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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS PARADISE VALLEY WATER DISTRICT.

Docket No. W-01303A-05-0405

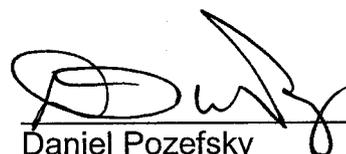
IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY FOR APPROVAL OF AN AGREEMENT WITH THE PARADISE VALLEY COUNTRY CLUB.

Docket No. W-01303A-05-0910

NOTICE OF FILING

The Residential Utility Consumer Office ("RUCO") hereby provides notice of filing the Rebuttal Testimony of William A. Rigsby, CRRA, in the above-referenced matter.

RESPECTFULLY SUBMITTED this 9th day of May 2008.


Daniel Pozefsky
Attorney

1 AN ORIGINAL AND THIRTEEN COPIES
2 of the foregoing filed this 9th day
3 of May 2008 with:

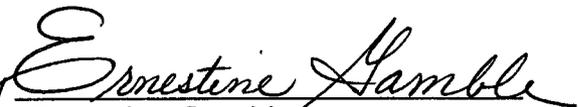
3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, Arizona 85007

5 COPIES of the foregoing hand delivered/
6 mailed this 9th day of May 2008 to:

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**ARIZONA-AMERICAN WATER COMPANY, INC.
(PARADISE VALLEY WATER DISTRICT)**

DOCKET NO. W-01303A-05-0405

REBUTTAL TESTIMONY

OF

WILLIAM A. RIGSBY, CRRA

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

MAY 9, 2008

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1 **INTRODUCTION**

2 Q. Please state your name, occupation, and business address.

3 A. My Name is William A. Rigsby. I am a Public Utilities Analyst V employed
4 by the Residential Utility Consumer Office ("RUCO") located at 1110 W.
5 Washington, Suite 220, Phoenix, Arizona 85007.

6
7 Q. Have you filed any previous testimony in this proceeding?

8 A. Yes. On April 24, 2008, I filed direct testimony on the Arizona-American
9 Paradise Valley District Rate Design Agreement that is currently before
10 the Commission.

11

12 Q. What is the purpose of your testimony?

13 A. The purpose of my testimony is to present RUCO's rebuttal position on the
14 Rate Design Agreement which, according to the signatories of the
15 document, is intended to mitigate the effects of rate shock that is currently
16 being experienced by a number of Paradise Valley District residential and
17 resort customers as a result of the rate design ordered in Decision No.
18 68858, dated November 14, 2005.

19

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21

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23

1 **RUCO'S REBUTTAL POSITION**

2 Q. Has RUCO changed its original recommendation on the Rate Design
3 Agreement?

4 A. No. For the reasons that were discussed in my direct testimony, RUCO
5 still recommends that the Commission reject the Rate Design Agreement.
6

7 Q. Have you had an opportunity to review the direct testimony filed by other
8 parties to the case?

9 A. Yes. I have read the direct testimony of ACC Staff witness Darron W.
10 Carlson and the direct testimony of Arizona-American witness Miles H.
11 Kiger.
12

13 Q. Does RUCO have any additional recommendations based on the
14 information or recommendations presented by either Mr. Carlson or Mr.
15 Kiger?

16 A. Yes. RUCO is in support of Mr. Carlson's recommendation to provide
17 interim relief to the Paradise Valley District's residential and resort
18 customers by reducing the HUS from the current \$2.15 per 1,000 gallons
19 to \$1.00 per 1,000 gallons. RUCO also supports Mr. Carlson's
20 recommendation to eliminate the PSS until the Commission has the
21 opportunity to examine the fire flow issue in the Company's next rate case
22 proceeding.
23

1 Q. Does this mean that RUCO has changed its previous positions regarding
2 fire flow infrastructure improvements in the Paradise Valley District?

3 A. No. RUCO wants to make it perfectly clear that it has not changed its
4 previous positions regarding fire flow infrastructure improvements in the
5 Paradise Valley District. RUCO supports Mr. Carlson's recommendations
6 strictly for the purpose of providing interim rate relief for the affected
7 residential and resort customers who are currently experiencing rate
8 shock as a result of the rate design ordered in Decision No. 68858.

9

10 Q. Should the Company interpret RUCO's adoption of Mr. Carlson's
11 recommendations as a possible acceptance of an ACRM-like mechanism
12 to fund fire flow infrastructure improvements in the Paradise Valley
13 District?

14 A. No. RUCO wants to make it clear to the Company that it should not form
15 any expectations that RUCO could support an ACRM-like mechanism to
16 fund fire flow infrastructure improvements in the Paradise Valley District.

17

18 **RUCO'S REBUTTAL RECOMMENDATIONS**

19 Q. What are RUCO's final rebuttal recommendations?

20 A. RUCO recommends that the Commission adopt ACC Staff's
21 recommendation to reduce the existing HUS from the current \$2.15 per
22 1,000 gallons to \$1.00 per 1,000 gallons.

1 RUCO also recommends that the Commission adopt ACC Staff's
2 recommendation to eliminate the PSS until the Commission has the
3 opportunity to examine the fire flow issue in the Company's next rate case
4 proceeding.

5 RUCO continues to recommend that the Commission reject the Rate
6 Design Agreement. RUCO believes, as does ACC Staff, that Arizona-
7 American's upcoming Paradise Valley District rate case application (which
8 was filed on May 1, 2008) is the better forum to make changes to the
9 Company's existing rate design for recovery of the fire flow costs. The
10 rate case will provide all of the concerned parties with the opportunity to
11 examine this issue with all of the other ratemaking elements that
12 determine what just and reasonable rates should be for the Company's
13 Paradise Valley District ratepayers.

14

15 Q. Does your silence on any of the issues, matters or findings addressed in
16 the testimony of any of the witness who have testified in this docket
17 constitute your acceptance of their positions on such issues, matters or
18 findings?

19 A. No, it does not.

20

21 Q. Does this conclude your testimony?

22 A. Yes, it does.