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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF
SUNRISE WATER CO., 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

DOCKET NO. W-02069A-08-0406

**NOTICE OF FILING
COMPARISON OF PROPOSED
AMENDMENTS**

1 Sunrise Water Company ("Sunrise") hereby provides notice of filing a comparison of the
2 proposed amendments to the Recommended Opinion and Order ("ROO").

3 There are currently three proposed amendments to the ROO:

- 4 1. The Hearing Division has prepared a amendment to correct the ROO's commodity
5 rates so that the new rates will generate the ROO's revenue requirement. The
6 attached comparison shows that a 3/4-inch metered customer with average usage
7 would actually expect a 1.79% rate decrease.
- 8 2. Sunrise's Exceptions include an amendment to allow Sunrise to recover income-tax
9 expenses. The attached comparison shows that a 3/4-inch metered customer with
10 average usage would expect only a 2.25% rate increase.
- 11 3. Sunrise's Exceptions include an amendment that would set rates for Sunrise on an
12 operating-margin basis. The attached comparison shows that a 3/4-inch metered
13 customer with average usage would expect only a 0.88% rate increase.

14 The Commission has recently been faced with the hard task of approving double-digit
15 water rate increases. Besides providing a concise comparison of the three scenarios, the rate
16 comparison demonstrates that even Sunrise's preferred amendment (recovery of income-tax

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1 expense) would result in only a 2.25% rate increase for a 3/4-inch metered customer with average
2 usage. This further supports the equity of Sunrise's request.

3 RESPECTFULLY SUBMITTED on December 8, 2009.

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6 
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Original and 13 copies filed
on December 8, 2009, with:

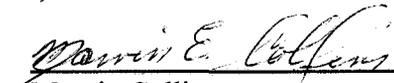
Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Copies of the foregoing delivered on
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By: 
Marvin Collins

Sunrise Water Company
Docket No. W-02069A-08-0406
Comparison of Proposed Amendments

	ROO Hearing Amendment No. 1	Sunrise Exception 1	Sunrise Exception 2
	Traditional Rate of Return Regulation without allowance of Income Tax	Traditional Rate of Return Regulation allowing for Income Tax	Operating Margin Approach
Adjusted OCRB	\$ 1,040,202	\$ 1,140,093	\$ 1,040,202
ADIT Allowed	\$ -	\$ 99,891	\$ -
Adjusted Operating Income	\$ 16,595	\$ 16,595	\$ 16,595
Current Rate of Return	1.60%	1.46%	1.60%
Required Rate of Return	10.00%	10.00%	n/a
Required Operating Margin	n/a	n/a	10.00%
Required Operating Income	\$ 104,020	\$ 114,009	\$ 143,913
Operating Income Deficiency	\$ 87,425	\$ 97,414	\$ 127,318
Gross Revenue Conversion Factor	1.0000	1.5035	1.0000
Income Tax Expense Allowed	\$ -	\$ 49,045	\$ -
Required Increase in Gross Revenue	\$ 87,425	\$ 146,460	\$ 127,318
Required Increase in Gross Rev. (%)	6.66%	11.16%	9.71%
Adjusted TY Revenue	\$ 1,311,812	\$ 1,311,812	\$ 1,311,812
Proposed Annual Revenue	\$ 1,399,237	\$ 1,458,272	\$ 1,439,130
Proposed Operating Expenses	\$ 1,295,217	\$ 1,344,262	\$ 1,295,217
Proposed Operating Income	\$ 104,020	\$ 114,009	\$ 143,913
Operating Margin (pre-tax)	7.43%	11.18%	10.00%
Operating Margin (after-tax)	5.34%	7.82%	7.07%
Operating Margin Difference	-2.10%	-3.36%	-2.93%
Rate of Return (pre-tax)	10.00%	14.30%	13.84%
Rate of Return (after-tax)	7.18%	10.00%	9.78%
Rate of Return Difference	-2.82%	-4.30%	-4.06%
1st Tier Commodity Rate	\$ 1.75	\$ 1.83	\$ 1.80
2nd Tier Commodity Rate	\$ 2.50	\$ 2.66	\$ 2.61
3rd Tier Commodity Rate	\$ 3.15	\$ 3.31	\$ 3.25
Current Bill 3/4" Meter Average Usage	\$ 62.68	\$ 62.68	\$ 62.68
Proposed Bill	\$ 61.56	\$ 64.09	\$ 63.23
Increase/(Decrease)	\$ (1.12)	\$ 1.41	\$ 0.55
Increase/Decrease Percentage (%)	-1.79%	2.25%	0.88%