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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED

JUL 18 2007

COMMISSIONERS

Mike Gleason - Chairman
William A. Mundell
Jeff Hatch-Miller
Kristin K. Mayes
Gary Pierce

DOCKETED BY	<i>MR</i>
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IN THE MATTER OF THE APPLICATION OF
GOLDEN CORRIDOR WATER COMPANY,
NOTICE OF AN EMERGENCY SURCHARGE
TO COVER THE INCREASE IN OPERATING
COSTS

DOCKET NO. W-20461A-07-0158

EXCEPTIONS TO ADMINISTRATIVE
LAW JUDGE'S RECOMMENDATION

Arizona Water Company (the "Company"), an intervenor in this docket, and the interim operator of the Golden Corridor Water Company ("Golden Corridor") water system files its exceptions to the July 10, 2007 Recommendation (the "Recommendation") of Administrative Law Judge Yvette Kinsey. Specifically, the Company takes exception to the third and seventh ordering paragraphs, which appear on page 8, beginning at line 9. The third ordering paragraph provides as follows:

IT IS FURTHER ORDERED that the \$3 per 1,000 gallon surcharge approved herein shall be interim and subject to refund pending the review by Staff of the permanent rate application.

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1 The seventh ordering paragraph provides as follows:

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IT IS FURTHER ORDERED that Golden Corridor Water Company, through its interim operator Arizona Water Company, shall post a bond or a sight draft letter of credit in the amount of \$10.00 prior to implementing the emergency surcharge authorized by this Decision.

The Company believes, and therefore submits that the conditions that the surcharge be subject to refund, and that a bond or sight draft letter of credit be required are requirements that may have been appropriate while Golden Corridor operated its own system, before the Company became interim operator through its agreement with the Staff. Through the interim operating agreement with the Utilities Division the Company, in effect, is merely the agent of the Utilities Division and is using any rates it collects to operate the Golden Corridor system on behalf of the Utilities Division. Therefore, these requirements should not apply to the Company in this case.

In addition, because the Company is simply managing the Golden Corridor system under its agreement with the Utilities Division, it does not have, nor would it be expected to have the opportunity to earn a return, as would usually be the case if a utility were operating its own system. There is, therefore, no reason to include a refund provision and no need to require a bond or letter of credit to ensure that refunds can be made.

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CONCLUSION

For the foregoing reasons, the Company respectfully submits that the Recommendation should be amended to delete the third and seventh ordering paragraphs, and that any corresponding additional changes to the Recommendation be made as the Commission deems appropriate.

RESPECTFULLY SUBMITTED this 18th day of July 2007.

ARIZONA WATER COMPANY

By: Robert W. Geake
Robert W. Geake
Vice President and General Counsel
ARIZONA WATER COMPANY
Post Office Box 29006
Phoenix, Arizona 85038-9006

1 Original and thirteen (13) copies of the foregoing filed the 18th day of July 2007 with:

2 Docket Control Division
3 Arizona Corporation Commission
4 1200 West Washington Street
Phoenix, Arizona 85007

5 A copy of the foregoing was hand-delivered this 18th day of July 2007 to:

6 Yvette B. Kinsey, Administrative Law Judge
7 Arizona Corporation Commission
8 1200 West Washington Street
Phoenix, Arizona 85007

9 A copy of the foregoing was mailed this 18th day of July 2007 to:

10 Christopher Kempley, Chief Counsel
11 Legal Division
12 Arizona Corporation Commission
13 1200 West Washington Street
14 Phoenix, Arizona 85007

15 Ernest G. Johnson, Director
16 Utilities Division
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