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Arizona Corporation Commission
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Valley

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AZ CORP COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE) DOCKET NO. W-02304A-05-0830
APPLICATION OF COMMUNITY)
WATER OF GREEN VALLEY FOR AN) **EXCEPTIONS**
INCREASE IN ITS WATER RATES)
FOR CUSTOMERS WITHIN PIMA)
COUNTY, ARIZONA.)

Community Water of Green Valley (the "Company") pursuant to ACC R-14-3-310, hereby files its Exceptions to the Recommended Opinion and Order (the "ROO") dated December 5, 2006, and in support thereto states as follows:

1. On November 8, 2005 Community Water of Green Valley (the "Company") filed an Application in the subject docket, including exhibits in support of that Application.
2. On August 18, 2006 the Commission Staff ("Staff") filed the Staff Report and supporting exhibits.
3. The parties filed subsequent responsive pleadings in accordance with various Procedural Orders issued in this docket.
4. At the hearing on this matter on October 24, 2006, the parties were in substantial agreement regarding the Rate Base, Revenue Requirement and Expense Levels and Rate of Return issues. The sole all-outstanding issue was the Rate Design.
5. The parties filed a joint post hearing exhibit containing a stipulated Bill Count resolving the differences discussed at the hearing.

1 6. The Company proposed rates are similar to the Rate Design in effect for the Company
2 for the past approximate 30 years (modified to incorporate the multiple tier commodity charges
3 typically mandated by the Commission). That Rate Design treated the Villas as a "totalized"
4 customer, i.e., as one composite minimum monthly rate, plus the applicable commodity charge
5 for the combined consumption of all meters within the complex. This design was adopted by the
6 Commission many years ago, and is still appropriate for two reasons. First, the units at the Villas
7 are no different than any other residential unit on the system. Second, they can not be served in
8 the traditional method of one meter at each unit, due to the unique engineering of the internal
9 distribution system. The record is clear on both of those facts.

10 7. The Staff proposed Rate Design treated the approximate 100 individual meters
11 located within the Villa complex as separate meters with associated monthly minimums and
12 commodity charges applied to each meter. Although that may be normally be a reasonable
13 position, with the 30 year history of totalizing the meters, and the impact on all customers, the
14 Company believes Staff's proposal is unreasonable.

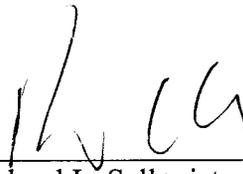
15 8. The Staff proposed rates, as adopted in the ROO, result in a substantial shift of the
16 revenues between classes, approximately \$50,000, which is drastically different than the
17 Company's proposal.

18 9. The Company is of the opinion that the Rate Design recommended in the ROO results
19 in an unreasonable rate to all customers, both the Villas and the other 5/8 X 3/4" meter
20 customers. It further violates the well established rate-making principle of "gradualism" by
21 moving so abruptly from one rate design to another.

22 THEREFORE, the Company respectfully requests that the Commission modify the
23 Recommended Opinion and Order by rejecting the Staff proposed Rate Design and adopting the
24 Company's proposed Rate Design

1 Respectfully submitted this 15th day of December 2006.

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

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4 By 
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9 Original and fifteen copies of the foregoing
10 filed this 15th day of December 2006,
11 with:

12 Docket Control
13 Arizona Corporation Commission
14 1200 West Washington
15 Phoenix, Arizona 85007
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One copy of the foregoing
Filed/mailed this 15th day of December 2006,
to the following:

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