

THIS AMENDMENT:	
_____ Passed _____	Passed as amended by _____
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2010 OCT 19 P 12:42

MAYES PROPOSED AMENDMENT 3

AZ CORP COMMISSION
DOCKET CONTROL

TIME/DATE PREPARED: October 19, 2010

COMPANY: Litchfield Park Service Company

AGENDA ITEM NO. 15

DOCKET NO. SW-01428A-09-0103
W-01427A-09-0104, W-01427A-09-0116,
W-01427A-09-0120

OPEN MEETING DATE: 10-19-10

Page 60 DELETE Lines 18-28

Page 61 DELETE Lines 16-25

Page 62 DELETE Lines 1-5

Page 61, Line 16 INSERT:

“We find, after considering the totality of circumstances in this case, that a rate of return of 7.5 percent should be approved. We note that a 7.5 percent overall cost of capital is at approximately the middle of the range of values obtained in RUCO witness Rigsby’s rate of return analysis (5.25 to 9.95 percent). Our determination of LPSCO’s authorized rate of return in this case reflects our concern with the overall magnitude of the requested increase, which is due primarily to the Company’s unilateral decision to delay filing a rate application for approximately eight years, a capital structure that consists of more than 82 percent higher cost equity; the overall state of the economy and the detrimental impact on customers due to the size of the revenue increase. Given these factors, we find that an overall rate of return of 7.5 percent will result in just and reasonable rates in accordance with our obligations under the Arizona Constitution and applicable laws and regulations.”

Make all conforming changes.

Arizona Corporation Commission
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OCT 19 2010
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