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BEFORE THE ARIZONA CORPORATION COMMISSION

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7
8 IN THE MATTER OF THE APPLICATION OF
9 GOODMAN WATER COMPANY, AN
10 ARIZONA CORPORATION, FOR (i) A
11 DETERMINATION OF THE FAIR VALUE OF
12 ITS UTILITY PLANT AND PROPERTY AND
13 (ii) AN INCREASE IN ITS WATER RATES
14 AND CHARGES FOR UTILITY SERVICE
15 BASED THEREON.

Docket No. W-02500A-10-0382

Arizona Corporation Commission
DOCKETED

MAR 30 2011

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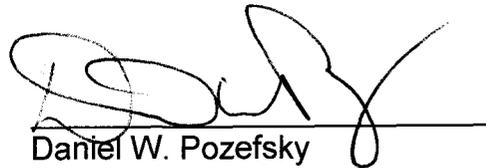
NOTICE OF ERRATA

16 The Residential Utility Consumer Office ("RUCO") hereby files this Notice of Errata in
17 the above-referenced matter. Attached are corrected pages to the Direct Testimony of
18 Timothy J. Coley, which was filed March 21, 2011.

19 Please delete from line 6 on page 15, beginning with the paragraph "Another way to
20 analyze...." to line 3 on page 16, and insert the attached pages.

21 Also attached is a corrected **TJC RD-2** Standpipe Rate Design Schedule, which was
22 incorrectly marked TJC RD-1, and a corrected Table of Contents page, which corrects
23 "RUCO" on line 18.

1 RESPECTFULLY SUBMITTED this 30th day of March, 2011.

2
3
4 

Daniel W. Pozefsky
Chief Counsel

5
6 AN ORIGINAL AND THIRTEEN COPIES
7 of the foregoing filed this 30th day
8 of March, 2011 with:

9 Docket Control
10 Arizona Corporation Commission
11 1200 West Washington
12 Phoenix, Arizona 85007

13 COPIES of the foregoing hand delivered/
14 mailed this 30th day of March, 2011 to:

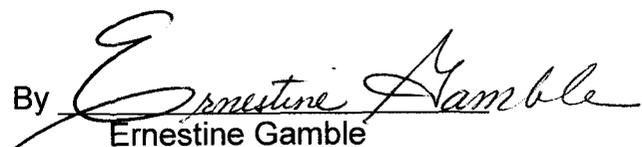
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By 
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Arizona Corporation Commission

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P. O. box 1448
Tubac, Arizona 85646

1 Another way to analyze the excess capacity issue is to focus solely on the
2 Company's \$3.1 million in new plant additions and compare those to
3 GWC's customer growth rate since the last Commission Decision No.
4 69404. The \$3.1 million of plant additions since the last rate case
5 represent an approximate 130 percent increase ($\$3.1 \text{ million} / \2.4 million
6 $= 130\%$) over the \$2.4 million of plant that was approved in the previous
7 decision. On the other hand, customer growth has grown only 49 percent,
8 inclusive of RUCO's 10 percent reserve margin, over the same time period
9 as shown below:

10	GWC Customer Count at Test Year End 2009	623
11	GWC Customer Count on September 30, 2005	459
12	Increase in Number of Customers	164
13	Plus RUCO's 10% Reserve Margin (623 x 1.10)	685
14	Customer Growth Rate w/RUCO's Reserve Margin:	
15	$(685 - 459) / 459 =$	49%

16
17 The ratio of GWC's customer growth rate to plant additions over that
18 time period is 0.49:1.30 or roughly 38 percent ($0.49 / 1.30 = 37.69\%$).
19 Given these facts, RUCO believes that the remaining 62 percent of the
20 new plant additions should be considered excess capacity and
21 recorded as plant held for future use ("PHFFU") and receive no rate
22 base treatment at this time.

23
24 ...

1 Q. If the Company had maintained its 2006 to 2007 growth rate, would GWC
2 have reached build-out by the end of 2010?

3 A. If GWC had maintained its 2006 to 2007 growth rate of approximately 20
4 percent annually through year 2010, the Company would be serving
5 nearly 1,200 customers today, which could be considered as build-out.
6 However, that did not happen.

7
8 As the data clearly indicates, the Company's plant additions exceeded
9 customer growth by over two and half times ($1.30 / .49 = 2.65$) from
10 October 1, 2005 through Test Year end 2009, including RUCO's 10
11 percent reserve margin. Thus, there is a level of excess capacity that was
12 intended for future customer growth, which never materialized. The
13 current ratepayers should not be burdened with rates, which include
14 excess capacity that resulted from the Company's over-anticipation toward
15 an earlier build-out and decision to construct the plant accordingly.

Standpipe Rate Design Schedule

TJC RD-2

GOODMAN WATER COMPANY - CONSTRUCTION / STANDPIPE RATE DESIGN
 TEST YEAR ENDED DECEMBER 31, 2009
 RECOMMENDED RATES

DOCKET NO. W-02500A-10-0382
 SCHEDULE TJC RD-2

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:			
2				
3	(RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS)			
4	5/8- INCH	\$0.00	\$0.00	\$0.00
5	3/4 - INCH	0.00	0.00	0.00
6	1 - INCH	0.00	0.00	0.00
7	1 1/2 - INCH	0.00	0.00	0.00
8	2 - INCH	0.00	0.00	0.00
9	3 - INCH	0.00	0.00	0.00
10	4 - INCH	0.00	0.00	0.00
11	6 - INCH	0.00	0.00	0.00
12	8 - INCH	0.00	0.00	0.00
13	10 - INCH	0.00	0.00	0.00
14				
15	GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:			
16				
17	RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS	0	0	0
18				
19	<u>RECOMMENDED COMMODITY RATES BY METER SIZE</u>			
20				
21	<u>5/8- INCH</u>			
22	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 999,999,999,999,000 GALLONS:	\$ 7.11	\$ 13.13	\$ 8.10
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 999,999,999,999,999,000 TO 0 GALLONS:	\$ -	\$ -	\$ -
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	\$ -	\$ -	\$ -
25				
26	<u>3/4 - INCH</u>			
27	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	\$ -	\$ -	\$ 8.10
28	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	\$ -	\$ -	\$ -
29	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	\$ -	\$ -	\$ -
30				
31	<u>1 - INCH</u>			
32	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	\$ -	\$ -	\$ 8.10
33	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	\$ -	\$ -	\$ -
34	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	\$ -	\$ -	\$ -
35				
36	<u>1 1/2 - INCH</u>			
37	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	\$ -	\$ -	\$ 8.10
38	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	\$ -	\$ -	\$ -
39	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	\$ -	\$ -	\$ -
40				
41	<u>2 - INCH</u>			
42	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	\$ -	\$ -	\$ 8.10
43	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	\$ -	\$ -	\$ -
44	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	\$ -	\$ -	\$ -
45				
46	<u>3 - INCH</u>			
47	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	\$ -	\$ -	\$ 8.10
48	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	\$ -	\$ -	\$ -
49	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	\$ -	\$ -	\$ -
50				
51	<u>4 - INCH</u>			
52	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	\$ -	\$ -	\$ 8.10
53	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	\$ -	\$ -	\$ -
54	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	\$ -	\$ -	\$ -
55				
56	<u>6 - INCH</u>			
57	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	\$ -	\$ -	\$ 8.10
58	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 1 TO 0 GALLONS:	\$ -	\$ -	\$ -
59	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	\$ -	\$ -	\$ -
60				
61	<u>8 - INCH</u>			
62	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	\$ -	\$ -	\$ 8.10
63	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	\$ -	\$ -	\$ -
64	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	\$ -	\$ -	\$ -
65				
66	<u>10 - INCH</u>			
67	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	\$ -	\$ -	\$ 8.10
68	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	\$ -	\$ -	\$ -
69	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 0 GALLONS:	\$ -	\$ -	\$ -

Revised

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