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Attorneys for Willow Springs Utilities, L.L.C.

BEFORE THE ARIZONA CORPORATION COMMISSION

5	IN THE MATTER OF THE APPLICATION OF)	DOCKET NO. WS-20432A-05-0874
6	WILLOW SPRINGS UTILITIES, L.L.C. FOR A)	
7	CERTIFICATE OF CONVENIENCE AND)	OBJECTIONS TO STAFF
8	NECESSITY TO PROVIDE WATER AND)	REPORT
	WASTEWATER SERVICE IN PINAL COUNTY,)	
	ARIZONA.)	

9 Willow Springs Utilities, L.L.C. (the "Company" or "Applicant") by and through
10 undersigned counsel, hereby submits its objections to the Staff Report filed June 15, 2006 in the
11 subject Docket.

12 1. The Staff Report recommends denial of the Hook-Up Fee proposed for
13 Wastewater Service. Although the initial Application and supporting exhibits did propose such a
14 Fee, the amended schedules submitted with the Additional Insufficiency Response on March 16,
15 2006 deleted that request.

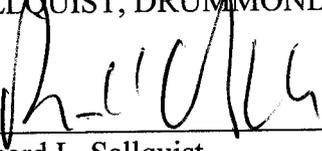
16 2. The Staff Report recommends wastewater rates significantly higher than that
17 proposed by the Company. The Company believes that difference is due in part to the additional
18 Depreciation Expense included in the Staff's analysis. The Company proposed "phasing in" the
19 Depreciation Expense, not unlike what the Commission would traditionally do in a rate case
20 environment. The Company believes its proposal is prudent and beneficial to both the Company
21 and its customers. The Company's witness, Ronald Kozoman, will further testify on this subject
22 during the proceeding supporting the Company's original proposal and the resultant rate levels.

23 3. The Company is also concerned with the Staff's targeted 8% Rate of Return in
Year 5. That aggressive schedule results in substantially higher rates for both water and

1 wastewater service than proposed by the Company. Again, Mr. Kozoman will testify in that
2 regard.

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4 Respectfully submitted this 26th day of June 2006.

5 SALLQUIST, DRUMMOND & O'CONNOR, P.C.

6 By: 
7 Richard L. Sallquist

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13 The original and fifteen copies of
14 the foregoing were filed this 26th
15 day of June , 2006:

16 Docket Control
17 Arizona Corporation Commission
18 1200 W. Washington St.
19 Phoenix, AZ 85007

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