

<b>THIS AMENDMENT:</b>			 0000090252	<i>lock</i>
_____ Passed _____	Passed as amended by _____	_____ Withdrawn		
_____ Failed _____	Not Offered _____			

**ORIGINAL**

**MAYES PROPOSED AMENDMENT 2**

TIME/DATE PREPARED: November 4, 2008

COMPANY: Gold Canyon Sewer Company

AGENDA ITEM NO. U-19

DOCKET NO. SW-02519A-06-0015

OPEN MEETING DATE: Nov. 12-13, 2008

Page 16, DELETE lines 5-28 and INSERT NEW FINDING OF FACT:

“We agree with RUCO’s hypothetical capital structure of 40 percent debt and 60 percent equity. A capital structure comprised of 100 percent equity would be viewed as having little to no financial risk. The proposed capital structure adopted by the Commission will bring the Company’s capital structure and weighted cost of capital in line with the industry average and it will result in lower rates for the customers of the system. We therefore adopt a hypothetical capital structure of 40 percent debt and 60 percent equity.

We believe that RUCO’s recommendation for a 8.60 percent cost of equity capital is appropriate, and will adopt it in this case. RUCO’s expert witness relied on a DCF model and a CAPM analysis for calculating his cost of equity capital. We believe that adoption of RUCO’s recommendations results in just and reasonable rates and charges for Gold Canyon based on the record of this proceeding.

We therefore adopt a cost of equity of 8.60 percent, which also results in an overall weighted cost of capital of 8.54 percent.”

Page 17, DELETE lines 1-28

Page 18, DELETE line 1

Page 19, DELETE lines 6-8 and INSERT:

“IT IS FURTHER ORDERED that the weighted cost of capital approved in this case shall be 8.54 percent and that Gold Canyon Sewer Company submit by November 30, 2008, rates and charges revised per this cost of capital. These revised rates and charges will be applied on a prospective basis and will not be applied retroactively.”

Make all conforming changes.

Arizona Corporation Commission  
**DOCKETED**

NOV - 7 2008

DOCKETED BY	<i>MM</i>
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**RECEIVED**