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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

2011 MAY 31 P 3:29

Arizona Corporation Commission

DOCKETED

AZ CORP COMMISSION
DOCKET CONTROL

MAY 31 2011

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
SOUTHLAND UTILITIES COMPANY, INC.
FOR AUTHORITY TO INCUR LONG-TERM
DEBT.

DOCKET NO. W-02062A-09-0466

IN THE MATTER OF THE APPLICATION OF
SOUTHLAND UTILITIES COMPANY, INC.
FOR A RATE INCREASE.

DOCKET NO. W-02062A-09-0515

STAFF'S PROPOSED AMENDMENT

The Utilities Division ("Staff") of the Arizona Corporation Commission, ("Commission") files a proposed amendment to the Recommended Opinion and Order ("ROO") for Southland Utilities, Inc. ("Company").

The proposed amendment would implement a surcharge that would be used to service the debt incurred by the Company for a loan from the Water Infrastructure Finance Authority ("WIFA"). In addition to the surcharge, the proposed amendment also states that the plant that is to be built using the WIFA loan be treated as Contribution in Aid of Construction.

Staff supports the ROO and its recommendation regarding the WIFA surcharge. However, should the Commission decide to implement the surcharge as was discussed during the Open Meeting on May 24, 2011, Staff submits the attached proposed amendment.

RESPECTFULLY SUBMITTED this 31st day of May, 2011.

Robin R. Mitchell
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1 Original and thirteen (13) copies
2 of the foregoing filed this
31st day of May, 2011, with:

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

6 Copy of the foregoing mailed this
7 31st day of May, 2011, to:

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_____ **PROPOSED AMENDMENT NO.**

TIME/DATE PREPARED: _____

COMPANY: Southland Utilities Company, Inc.

AGENDA ITEM NO. _____

DOCKET NO(S). W-02062A-09-0466 and W-02062A-09-0515

OPEN MEETING DATE: _____

Page 1 of 1

POSSIBLE AMENDMENT

Page 17, Line 7, Between "improvements" and "such" INSERT:
"delineated in Table D of the Staff Engineering Report"

Page 19, lines 9-13, DELETE:

"However, in other Commission decisions, we have required that, once the loan closes, the amount of the surcharge should be recalculated and approved by the Commission. This is done to ensure as much as possible that a company does not overcharge or undercharge its customers in collecting revenues dedicated to debt service.⁴⁴" and

REPLACE with:

"We agree and believe that the surcharge amount should be as follows:

Monthly WIFA Surcharge

5/8" x 3/4" Meter	\$ 13.39
3/4" Meter	20.09
1" Meter	33.48
1½" Meter	66.95
2" Meter	107.13
3" Meter	214.25
4" Meter	334.77
6" Meter	669.54

Page 19, lines 14-17, DELETE:

"72. Because the variables used to calculate the WIFA Surcharge could change prior to implementation of the loan, we believe it is reasonable to require that, within 30 days of the Company's filing of the executed loan documents, Staff should calculate the actual WIFA Surcharge and prepare a memorandum and proposed order for the Commission's consideration."

Page 19, Line 18, DELETE "Commission approval" and
REPLACE with "the effective date"

Page 19, Line 27-1/2, DELETE Footnote 44

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____

_____ **PROPOSED AMENDMENT NO.**

TIME/DATE PREPARED: _____

COMPANY: Southland Utilities Company, Inc.

AGENDA ITEM NO. _____

DOCKET NO(S). W-02062A-09-0466 and W-02062A-09-0515 OPEN MEETING DATE:

Page 2 of 2

Page 21, Line 20, DELETE "May 31" and REPLACE with "June 30"

Page 21, Line 28, INSERT:

“Monthly WIFA Surcharge

5/8" x 3/4" Meter	\$13.39
3/4" Meter	20.09
1" Meter	33.48
1½" Meter	66.95
2" Meter	107.13
3" Meter	214.25
4" Meter	334.77
6" Meter	669.54”

Page 23, line 19 DELETE "June 1, 2011" and REPLACE with:

"July 1, 2011, except that the WIFA Surcharge shall become effective for all service rendered the first day of the month following the closing of the WIFA loan."

Page 24, lines 17-19, DELETE:

“IT IS FURTHER ORDERED that within 30 days of Southland Utilities Company, Inc.’s filing of the executed loan documents, Staff shall calculate the actual WIFA Surcharge and prepare a memorandum and proposed order for the Commission’s consideration.”

Page 24, Line 20, DELETE “Commission approval” and REPLACE with “the effective date”

Page 24, lines 25-26, DELETE:

“IT IS FURTHER ORDERED that appropriate rate-making treatment for the plant built with WIFA Surcharge funds will be addressed in the Company’s next rate case.”

and REPLACE with:

“IT IS FURTHER ORDERED that the appropriate rate-making treatment for the plant built with the proceeds of the WIFA loan shall be to treat such plant as Contributions in Aid of Construction.”

THIS AMENDMENT:

_____ Passed _____ Passed as amended by _____
_____ Failed _____ Not Offered _____ Withdrawn