

ORIGINAL

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BEFORE THE ARIZONA CORPORATION COMM
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COMMISSIONER

2010 OCT 18 P 4: 28

AZ CORP COMMISSION
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Arizona Corporation Commission

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OCT 18 2010

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7 IN THE MATTER OF THE APPLICATION OF
8 LITCHFIELD PARK SERVICE COMPANY, AN
9 ARIZONA CORPORATION, FOR A
10 DETERMINATION OF THE FAIR VALUE OF ITS
11 UTILITY PLANTS AND PROPERTY AND FOR
INCREASES IN ITS WASTEWATER RATES
AND CHARGES FOR UTILITY SERVICE BASED
THEREON.

Docket No. SW-01428A-09-0103

12 IN THE MATTER OF THE APPLICATION OF
13 LITCHFIELD PARK SERVICE COMPANY, AN
14 ARIZONA CORPORATION, FOR A
15 DETERMINATION OF THE FAIR VALUE OF ITS
UTILITY PLANTS AND PROPERTY AND FOR
INCREASES IN ITS WATER RATES AND
CHARGES FOR UTILITY SERVICE BASED
THEREON.

Docket No. W-01427A-09-0104

16 IN THE MATTER OF THE APPLICATION OF
17 LITCHFIELD PARK SERVICE COMPANY, AN
18 ARIZONA CORPORATION, FOR AUTHORITY
(1) TO ISSUE EVIDENCE OF INDEBTEDNESS
IN AN AMOUNT NOT TO EXCEED \$1,755,000 IN
CONNECTION WITH (A) THE CONSTRUCTION
OF TWO RECHARGE WELL
19 INFRASTRUCTURE IMPROVEMENTS AND (2)
20 TO ENCUMBER ITS REAL PROPERTY AND
PLANT AS SECURITY FOR SUCH
INDEBTEDNESS.

Docket No. W-01427A-09-0116

21 IN THE MATTER OF THE APPLICATION OF
22 LITCHFIELD PARK SERVICE COMPANY, AN
23 ARIZONA CORPORATION, FOR AUTHORITY
(1) TO ISSUE EVIDENCE OF INDEBTEDNESS
IN AN AMOUNT NOT TO EXCEED \$1,170,000 IN
CONNECTION WITH (A) THE CONSTRUCTION
24 OF ONE 200 KW ROOF MOUNTED SOLAR

Docket No. W-01427A-09-0120

1 GENERATOR INFRASTRUCTURE
2 IMPROVEMENTS AND (2) TO ENCUMBER ITS
3 REAL PROPERTY AND PLANT AS SECURITY
4 FOR SUCH INDEBTEDNESS.

4 **RESIDENTIAL UTILITY CONSUMER OFFICE'S**
5 **NOTICE OF ERRATA AND CLARIFICATION OF ITS EXCEPTIONS**

6 The Residential Utility Consumer Office ("RUCO") files the following Notice of Errata
7 and Clarification of its Exceptions. Since filing its Exceptions, RUCO has heard from the
8 Company who has made it clear that the Company disagrees with RUCO's interpretation of the
9 evidence.¹ RUCO feels compelled to file this clarification so that the point of RUCO's
10 Exceptions are not lost on what is likely to become a debate on the evidence.

11 RUCO based its initial \$3.5 million adjustment on the original statements of Company's
12 witnesses, Sorenson and McBride. These statements, which are set forth accurately in the
13 ROO, led RUCO to the conclusion that the plant had design or construction errors. ROO at 31,
14 lines 1-12. RUCO recognizes that the Company's witnesses subsequently testified that they
15 did not intend to convey the impression that the original plant was designed or constructed in
16 error. RUCO accepts that the Commission may conclude, as the ROO did, that the witnesses'
17 subsequent statements are credible. RUCO also acknowledges that the witnesses' assertions
18 are supported by the finding that the plant met all licensing and permitting requirements.
19 However, the witnesses' subsequent statements do not, in RUCO's opinion, erase their
20 original statements or provide a reasonable explanation for the excessive repairs. T: 828, and
21 R-23 at 15.

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¹ For that reason, RUCO withdraws its "excess capacity" argument found on page 6 of its Exceptions.

1 RUCO believes that the evidence would support the ROO's conclusion. RUCO also
2 believes that the evidence would support RUCO's recommendation and the basis for it. The
3 point of RUCO's Exceptions is to make it clear that RUCO feels that shareholders and
4 ratepayers should share equally in the \$7 million in upgrades to the Palm Valley Water
5 Reclamation Facility. Whatever the reason for the upgrades, requiring the ratepayers to pay
6 the full \$7 million for upgrades on plant that cost \$18 million to construct is simply not fair.
7 The cost of the upgrades in total is excessive and ratepayers, through no fault of their own,
8 should not have to pay the full \$7 million for upgrades to plant that cost \$18 million to
9 construct.

10 On page 4, line 9 of its Exceptions, RUCO mistakenly cites to the transcript at page
11 1335. The citation is incorrect and footnotes 2 and 3 were omitted in error. The corrected
12 paragraph is below:

13 *The ROO finds that changes in volume and flow necessitated the \$7*
14 *million upgrades. The conclusion is simply not borne out by the record. There*
15 *were no unanticipated changes in population or growth necessitating operational*
16 *challenges to plant operation. Although the Company encountered rapid growth,*
17 *it was anticipated growth. In fact, in the 2001 Phase I Design Report, the*
18 *Company assumed: "Unit Flow of 100 gpcpd and a 50 percent population*
19 *increase every five years."¹ Although the original design anticipated rapid growth,*
20 *the Company's 2007 population served was 1,553 less than its projections for*
21 *2005.² The Company's 2007 maximum daily influent rate was 3.8 mgd or 2.05*
22 *mgd lower than the 5.85 mgd peak flows projected for 2005.³ Given that the*
23 *Company had not reached its population projections or flows for 2005 by 2007,*
24 *it's difficult to ascertain how less than expected population growth and flow*
necessitated the \$7 million dollar upgrades.

¹ See Exhibit A-34, 2001 Phase 1 Design Report, Population Expected for 2000-2010 at 15.

² Id. at 15. Company anticipated Growth of 31,553 by 2005 and 100 percent increase to 42,162 by 2010. See also Exhibit R-3 at 179, the Company reported 2007 "total population served" as 30,000. (31,553-30,000=1,553).

³ Id. at 15. and R-3 at 180, reported maximum daily flows of 3.8 mgd.(5.85-3.80 = 2.05 mgd).

1 RESPECTFULLY SUBMITTED this 18th day of October, 2010.

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4 Michelle L. Wood
Counsel

5 AN ORIGINAL AND THIRTEEN COPIES
6 of the foregoing filed this 18th day
7 of October, 2010 with:

8 Docket Control
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10
11 COPIES of the foregoing hand delivered/
12 mailed this 18th day of October, 2010 to:

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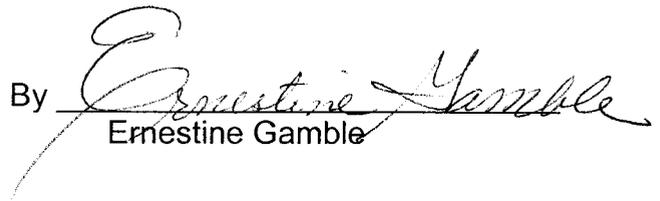
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