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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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GARY PIERCE, Chairman
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ARIZONA CORPORATION
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IN THE MATTER OF THE APPLICATION
OF ABRA WATER COMPANY, INC. FOR
APPROVAL OF A RATE INCREASE

DOCKET NO. W-01782A-10-0224

STAFF'S NOTICE OF FILING
SURREBUTTAL TESTIMONY

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby files the Surrebuttal Testimony of Staff Witness Juan C. Manrique in the above-referenced matter.

RESPECTFULLY SUBMITTED this 19th day of January, 2011.

for
Bridget A. Humphrey
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

Original and thirteen (13) copies of the foregoing were filed this 19th day of January, 2011 with:

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

Copies of the foregoing were mailed this 19th day of January, 2011 to:

Kevin Larson, President
ABRA WATER COMPANY, INC.
P.O. Box 515
Paulden, AZ 86334

BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE
Chairman
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner
BRENDA BURNS
Commissioner

IN THE MATTER OF THE APPLICATION OF)
ABRA WATER COMPANY, INC. AN)
ARIZONA CORPORATION, FOR)
APPROVAL OF A RATE INCREASE)
_____)

DOCKET NO. W-01782A-10-0224

SURREBUTTAL
TESTIMONY
OF
JUAN C. MANRIQUE
PUBLIC UTILITIES ANALYST I
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

JANUARY 19, 2011

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SCHEDULES

Rate Design	JCM-16
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**EXECUTIVE SUMMARY
ABRA WATER COMPANY, INC.
DOCKET NO. W-01782A-10-0224**

The Surrebuttal Testimony of Staff witness Juan C. Manrique addresses the Company's Standpipe rates.

Staff's Surrebuttal corrects an oversight that resulted in the omission of a standpipe rate in its rate design schedule. Since Staff's analysis included the standpipe revenue and the omission affected only the rate design presentation, no other rates are impacted by correcting the omission.

Staff continues to recommend a revenue increase of \$82,897, or 35.80 percent, over test year revenue of \$231,584 to provide a 7.50 percent rate of return on an original cost rate base of \$466,276. Staff's recommended rate design would generate Staff's recommended revenue requirement of \$314,481 composed of \$291,842 from metered water sales and \$22,639 from other revenues. The typical residential water bill with median use of 5,109 gallons would increase by \$4.73, or 19.66 percent, from \$24.04 to \$28.76.

1 **I. INTRODUCTION**

2 **Q. Please state your name, occupation, and business address.**

3 A. My name is Juan C. Manrique. I am a Public Utilities Analyst employed by the Arizona
4 Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff").
5 My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

6
7 **Q. Are you the same Juan C. Manrique who previously filed Direct Testimony on the**
8 **rate base, operating income, cost of capital, revenue requirement and rate design in**
9 **this proceeding?**

10 A. Yes.

11

12 **II. PURPOSE OF TESTIMONY**

13 **Q. What is the purpose of your testimony in this case?**

14 A. The purpose of my Surrebuttal Testimony in this proceeding is to respond, on behalf of
15 Staff to the Rebuttal Testimony of Company witness Rod Yarbro.

16

17 **Q. How is your Surrebuttal Testimony organized?**

18 A. My testimony is presented in four sections. Section I is the Introduction. Section II is this
19 description/purpose of my testimony. Section III presents a summary of Staff's
20 recommendations. Section IV presents my responses to the Rebuttal Testimony provided
21 by Company witness Rod Yarbro.

22

23 **Q. Have you prepared any schedules to accompany your testimony?**

24 A. Yes. I prepared Surrebuttal Schedule JCM-16 to correct an omission in Schedule JCM-16
25 of Staff's Direct Testimony. All other schedules presented in Staff's Direct Testimony

1 continue to reflect Staff's recommendations at the time of filing this Surrebuttal
2 Testimony.

3
4 **III. SUMMARY OF STAFF RECOMMEDATIONS**

5 **Q. Please provide a summary of Staff Surrebuttal recommendations.**

6 A. Staff continues to recommend a revenue increase of \$82,897, or 35.80 percent, over test
7 year revenue of \$231,584 to provide a 7.50 percent rate of return on an original cost rate
8 base of \$466,276. Staff's recommended rate design would generate Staff's recommended
9 revenue requirement of \$314,481 composed of \$291,842 from metered water sales and
10 \$22,639 from other revenues. The typical residential water bill with median use of 5,109
11 gallons would increase by \$4.73, or 19.66 percent, from \$24.04 to \$28.76.

12
13 **IV. STAFF'S RESPONSE TO SURREBUTTAL TESTIMONY OF ROD YARBRO**

14 **Q. Did the Company accept the recommendations in Staff's Direct Testimony?**

15 A. The Company accepted Staff's recommendations.

16
17 **Q. Did the Company make any comments other than to accept Staff's**
18 **recommendations?**

19 A. Yes. The Company requested a clarification regarding its proposal to increase the
20 standpipe rate from \$3.00 to \$10.00 per thousand gallons. The Company correctly noted
21 that Staff did not address the standpipe rate in its Direct Testimony.

22
23 **Q. Did the analysis Staff conducted in preparation of its Direct Testimony include**
24 **consideration of a standpipe rate and the corresponding revenues?**

25 A. Yes. Staff's rate design analysis included a \$6.00 per thousand gallons standpipe rate
26 (equal to highest tier rate for other customer classes), and the corresponding revenue was

1 included in Staff's revenue requirement. However, Staff inadvertently omitted the
2 standpipe rate in preparation of Schedule JCM-16. Accordingly, Staff has prepared
3 Surrebuttal Schedule JCM-16 that includes Staff's recommended standpipe rate to correct
4 the omission. Since Staff's initial analysis properly included the standpipe revenue and
5 the omission affected only the rate design presentation, no other rates are impacted by
6 correcting to omission.

7

8 **Q. Does this conclude your Surrebuttal Testimony?**

9 **A. Yes, it does.**

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8" Meter - All Classes	\$ 11.55	\$ 17.50	\$ 14.00
3/4" Meter - All Classes	\$ 17.33	\$ 23.22	\$ 21.00
1" Meter - All Classes	\$ 28.88	\$ 38.70	\$ 35.00
1½" Meter - All Classes	\$ 57.75	\$ 77.39	\$ 70.00
2" Meter - All Classes	\$ 92.24	\$ 123.60	\$ 112.00
3" Meter - All Classes	\$ 173.25	\$ 232.16	\$ 224.00
4" Meter - All Classes	\$ 288.75	\$ 386.93	\$ 350.00
6" Meter - All Classes	\$ 577.50	\$ 773.85	\$ 700.00
Commodity Rates			
5/8" Meter			
From 1 to 3,000 Gallons	\$ 2.37	\$ 3.25	\$ 2.25
From 3,001 to 10,000 Gallons	\$ 2.55	\$ 3.50	\$ 3.80
Over 10,000 Gallons	\$ 2.78	\$ 3.75	\$ 6.00
3/4" Meter			
From 1 to 3,000 Gallons	\$ 2.37	\$ 3.25	\$ 2.25
From 3,001 to 10,000 Gallons	\$ 2.55	\$ 3.50	\$ 3.80
Over 10,000 Gallons	\$ 2.78	\$ 3.75	\$ 6.00
1" Meter			
From 1 to 3,000 Gallons	\$ 2.37	\$ 3.25	N/A
From 3,001 to 10,000 Gallons	\$ 2.55	\$ 3.50	N/A
Over 10,000 Gallons	\$ 2.78	\$ 3.75	N/A
From 1 to 15,000 Gallons	N/A	N/A	\$ 3.80
Over 15,000 Gallons			\$ 6.00
1½" Meter			
From 1 to 3,000 Gallons	\$ 2.37	\$ 3.25	N/A
From 3,001 to 10,000 Gallons	\$ 2.55	\$ 3.50	N/A
Over 10,000 Gallons	\$ 2.78	\$ 3.75	N/A
From 1 to 30,000 Gallons	N/A	N/A	\$ 3.80
Over 30,000 Gallons	N/A	N/A	\$ 6.00
2" Meter			
From 1 to 3,000 Gallons	\$ 2.37	\$ 3.25	N/A
From 3,001 to 10,000 Gallons	\$ 2.55	\$ 3.50	N/A
Over 10,000 Gallons	\$ 2.78	\$ 3.75	N/A
From 1 to 45,000 Gallons	N/A	N/A	\$ 3.80
Over 45,000 Gallons	N/A	N/A	\$ 6.00
3" Meter			
From 1 to 3,000 Gallons	\$ 2.37	\$ 3.25	N/A
From 3,001 to 10,000 Gallons	\$ 2.55	\$ 3.50	N/A
Over 10,000 Gallons	\$ 2.78	\$ 3.75	N/A
From 1 to 90,000 Gallons	N/A	N/A	\$ 3.80
Over 90,000 Gallons	N/A	N/A	\$ 6.00
4" Meter			
From 1 to 3,000 Gallons	\$ 2.37	\$ 3.25	N/A
From 3,001 to 10,000 Gallons	\$ 2.55	\$ 3.50	N/A
Over 10,000 Gallons	\$ 2.78	\$ 3.75	N/A
From 1 to 145,000 Gallons	N/A	N/A	\$ 3.80
Over 145,000 Gallons	N/A	N/A	\$ 6.00
6" Meter			
From 1 to 3,000 Gallons	\$ 2.37	\$ 3.25	N/A
From 3,001 to 10,000 Gallons	\$ 2.55	\$ 3.50	N/A
Over 10,000 Gallons	\$ 2.78	\$ 3.75	N/A
From 1 to 300,000 Gallons	N/A	N/A	\$ 3.80
Over 300,000 Gallons	N/A	N/A	\$ 6.00
Standpipe			
Per 1,000 Gallons	\$ 3.00	\$ 10.00	\$ 6.00

Service Line and Meter Installation Charges	Present	Co. Proposed			Staff Recommended		
	Total	Line	Meter	Total	Line	Meter	Total
5/8" Meter	\$ 425	\$ 475	\$ -	\$ 475	\$ 380	\$ 95	\$ 475
3/4" Meter	450	500	\$ -	500	335	165	500
1" Meter	500	550	\$ -	550	350	200	550
1½" Meter	700	900	\$ -	900	470	430	900
2" Meter	1,125	1,325	\$ -	1,325	590	735	1,325
3" Meter	1,505	1,705	\$ -	1,705	660	1,045	1,705
4" Meter	2,340	2,540	\$ -	2,540	910	1,630	2,540
6" Meter	4,445	4,645	\$ -	4,645	1,410	3,235	4,645
Service Charges							
Establishment	\$ 20.00			\$ 30.00			\$ 30.00
Establishment (After Hours)	30.00			40.00			\$ 40.00
Reconnection (delinquent)	30.00			50.00			\$ 50.00
Reconnection (delinquent) after hours	30.00			50.00			\$ 50.00
Meter Test	30.00			50.00			\$ 50.00
Deposit Requirement (Residential)	(a)			(a)			(a)
Deposit Requirement (None Residential Meter)	(a)			(a)			(a)
Deposit Interest	Per Rules *			Per Rules *			6.00%
Re-Establishment (With-in 12 Months)	None			Per Rules **			(b)
Re-Establishment (After Hours)	None			Per Rules **			(b)
NSF Check	15.00			25.00			25.00
Deferred Payment, Per Month	1.5%			1.50%			1.5%
Meter Re-Read	10.00			20.00			20.00
Late Charge per month	1.50%			5.00 + 1.5%			1.5%
Fire Sprinkler	N/A			N/A			(c)

* Per Commission Rule R14-2-403(B)(3)

** Per Commission Rule R14-2-403(D)(1)

(a) Residential - two times the average bill. Non-residential - two and one-half times the average bill. R14-2-403(B)(7)

(b) Minimum charge times number of months disconnected.

(c) 2 percent of the monthly minimum for a comparable size meter connection but not less than \$10.00 per month.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per Commission Rule 14-2-409(D)(5).

All advances and/or contributions are to include labor, materials, overheads and all applicable taxes,

Cost to include labor, materials and parts, overheads and all applicable taxes.