

ORIGINAL EXCEPTION
OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMI

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COMMISSIONERS

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GARY PIERCE

2008 APR 24 A 10: 20

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY,
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 SUN CITY
WASTEWATER AND SUN CITY WEST
WASTEWATER DISTRICTS

DOCKET NO. W-01303A-07-0209

Arizona Corporation Commission
DOCKETED

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EXCEPTIONS OF
ARIZONA-AMERICAN WATER COMPANY

Pursuant to A.A.C. R14-3-110(B), Arizona-American Water Company ("Arizona-American") hereby submits its Exceptions to the April 17, 2008, Recommended Opinion and Order ("ROO").

On page 19, line 15 ½, the commodity rate for a 1-inch irrigation meter proposed by Staff (4th column) should be "1.0679" rather than "1.0645".¹

On page 24, line 23 to 26, appears: "Under the Company's proposal, the surcharge amount would be set to recover the authorized rate of return associated with the completed fire flow projects and would cease after the Company files its next rate case (expected by May 31, 2012) when the fire flow facilities would be included in rate base." (Underline added). This statement inadvertently misinterprets the FCRM proposed by Arizona-American. Arizona-American's witness Mr. Broderick testified in his direct testimony that the surcharge would presumably cease after the Commission establishes new permanent rates in the next Sun City

¹ Ex. S-17 (Irvine Surrebuttal), p.2, Surrebuttal Schedule SPI -3.

1 Water rate case² (Underline added). Although this statement is not included in an ordering
2 paragraph, Arizona-American would like the final order to accurately represent its proposal. The
3 proposed amendment in Exhibit A provides this clarification.

4 On page 45, line 8 ½, the commodity rate for a 3-inch public interruptible should be
5 “0.9828” rather than “0.9282”.

6 On page 47, line 4, Arizona-American proposes to replace “the fourth proposed step
7 increase for the FCRM, or any prior phase of the project that has not been approved as of June
8 30, 2012, may be considered as part of the next rate case” with “may include in the case a step
9 increase request for the FCRM that has not yet been approved in the next rate case”. The
10 proposed amendment in Exhibit A clarifies that the Commission neither intends to preclude
11 Arizona-American from requesting nor preclude the Commission granting an FCRM step
12 increase after Arizona-American files its next Sun City Water rate case, but rather is creating an
13 additional opportunity in the next rate case for a step increase to be requested and considered.

14 Attached as Exhibit A is a suggested amendment to the Recommended Opinion and
15 Order to make these corrections.

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17 **RESPECTFULLY SUBMITTED** on April 24, 2008.

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² Ex. A-3 (Broderick Direct) p. 5:15 – 18. (Mr. Broderick later revised the expected filing date to May 31, 2012. See Ex. A-4 p 9:5 – 8.)

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**SUGGESTED AMENDMENT TO
RECOMMENDED ORDER AND OPINION**

Page 19, line 15 ½ DELETE the second “1.0645”, REPLACE with “1.0679”.

Page 24, line 25 to 26, DELETE “Company files its”, REPLACE with “Commission decides”.

Page 45, line 8 ½, DELETE “0.9282”, REPLACE with “0.9828”.

Page 47, line 4, DELETE “the fourth proposed step increase for the FCRM, or any prior phase of the project that has not been approved as of June 30, 2012, may be considered as part of the next rate case”, REPLACE with “may include in the filing a step increase request for an FCRM that has not yet been approved.”