeling and financial statement analysis.

Auditor/Regulatory Analyst
Larkin & Associates - Certified Public Accountants
Livonia, Michigan
August 1989 - October 1992

Performed on-site audits and regulatory reviews of public utility companies including gas, electric, telephone, water and sewer throughout the continental United States. Prepared integrated

proforma financial statements and rate models for some of the largest public utilities in the United States. Rate models consisted of anywhere from twenty to one hundred fully integrated schedules. Analyzed financial statements, accounting detail, and identified and developed rate case issues based on this analysis. Prepared written testimony, reports, and briefs. Worked closely with outside legal counsel to achieve coordination of technical accounting issues with policy, procedural and legal concerns. Provided technical assistance to legal counsel at hearings and depositions. Served in a teaching and supervisory capacity to junior members of the firm.

RESUME OF RATE CASE AND REGULATORY PARTICIPATION

<u>Utility Company</u>	<u>Docket No.</u>	<u>Client</u>
Potomac Electric Power Co.	Formal Case No. 889	Peoples Counsel of District of Columbia
Puget Sound Power & Light Co.	Cause No. U-89-2688-T	U.S. Department of Defense - Navy
Northwestern Bell-Minnesota	P-421/EI-89-860	Minnesota Department of Public Service
Florida Power & Light Co.	890319-EI	Florida Office of Public Counsel
Gulf Power Company	890324-EI	Florida Office of Public Counsel
Consumers Power Company	Case No. U-9372	Michigan Coalition Against Unfair Utility Practices
Equitable Gas Company	R-911966	Pennsylvania Public Utilities Commission
Gulf Power Company	891345-EI	Florida Office of Public Counsel
Jersey Central Power & Light	ER881109RJ	New Jersey Department of Public Advocate Division of Rate Counsel

Green Mountain Power Corp.	5428	Vermont Department of Public Service
Systems Energy Resources	ER89-678-000 & EL90-16-000	Mississippi Public Service Commission
El Paso Electric Company	9165	City of El Paso
Long Island Lighting Co.	90-E-1185	New York Consumer Protection Board
Pennsylvania Gas & Water Co.	R-911966	Pennsylvania Office of Consumer Advocate
Southern States Utilities	900329-WS	Florida Office of Public Counsel
Central Vermont Public Service Co.	5491	Vermont Department of Public Service
Detroit Edison Company	Case No. U-9499	City of Novi
Systems Energy Resources	FA-89-28-000	Mississippi Public Service Commission
Green Mountain Power Corp.	5532	Vermont Department of Public Service
United Cities Gas Company	176-717-U	Kansas Corporation Commission
General Development Utilities	911030-WS & 911067-WS	Florida Office of Public Counsel
Hawaiian Electric Company	6998	U.S. Department of Defense - Navy
Indiana Gas Company	Cause No. 39353	Indiana Office of Consumer Counselor
Pennsylvania American Water Co.	R-00922428	Pennsylvania Office of Consumer Advocate

Wheeling Power Co.	Case No. 90-243-E-42T	West Virginia Public Service Commission Consumer Advocate Division
Jersey Central Power & Light Co.	EM89110888	New Jersey Department of Public Advocate Division of Rate Counsel
Golden Shores Water Co.	U-1815-92-200	Residential Utility Consumer Office
Consolidated Water Utilities	E-1009-92-135	Residential Utility Consumer Office
Sulphur Springs Valley Electric Cooperative	U-1575-92-220	Residential Utility Consumer Office
North Mohave Valley Corporation	U-2259-92-318	Residential Utility Consumer Office
Graham County Electric Cooperative	U-1749-92-298	Residential Utility Consumer Office
Graham County Utilities	U-2527-92-303	Residential Utility Consumer Office
Consolidated Water Utilities	E-1009-93-110	Residential Utility Consumer Office
Litchfield Park Service Co.	U-1427-93-156 U-1428-93-156	Residential Utility Consumer Office
Pima Utility Company	U-2199-93-221 U-2199-93-222	Residential Utility Consumer Office
Arizona Public Service Co.	U-1345-94-306	Residential Utility Consumer Office
Paradise Valley Water	U-1303-94-182	Residential Utility Consumer Office
Paradise Valley Water	U-1303-94-310 U-1303-94-401	Residential Utility Consumer Office

Pima Utility Company	U-2199-94-439	Residential Utility Consumer Office
SaddleBrooke Development Co.	U-2492-94-448	Residential Utility Consumer Office
Boulders Carefree Sewer Corp.	U-2361-95-007	Residential Utility Consumer Office
Rio Rico Utilities	U-2676-95-262	Residential Utility Consumer Office
Rancho Vistoso Water	U-2342-95-334	Residential Utility Consumer Office
Arizona Public Service Co.	U-1345-95-491	Residential Utility Consumer Office
Citizens Utilities Co.	E-1032-95-473	Residential Utility Consumer Office
Citizens Utilities Co.	E-1032-95-417 et al.	Residential Utility Consumer Office
Paradise Valley Water	U-1303-96-283 U-1303-95-493	Residential Utility Consumer Office
Far West Water	U-2073-96-531	Residential Utility Consumer Office
Southwest Gas Corporation	U-1551-96-596	Residential Utility Consumer Office
Arizona Telephone Company	T-2063A-97-329	Residential Utility Consumer Office
Far West Water Rehearing	W-0273A-96-0531	Residential Utility Consumer Office
SaddleBrooke Utility Company	W-02849A-97-0383	Residential Utility Consumer Office
Vail Water Company	W-01651A-97-0539 W-01651B-97-0676	Residential Utility Consumer Office

Black Mountain Gas Company	G-01970A-98-0017	Residential Utility
Northern States Power Company	G-03493A-98-0017	Consumer Office
Paradise Valley Water Company	W-01303A-98-0678	Residential Utility
Mummy Mountain Water Company	W-01342A-98-0678	Consumer Office
Bermuda Water Company	W-01812A-98-0390	Residential Utility
		Consumer Office
Bella Vista Water Company	W-02465A-98-0458	Residential Utility
Nicksville Water Company	W-01602A-98-0458	Consumer Office
Paradise Valley Water Company	W-01303A-98-0507	Residential Utility
		Consumer Office
Pima Utility Company	SW-02199A-98-0578	Residential Utility
		Consumer Office
Far West Water & Sewer Company	WS-03478A-99-0144	Residential Utility
Interim Rates		Consumer Office
Vail Water Company	W-01651B-99-0355	Residential Utility
Interim Rates		Consumer Office
Far West Water & Sewer Company	WS-03478A-99-0144	Residential Utility
		Consumer Office

SUN CITY WATER CO. & SUN CITY WEST UTILITIES CO.
 CALCULATION OF CAP DEFERRAL SURCHARGE

DOCKET NO. W-01656A-98-0577 ET. AL.
 SCHEDULE MDC-1
 PAGE 1 OF 2

LINE NO.	DESCRIPTION	TOTAL	SUN CITY		REFERENCE
			SUN CITY	WEST	
1	CAP DEFERRALS	\$2,797,692			DR #JB-4
2	CAP ALLOCATION - ACRE FEET	17,654	4,189	2,372	DR #JB-4
3	% ALLOCATION	37.16%	63.85%	36.15%	RATIOS - LINE 2
4	ALLOCATED CAP DEFERRALS	1,039,745	663,846	375,899	LINE 1 x LINE 3
5	GALLONS SUBJECT TO SURCHARGE	3,448,139	2,599,377	848,762	SCH. MDC-1, PG 2
6	ANNUAL AMORT. OF DEFERRALS - 5 YRS.	207,949	132,769	75,180	LINE 4/5 YRS.
7	SURCHARGE PER 1,000 GALLONS (A)		\$0.051	\$0.089	LINE 6/LINE 5

NOTE (A)
 APPLICABLE TO ALL COMMERCIAL CONSUMPTION AND ALL RESIDENTIAL
 CONSUMPTION OVER 11,000 GALS. FOR SUN CITY WEST AND OVER
 15,000 GALS FOR SUN CITY.

SUN CITY WATER CO. & SUN CITY WEST UTILITIES CO.
 CALCULATION OF CONSUMPTION SUBJECT TO SURCHARGE

DOCKET NO. W-01656A-98-0577 ET. AL.
 SCHEDULE MDC-1
 PAGE 2 OF 2

	(a) total gallons	(b) consump. under 15,000	(c) # of bills under 15,000	(d) total # of bills	(e) difference	(f) difference times 15	(g) total not subj. to surchrg	(h) total subj. to surchrg
sun city								
residential								
5/8	1,889,290	1,423,129	204,793	224,994	20,201	303,015	1,726,144	163,146
3/4	1,414	565	91	122	31	465	1,030	384
1	57,792	3,842	436	1,375	939	14,085	17,927	39,865
1.5	1,147,679	5,546	592	15,748	15,156	227,340	232,886	914,793
2	461,609	2,121	271	5,039	4,768	71,520	73,641	387,968
3	11,163	0	3	39	36	540	540	10,623
6	1,112	45	6	24	18	270	315	797
total res	3,570,059	1,435,248	206,192	247,341	41,149	617,235	2,052,483	1,517,576
commercial								
10	0							0
cl	720,836							720,836
ir	227,750							227,750
pa	133,215							133,215
totals com	1,081,801							1,081,801
total all	4,651,860	1,435,248	206,192	247,341	41,149	617,235	2,052,483	2,599,377
sun city west								
residential								
5/8	1,224,364	836,852	149,390	172,021	22,631	248,941	1,085,793	138,571
3/4	343	0	0	12	12	132	132	211
1	28,743	5,085	965	1,552	587	6,457	11,542	17,201
1.5	346,664	1,750	242	5,547	5,305	58,355	60,105	286,559
2	93,824	661	124	1,619	1,495	16,445	17,106	76,718
total res	1,693,938	844,348	150,721	180,751	30,030	330,330	1,174,678	519,260
commercial								
10	74							74
cl	329,428							329,428
ir								0
pa								0
total com	329,502							329,502
total all	2,023,440	844,348	150,721	180,751	30,030	330,330	1,174,678	848,762

references

column (a): ruco dr #2.1
 column (b): ruco dr #2.1
 column (c): ruco dr #2.1
 column (d): ruco dr #2.1

column (e): column (d) - column (c)
 column (f): column (e) x gpcd threshold
 column (g): column (a) - (column (b) + column (f))
 column (h): column (a) - column (g)

SUN CITY WATER CO. & SUN CITY WEST UTILITIES CO.
 CALCULATION OF ANNUAL ON-GOING CAP SURCHARGE

DOCKET NO. W-01656A-98-0577 ET. AL.
 SCHEDULE MDC-2

LINE NO.	DESCRIPTION	SUN CITY		REFERENCE
		SUN CITY	WEST	
1	ANNUAL M&I CAP CHARGE	\$54	54	CO. EXH. CEL-3
2	ANNUAL CAP DELIVERY CHARGE	69	69	DR #SCTA 4.5
3	REVENUE FROM MWD	(16)	(16)	RUCO DR #2.8
4	COST OF CAP PER A/F	107	107	SUM LINES 1,2,& 3
5	ACRE FOOT ALLOCATION	4,189	2,372	CO. EXH. CEL-3
6	ANNUAL COST	448,223	253,804	LINE 4 x LINE 5
7	GALLONS SUBJECT TO SURCHARGE	2,599,377	848,762	SCH. MDC-1, PG.2
8	SURCHARGE PER 1,000 GALLONS (A)	\$0.172	\$0.299	LINE 6/LINE 7

NOTE (A)
 APPLICABLE TO ALL COMMERCIAL CONSUMPTION AND ALL RESIDENTIAL
 CONSUMPTION OVER 11,000 GALS. FOR SUN CITY WEST AND OVER
 15,000 GALS FOR SUN CITY.