

ORIGINAL



0000073244

FENNEMORE CRAIG, P.C.

3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012-2913
(602) 916-5000

RECEIVED

Patrick J. Black
Direct Phone: (602) 916-5400
Direct Fax: (602) 916-5600
pblack@fclaw.com

2007 MAY 21 P 4: 38
**AZ CORP COMMISSION
DOCKET CONTROL**

Law Offices
Phoenix (602) 916-5000
Tucson (520) 879-6800
Nogales (520) 281-3480
Las Vegas (702) 692-8000
Denver (303) 291-3200

May 21, 2007

VIA HAND DELIVERY

Mr. Elijah Abinah
Chief, Financial & Regulatory Analysis Section
Utilities Division
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

MAY 21 2007

DOCKETED BY	
-------------	--

**Re: Golden Shores Water Company,
App. for Authority to Issue Long Term Debt; App. for Rate Increase
Docket Nos. W-01815A-06-0775 and W-01815A-07-0117 (consolidated)**

Dear Mr. Abinah:

I am in receipt of your Second Letter of Insufficiency dated May 11, 2007, in the above-captioned matter. Please accept this correspondence and the enclosed documents as Golden Shores Water Company's ("Golden Shores") response to the specific issues raised in your letter.

1. For the revenue annualization of the 5/8 inch residential customer in the amount of \$6,238 see schedule C-2, page 5, please provide Staff with a revenue annualization to year end customers schedule. In addition, please provide Staff with a revised schedule C-2, page 1 (Summary of Adjustments).

RESPONSE: Attached are the revised pages for schedule C-2, pages 1, 5a, and 5b.

On a separate but related note, please recognize that this firm represents Golden Shores in the above-captioned matter, and did file the application on behalf of the company. As such, please send me any and all correspondence relating to this matter.

FENNEMORE CRAIG, P.C.

Mr. Elijah Abinah
May 21, 2007
Page 2

Should you have any further questions, please do not hesitate to call. Thank you for your time and assistance.

Sincerely,

A handwritten signature in black ink, appearing to be 'P. Black', with a long horizontal flourish extending to the right.

Patrick J. Black

Enclosures

cc: Linda Wayland
Docket Control
Jeffrey M. Michlik

1917868.1/41407.009

Golden Shores Water Company
 Test Year Ended June 30, 2006
 Adjustments to Revenues and Expenses

Exhibit
 Schedule C-2
 Page 1
 Witness: Bourassa
 REVISED

Line No.	Adjustments to Revenues and Expenses						Subtotal
	1 Depreciation Expense	2 Property Taxes	3 Rate Case Expense	4 Revenue Annualization	5 Materials & Supplies	6 Remove Other Inc./Oth. Expense	
3				(37,946)			(37,946)
5	23,796	5,517	25,000		3,920		58,233
7							
8	(23,796)	(5,517)	(25,000)	(37,946)	(3,920)	-	(96,178)
10							
11						(518)	(518)
13						3,914	3,914
16	(23,796)	(5,517)	(25,000)	(37,946)	(3,920)	3,397	(92,782)
18							
19							
20							
21							
22							
23	7,280						(30,666)
25	(29,504)		(5,045)			(9,766)	13,918
27							
28	29,504	-	5,045	7,280	-	9,766	(44,584)
30							
31		3,533					3,016
33							3,914
36	29,504	3,533	5,045	7,280	-	9,766	(37,654)
37							
38							
39							
40							
41							
42							
43							(30,666)
45							13,918
47							
48							(44,584)
50							
51							3,016
53							3,914
56							(37,654)

Line No.	Adjustments to Revenues and Expenses						Total
	7 Capitalize Repairs & Maintenance	8 Interest Synchronization	9 Purchased Power Annualization	10 Capitalize Revenues	11 Reclass Revenues	12 Income Taxes	
23				7,280			(30,666)
25	(29,504)		(5,045)			(9,766)	13,918
28	29,504	-	5,045	7,280	-	9,766	(44,584)
31		3,533					3,016
36	29,504	3,533	5,045	7,280	-	9,766	(37,654)

Line No.	Adjustments to Revenues and Expenses						Total
	13	14	15	16	17	18	
43							(30,666)
45							13,918
48							(44,584)
51							3,016
53							3,914
56							(37,654)

Golden Shores Water Company
 Revenue Annualization to Year End Customers: 5/8 Inch Meters
 Test Year Ended June 30, 2006

Exhibit
 Schedule C-2
 Page 5a
 Witness: Bourassa

	1st <u>Quarter</u>	2nd <u>Quarter</u>	3rd <u>Quarter</u>	4th <u>Quarter</u>	Year <u>Total</u>
Year End Number of Customers	1,545	1,545	1,545	1,545	
Actual Customers	1,462	1,478	1,494	1,509	
Increase in Number of Customers/Bills	83	67	52	36	239
Average Revenue / Present Rates	\$ 27.91	\$ 25.38	\$ 23.65	\$ 26.90	
Revenue Annualization / Present Rates	\$ 2,325	\$ 1,709	\$ 1,226	\$ 977	\$ 6,238
Increase in Number of Customers	83	67	52	27	
Average Revenue / Proposed Rates	\$ 35.17	\$ 31.26	\$ 28.58	\$ 26.90	
Revenue Annualization / Proposed Rates	\$ 2,931	\$ 2,105	\$ 1,482	\$ 723	\$ 7,241
Additional Gallons to be Produced	364,667	305,963	235,168	168,441	1,074,239

Golden Shores Water Company
Revenue Annualization Construction Water TVE
Test Year Ended June 30, 2006

Exhibit
Schedule C-2
Page 5b
Witness: Bourassa

Line No.	Month of July	Month of Aug.	Month of Sept.	Month of Oct.	Month of Nov.	Month of Dec.	Month of Jan.
1	Year End Number of Customers	-	-	-	-	-	-
2	Actual Customers	1	1	1	1	1	1
3	Increase in Number of Customers/Bills	(1)	(1)	(1)	(1)	(1)	(1)
4	Average Revenue / Present Rates	\$ 5,195.25	\$ 5,566.50	\$ 7,553.25	\$ 4,437.00	\$ 1,545.75	\$ 2,715.75
5	Revenue Annualization / Present Rates	\$ (5,195)	\$ (5,567)	\$ (7,553)	\$ (4,437)	\$ (1,546)	\$ (2,716)
6							
7	Increase in Number of Customers	(1)	(1)	(1)	(1)	(1)	(1)
8	Average Revenue / Proposed Rates	\$ 5,841.77	\$ 6,259.22	\$ 8,493.21	\$ 4,989.16	\$ 1,738.11	\$ 3,053.71
9	Revenue Annualization / Proposed Rates	\$ (5,842)	\$ (6,259)	\$ (8,493)	\$ (4,989)	\$ (1,738)	\$ (3,054)
10	Additional Gallons to be Produced	(2,309,000)	(2,474,000)	(3,357,000)	(1,972,000)	(687,000)	(1,207,000)
11							
12		Month of Feb.	Month of March	Month of April	Month of May	Month of June	Total Year
13							
14							
15	Year End Number of Customers						
16	Actual Customers	1	1	1	1	1	
17	Increase in Number of Customers/Bills	(1)	(1)	(1)	(1)	(1)	(12)
18	Average Revenue / Present Rates	\$ 1,347.75	\$ 2,063.25	\$ 4,326.75	\$ 3,784.50	\$ 3,042.00	
19	Revenue Annualization / Present Rates	\$ (1,348)	\$ (2,063)	\$ (4,327)	\$ (3,785)	\$ (3,042)	\$ (44,183)
20							
21	Increase in Number of Customers	(1)	(1)	(1)	(1)	(1)	
22	Average Revenue / Proposed Rates	\$ 1,515.47	\$ 2,320.01	\$ 4,865.19	\$ 4,255.46	\$ 3,420.56	
23	Revenue Annualization / Proposed Rates	\$ (1,348)	\$ (2,063)	\$ (4,327)	\$ (3,785)	\$ (3,042)	\$ (49,682)
24	Additional Gallons to be Produced	(599,000)	(917,000)	(1,923,000)	(1,682,000)	(1,352,000)	(19,637,000)