

OPEN MEETING ORIGINAL FROM



0000115458

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

**ORIGINAL**

RECEIVED

2010 AUG -4 P 12:47

- 3 KRISTIN K. MAYES - Chairman
- 4 GARY PIERCE
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- 7 BOB STUMP

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

7 IN THE MATTER OF THE APPLICATION  
8 OF GLOBAL WATER – PALO VERDE  
9 UTILITIES COMPANY FOR THE  
10 ESTABLISHMENT OF JUST AND  
11 REASONABLE RATES AND CHARGES  
12 FOR UTILITY SERVICE DESIGNED TO  
13 REALIZE A REASONABLE RATE OF  
14 RETURN ON THE FAIR VALUE OF ITS  
15 PROPERTY THROUGHOUT THE STATE  
16 OF ARIZONA.

DOCKET NO. SW-20445A-09-0077

Arizona Corporation Commission

**DOCKETED**

AUG 4 2010

DOCKETED BY	
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14 IN THE MATTER OF THE APPLICATION  
15 OF VALENCIA WATER COMPANY –  
16 GREATER BUCKEYE DIVISION FOR  
17 THE ESTABLISHMENT OF JUST AND  
18 REASONABLE RATES AND CHARGES  
19 FOR UTILITY SERVICE DESIGNED TO  
20 REALIZE A REASONABLE RATE OF  
21 RETURN ON THE FAIR VALUE OF ITS  
22 PROPERTY THROUGHOUT THE STATE  
23 OF ARIZONA.

DOCKET NO. W-02451A-09-0078

21 IN THE MATTER OF THE APPLICATION  
22 OF WILLOW VALLEY WATER  
23 COMPANY FOR THE ESTABLISHMENT  
24 OF JUST AND REASONABLE RATES  
25 AND CHARGES FOR UTILITY SERVICE  
26 DESIGNED TO REALIZE A  
27 REASONABLE RATE OF RETURN ON  
28 THE FAIR VALUE OF ITS PROPERTY  
THROUGHOUT THE STATE OF  
ARIZONA.

DOCKET NO. W-01732A-09-0079

1 IN THE MATTER OF THE APPLICATION  
2 OF GLOBAL WATER – SANTA CRUZ  
3 WATER COMPANY FOR THE  
4 ESTABLISHMENT OF JUST AND  
5 REASONABLE RATES AND CHARGES  
6 FOR UTILITY SERVICE DESIGNED TO  
7 REALIZE A REASONABLE RATE OF  
8 RETURN ON THE FAIR VALUE OF ITS  
9 PROPERTY THROUGHOUT THE STATE  
10 OF ARIZONA.

DOCKET NO. W-20446A-09-0080

7 IN THE MATTER OF THE APPLICATION  
8 OF WATER UTILITY OF GREATER  
9 TONOPAH FOR THE ESTABLISHMENT  
10 OF JUST AND REASONABLE RATES  
11 AND CHARGES FOR UTILITY SERVICE  
12 DESIGNED TO REALIZE A  
13 REASONABLE RATE OF RETURN ON  
14 THE FAIR VALUE OF ITS PROPERTY  
15 THROUGHOUT THE STATE OF  
16 ARIZONA.

DOCKET NO. W-02450A-09-0081

14 IN THE MATTER OF THE APPLICATION  
15 OF VALENCIA WATER COMPANY –  
16 TOWN DIVISION FOR THE  
17 ESTABLISHMENT OF JUST AND  
18 REASONABLE RATES AND CHARGES  
19 FOR UTILITY SERVICE DESIGNED TO  
20 REALIZE A REASONABLE RATE OF  
21 RETURN ON THE FAIR VALUE OF ITS  
22 PROPERTY THROUGHOUT THE STATE  
23 OF ARIZONA.

DOCKET NO. W-01212A-09-0082

**STAFF'S NOTICE OF FILING CLARIFYING  
COMMENT TO RECOMMENDED  
OPINION AND ORDER**

20 Based on Staff's review of Judge Jibilian's Recommended Opinion and Order ("ROO")  
21 docketed July 13, 2010, Staff does not take exception to any portion of the ROO. However, Staff has  
22 identified various issues that it believes it would be helpful to clarify.

23 With respect to the implementation of a volumetric rebate, the ROO provides that the Global  
24 Utilities will file on a quarterly basis volumetric threshold rebate reports as a compliance item within  
25 this docket. ROO at 62:21-23, 84:8-16. Staff agrees with the requirement that the Global Utilities  
26 file volumetric threshold rebate reports. However, in light of Staff's concern regarding the potential  
27 for the Global Utilities to significantly over-earn in the event that ratepayers' water usage does not  
28 change sufficiently to qualify for the rebates that are already included for purposes of determining a

1 revenue requirement, Staff would recommend that the Global Utilities also be required to file  
2 information sufficient to perform an earnings test similar to what is done in Arsenic Cost Recovery  
3 Mechanism applications. Staff would recommend that such earnings test filings be made every six  
4 months until further order of the Commission. Attachment B is a Staff prepared sample of what  
5 information would be included in an earnings test filing.

6 Staff has identified additional issues that were inadvertently included within the ROO. The  
7 first page of attached Exhibit "E" to the ROO sets out tariff rates for the Palo Verde Utilities  
8 Company ("PVUC"). Staff notes that PVUC is a sewer company and as such would not have meters  
9 to read. Therefore the line items for "meter move at customer request", "meter re-read (if correct)",  
10 and "meter test fee (if correct)" should be deleted so as to avoid customer confusion. Additionally,  
11 the rules referred to in the footnotes should be A.A.C. R14-2-603(D) in footnote (a) and A.A.C. R14-  
12 2-603(B) for footnote (c). Footnote (b) should be removed and the footnotes renumbered  
13 accordingly.

14 With respect to all of the tariff sheets within Exhibit "E", Staff would recommend a change to  
15 the language for the footnote "\*" language which currently reads "Not to be charged in addition to an  
16 establishment or reconnection after hours." In order to more closely conform the language of the  
17 after hours service charge on the Global Utilities current tariffs, Staff would recommend rewording  
18 the footnote "\*" to state "For Service Calls for work performed on the customer's property; not to be  
19 charged in addition to an establishment or a reconnection after hours charge."

20 For the convenience and consideration of the Commission and the Hearing Division, attached  
21 to this notice of filing as Attachment A are the changes recommended by Staff provided in a format  
22 for an amendment.

23 RESPECTFULLY SUBMITTED this 4<sup>th</sup> day of August, 2010.

24  
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26 \_\_\_\_\_  
27 Wesley C. Van Cleve, Staff Counsel  
28 Charles H. Hains, Staff Counsel  
Ayesha Vohra, Staff Counsel  
Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

1 **Original and thirteen (13) copies**  
2 **of the foregoing were filed this**  
3 **4<sup>th</sup> day of August, 2010 with:**

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

8 **Copy of the foregoing mailed this**  
9 **4<sup>th</sup> day of August, 2010 to:**

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11 Timothy J. Sabo, Esq.  
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34 *Roseann Osorio*

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# ATTACHMENT A

Page 63, Line 3

INSERT: "In addition, because of the risk that the Utilities may over earn, each water Utility shall make an earnings test report every six months as a compliance item in this docket. The biannual filings shall be made each March and September commencing in March, 2011. At a minimum, the earnings test report shall indicate the total revenues, total expenses and net income broken out in the format provided in the sample earnings test sheet attached as Exhibit "F"."

#### FINDINGS OF FACT

Page 79, Line 21

INSERT: "In addition, because of the risk that the Utilities may over earn, each water Utility shall make an earnings test report every six months as a compliance item in this docket. The biannual filings shall be made each March and September commencing in March, 2011. At a minimum, the earnings test report shall indicate the total revenues, total expenses and net income broken out in the format provided in the sample earnings test sheet attached as Exhibit "F"."

#### ORDER

Page 84, Line 17

INSERT: "IT IS FURTHER ORDERED that Global Water – Palo Verde Utilities Company, Valencia Water Company – Greater Buckeye Division, Willow Valley Water Company, Inc., Global Water – Santa Cruz Water Company, Water Utility of Greater Tonopah, Inc., and Valencia Water Company – Town Division make earnings test reports every six months as a compliance item in this docket. The biannual filings shall be made each March and September commencing in March, 2011. At a minimum, the earnings test report shall indicate the total revenues, total expenses and net income broken out in the format provided in the sample earnings test sheet attached as Exhibit "F"."

EXHIBIT "E"

GLOBAL WATER – PALO VERDE UTILITIES COMPANY

- DELETE: "Meter Move at Customer Request (b)"
- DELETE: "Meter Re-Read (If Correct) 30.00"
- DELETE: "Meter Test Fee (If Correct) 30.00"
- DELETE: "R14-2-403(D)" after "Monthly Minimum per A.A.C."
- INSERT: "R14-2-603(D)" after "Monthly Minimum per A.A.C."
- DELETE: "(b) Cost to include parts, labor, overhead and all applicable taxes per A.A.C. R14-2-405(B)(5)"
- DELETE: "R14-2-403(B)" after "(c) Per A.A.C."
- INSERT: "R14-2-603(B)" after "(c) Per A.A.C."
- DELETE: "Not to be charged in addition to an establishment or a reconnection after hours." after "\*\*"
- INSERT: "For Service Calls for work performed on the customer's property; not to be charged in addition to an establishment or a reconnection after hours charge." after "\*\*"

VALENCIA WATER COMPANY – GREATER BUCKEYE DIVISION

- DELETE: "Not to be charged in addition to an establishment or a reconnection after hours." after "\*\*"
- INSERT: "For Service Calls for work performed on the customer's property; not to be charged in addition to an establishment or a reconnection after hours charge." after "\*\*"

VALENCIA WATER COMPANY – TOWN DIVISION

- DELETE: "Not to be charged in addition to an establishment or a reconnection after hours." after "\*\*"
- INSERT: "For Service Calls for work performed on the customer's property; not to be charged in addition to an establishment or a reconnection after hours charge." after "\*\*"

GLOBAL WATER – SANTA CRUZ WATER COMPANY

DELETE: "Not to be charged in addition to an establishment or a reconnection after hours." after "\*"

INSERT: "For Service Calls for work performed on the customer's property; not to be charged in addition to an establishment or a reconnection after hours charge." after "\*"

#### WATER UTILITY OF GREATER TONOPAH, INC.

DELETE: "Not to be charged in addition to an establishment or a reconnection after hours." after "\*"

INSERT: "For Service Calls for work performed on the customer's property; not to be charged in addition to an establishment or a reconnection after hours charge." after "\*"

#### WILLOW VALLEY WATER COMPANY, INC.

DELETE: "Not to be charged in addition to an establishment or a reconnection after hours." after "\*"

INSERT: "For Service Calls for work performed on the customer's property; not to be charged in addition to an establishment or a reconnection after hours charge." after "\*"

# ATTACHMENT B

**EXHIBIT "F"**

## Income Statement Earnings Test

**Company Name**

Docket No. XXXXXXXX

For 6-month period ending XXXXXX

## Earnings Test Calculation

EXAMPLE ONLY

<u>Line</u>	<u>Description</u>	<u>Month</u>	<u>Year Ending</u>
1	Operating Revenues		
2	Metered Revenues	\$	115,000
3	Unmetered Revenues		50
4	Other Revenues		50
5	Total Operating Revenues	\$	115,100
6			
7	Operating Expenses		
8	Total Maintenance & Operations Expense		92,000
9	Depreciation & Amortization		5,220
10	General Taxes (Sales, Property, etc.)		1,000
11	Income Taxes		500
12	Total Operating Expenses		98,720
13			
14	Utility Operating Income		16,380
15	Other Income / (Expenses)		100
16	Income Before Interest Charges		16,480
17	Interest Charges		1,000
18			
19	Net Income	\$	15,480
20			
21	Authorized Rate of Return / Operating Margin per Decision XXXXX		21.63%
22			
23	Actual Rate of Return / Operating Margin		14.23%
24			
25	Over/ Under Authorized Rate of Return / Operating Margin		-7.40%