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ADMITTED TO PRACTICE IN:  
ARIZONA, COLORADO, MONTANA,  
NEVADA, TEXAS, WYOMING,  
DISTRICT OF COLOMBIA

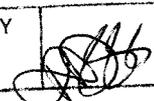
March 2, 2011

Arizona Corporation Commission

DOCKETED

MAR 3 2011

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

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RECEIVED  
2011 MAR -3 A 10 52  
ARIZONA CORPORATION  
COMMISSION  
DOCKET CONTROL

Re: Pineview Water Company, Inc.  
Docket No. W-01676A-10-0400

To Whom It May Concern:

Enclosed for filing in the above-referenced proceeding on behalf of Pineview Water Company, Inc. are the original and thirteen (13) copies of Supplemental Information Regarding Effect of City of Show Low Acquisition on Pineview Water Company Customer Monthly Bills ("Supplemental Information").

Also enclosed are two (2) additional copies of the Supplemental Information. I would appreciate it if you would "filed" stamp the same and return them to me in the enclosed stamped and addressed envelope.

Thank you in advance for your assistance. Please advise me if you have any questions.

Sincerely,

Angela R. Trujillo  
Assistant to  
Lawrence V. Robertson, Jr.

BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

2011 MAR -3 A 10: 52

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

AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION ) DOCKET NO. W-01676A-10-0400  
OF PINEVIEW WATER COMPANY, INC. )  
FOR AN OPINION AND ORDER (i) ) SUPPLEMENTAL INFORMATION  
AUTHORIZING SALE AND TRANSFER OF ) REGARDING EFFECT OF CITY OF  
WATER SYSTEM ASSETS, AND (ii) ) SHOW LOW ACQUISITION ON  
CANCELLING CERTIFICATE OF ) PINEVIEW WATER COMPANY  
CONVENIENCE AND NECESSITY. ) CUSTOMER MONTHLY BILLS

In Footnote 2 (on page 3) of Pineview Water Company, Inc.'s ("Pineview") October 4, 2010 Application in the above-captioned and above-docketed proceeding, reference is made to an Appraisal and Economic Analysis ("Analysis") of Pineview's water system which was being conducted for the City of Show Low ("Show Low") pursuant to Section 9 of the Asset Purchase and Sale Agreement between the aforesaid parties. In that regard, it was anticipated that as a result of such Analysis Show Low would be in a position to determine whether or not any change(s) in Show Low's current rates and charges for water service would be necessary or appropriate following Show Low's acquisition of the Pineview water system. In addition, Pineview indicated in Footnote 2 that a written description of Show Low's determination and reasoning in that regard would be filed with the Commission's Docket Control as a Supplement to the aforesaid Application.<sup>1</sup>

Show Low has advised Pineview that the results of the aforesaid Analysis indicate that acquisition of the Pineview water system by Show Low would not *per se* result in an increase in rates and charges for water service to Pineview's existing customers. However, there would be

<sup>1</sup> The aforesaid Analysis and Supplemental filing were also referred to in the first paragraph on page 4 of the Commission Staff's February 15, 2011 Staff Report under the section heading description of "Rates and Customer Service."

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1 an initial increase in monthly bills for some of Pineview's customers due to differences in basic  
2 rate design and rate structure between Pineview's and Show Low's current rates.

3 More specifically, Show Low's current rate design and rate structure allows for 7,000  
4 gallons of consumption in the monthly minimum, whereas Pineview's current rate design and  
5 rate structure allows for 0 gallons of consumption in the monthly minimum. As a consequence,  
6 Show Low's monthly minimum charge is higher than Pineview's for the initial levels of  
7 consumption. The effect of this difference in rate design and rate structure as it would affect  
8 Pineview's 5/8" meter customers located *within* the municipal boundaries of Show Low can be  
9 observed from the graph and table attached hereto as Appendices "A" and "B," respectively,  
10 which are incorporated herein by this reference. As may be noted therefrom, the monthly bill  
11 amount "cross-over" point at which the aforesaid difference in the monthly minimum disappears  
12 for this class of customer occurs as consumption reaches the level of 3,000 gallons per month.  
13 Thereafter, Pineview's customers located *within* the municipal boundaries of Show Low would  
14 pay an increasingly lower amount per month for each additional 1,000 gallons of consumption  
15 under Show Low's current rate structure than they would under Pineview's existing rate  
16 structure.

17 Pineview's customers located *outside* of Show Low's municipal boundaries would pay a  
18 higher amount in their monthly bills up to the consumption level of 5,000 gallons per month.  
19 This added amount is due to a "premium" charge made by Show Low for any customers located  
20 *outside* of its municipal boundaries. In that regard, attached hereto as Appendix "C" and  
21 incorporated herein by reference is a chart indicating that (i) such a "premium" is not unusual for  
22 municipal water systems located within the state of Arizona; and, (ii) Show Low's "premium" is  
23 below that of fourteen (14) of the municipalities listed on the chart and equal to or slightly above  
24 three (3) of the other indicated municipalities.

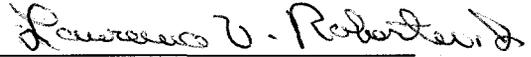
25 As a final note, the aforesaid Analysis concluded that future rate increases on both  
26 Pineview's and Show Low's respective water systems would be lower than otherwise might be  
27 the case by reason of the increased economies of scale and integrated resource opportunities  
28 resulting from the proposed acquisition and operation of Pineview's system by Show Low. In

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1 that regard, Show Low's Finance Director will be available as a witness to answer questions on  
2 the foregoing information and the Analysis during the forthcoming March 15, 2011 evidentiary  
3 hearing on Pineview's Application.

4  
5 Dated this 2<sup>nd</sup> day of March 2011.

6 Respectfully submitted,

7 

8 Lawrence V. Robertson, Jr.  
9 Attorney for Pineview Water Company, Inc.

10 Original and thirteen (13) copies of the  
11 foregoing Supplemental Filing will be mailed  
12 for filing this 2<sup>nd</sup> day of March 2011 to:

12 Docket Control  
13 Arizona Corporation Commission  
14 1200 West Washington  
15 Phoenix, Arizona 85007

16 Dwight Nodes  
17 Assistant Chief Administrative Law Judge  
18 Hearing Division  
19 Arizona Corporation Commission  
20 1200 West Washington Street  
21 Phoenix, Arizona 85007

22 Steve Olea, Director  
23 Utilities Division  
24 Arizona Corporation Commission  
25 1200 West Washington Street  
26 Phoenix, Arizona 85007

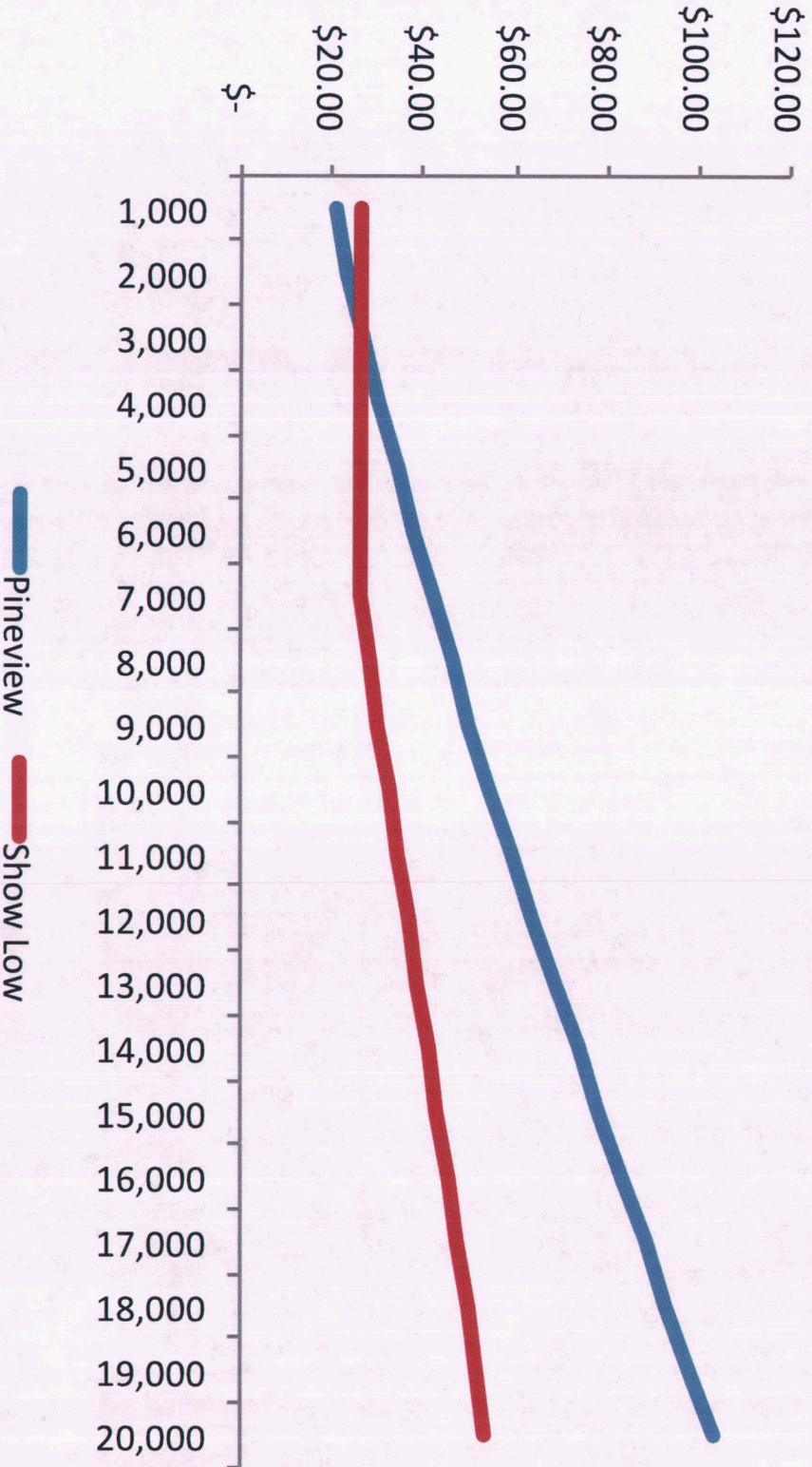
27 Janice M. Alward, Chief Legal Counsel  
28 Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007



# **Appendix “A”**

**Pineview Water Company, Inc.  
Docket No. W-01676A-10-0400  
Supplemental Information**

# Monthly Charge Comparison 5/8" Meters



# **Appendix “B”**

**Pineview Water Company, Inc.  
Docket No. W-01676A-10-0400  
Supplemental Information**

## Pineview vs. Show Low Consolidated Rate Comparison

| Gallons            | Pineview | Show Low (Current) |           |
|--------------------|----------|--------------------|-----------|
|                    | Current  | Inside             | Outside * |
| <b>5/8" Meters</b> |          |                    |           |
| 1,000              | \$20.75  | \$26.17            | \$32.71   |
| 2,000              | 23.50    | 26.17              | 32.71     |
| 3,000              | 26.25    | 26.17              | 32.71     |
| 4,000              | 30.25    | 26.17              | 32.71     |
| 5,000              | 34.25    | 26.17              | 32.71     |
| 6,000              | 38.25    | 26.17              | 32.71     |
| 7,000              | 42.25    | 26.17              | 32.71     |
| 8,000              | 46.25    | 28.30              | 35.38     |
| 9,000              | 50.25    | 30.43              | 38.04     |
| 10,000             | 54.25    | 32.56              | 40.70     |
| 11,000             | 59.15    | 34.69              | 43.36     |
| 12,000             | 64.05    | 36.82              | 46.03     |
| 13,000             | 68.95    | 38.95              | 48.69     |
| 14,000             | 73.85    | 41.08              | 51.35     |
| 15,000             | 78.75    | 43.21              | 54.01     |
| 16,000             | 83.65    | 45.34              | 56.68     |
| 17,000             | 88.55    | 47.47              | 59.34     |
| 18,000             | 93.45    | 49.60              | 62.00     |
| 19,000             | 98.35    | 51.73              | 64.66     |
| 20,000             | 103.25   | 53.86              | 67.33     |

\*Outside city limits assumes a 25% premium



# **Appendix “C”**

**Pineview Water Company, Inc.  
Docket No. W-01676A-10-0400  
Supplemental Information**

# State of Arizona Average Outside City Limit Rate Premiums

