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39515 S. Old Arena Drive
Tucson, AZ 85739-5907
November 21, 2007

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Arizona Corporation Commission
Consumer Services Section
Attention: Commissioner Kristin K. Mayes
1200 West Washington Street
Phoenix, AZ 85007

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Arizona Corporation Commission
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GOODMAN WATER COMPANY RATE APPLICATION
DOCKET NO. W-02500A-06-0281

This letter is in response to the public notice received from Lewis and Roca, LLP regarding the subject application shown above.

My initial response is that the rate request is too high. Even though Mr. Thomas J. Bourossa, CPA has presented a good case for his client Goodman Water Company, as a customer I have some concerns. I would like to state my concerns in the form of some observations and questions. They are listed as follows:

1. The financial reports which I have studied using on-line documents available at the ACC site would indicate that results of operations have produced a net loss for the past few years. At the same time, the balance sheet has shown a rather healthy increase in assets. Also, I would like to mention that depreciation has a negative effect on paper in regards to profit; however, it has no effect on the actual cash flow in a business. Take depreciation out of the picture, and a net loss can turn into a net profit.
2. Generally an increase in assets results from either a profit from operations, additional investment by the owner(s), or additional assets added as a result of borrowed money. Sometimes it can be a combination of all these.
3. If money was borrowed for improvements, it seems there would be something reported on the Supplemental Financial Data Sheet that is part of the year-end annual report submitted to the Commission.
4. If additional investments have been made in equipment—and it is rather apparent there have been—then it seems that one of the purposes would be to provide better service for present and future customers.

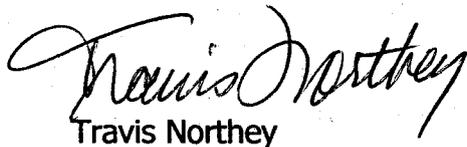
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5. Asking for an increase in rates averaging 152 percent seems a bit hefty. Trying to recoup all these costs now from the present customers seems an illogical and unfair approach. Rather, should not consideration be given to potential new customers and the additional revenue that will be generated? It certainly is not uncommon in businesses for present costs to be recouped with future revenues.
6. For comparison sake, I would like to point to the application for a rate increase in February 2006 by the Community Water Company of Green Valley. They have not had an increase for twenty years, and they have requested an initial increase of 28%.

Let me summarize my position as a customer of Goodman Water Company. I do not resent their earning a profit when good service is being provided to their customers, as I believe they are presently doing. But I do not believe they should be trying to recoup costs and profit just from their existing customers. What do I think would be a logical and fair approach at the present time? Doubling the rate (an increase of 100%) would probably put their rates at a comparable level with other water districts. Surely this rate and the growth from new customers would help put them in a more favorable position in terms of improved profit from operations.

I encourage the Commissioners to keep in mind that many of the residents being served by Goodman are probably on fixed incomes. Therefore, I am sure that your decision in this matter will take into consideration the possible effect that an increase of 152% will have on many of their customers' personal budgets.

Respectfully submitted



Travis Northey