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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

JEFF HATCH-MILLER, Chairman
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2006 MAY -3 P 2: 52

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
GOLD CANYON SEWER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE OF
ITS UTILITY PLANT AND PROPERTY AND
FOR INCREASES IN ITS RATES AND
CHARGES FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO. SW-02519A-06-0015

REQUEST FOR DISCOVERY

On January 13, 2006, Gold Canyon Sewer Company ("Gold Canyon" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for a determination of the current fair value of its utility plant and property and for increases in its rates and charges for wastewater utility service provided to customers in the Company's certificated service area in Pinal County, Arizona.

Since the application was filed, the parties have been conducting discovery. Staff and Gold Canyon appear to have reached an impasse on one of Staff's data requests. The request and response are as follows:

CSB 2.22

Incentive Pay Plans for Affiliates- Please provide the following information:

- a. Identify all incentive plans in effect during the Test Year for affiliates along with documentation explaining how the plan works.
- b. Provide the total dollar amount of incentive pay for affiliates included in your income statement on Schedule C-1 of your application.
- c. Also, as part of your response, please state the detailed G/L account numbers charged.

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1 Company response to CSB 2.22

2 Gold Canyon objects to this data request on multiple grounds. To begin with, the terms
3 "incentive plans" and "incentive play" are undefined and therefore too vague to respond to in a
4 meaningful manner. Second, while Gold Canyon is willing, as its affiliate BMSC was, to answer
5 questions about "profit" earned by affiliates in transactions with Gold Canyon, information regarding
6 the manner in which affiliates' employees, contractors or agents are compensated is immaterial to this
7 rate case and therefore not calculated to lead to the discovery of admissible evidence."

8 Staff believes the above information is necessary to properly conduct its evaluation of the
9 application. Incentive pay is not needed for the provision of service. If incentive pay is included in
10 rates and the Company decides to (a) reduce the amount of incentive pay or (b) discontinue paying
11 incentive pay then the money that customers are paying through rates will go directly to the
12 shareholders.

13 Staff respectfully requests a procedural conference so that the parties can receive guidance on
14 how to resolve this discovery issue. Staff has no objection to a telephonic procedural conference to
15 resolve this matter.

16 RESPECTFULLY SUBMITTED this 3rd day of May 2006.

17
18 

19 David M. Ronald
20 Attorney, Legal Division
21 Arizona Corporation Commission
22 1200 West Washington Street
23 Phoenix, Arizona 85007
24 (602) 542-3402

25 Original and thirteen (13) copies
26 of the foregoing were filed this
27 3rd day of May 2006 with:

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

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1 Copy of the foregoing mailed this
2 3rd day of May 2006 to:

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4 Gold Canyon Sewer Company
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7 Avondale, Arizona 85323

8 Jay L. Shapiro
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