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2011 JUN 30 P 4: 35
AZ CORP COMMISSION
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF LITCHFIELD PARK SERVICE
COMPANY, AN ARIZONA
CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND
PROPERTY AND FOR INCREASES IN ITS
WASTEWATER RATES AND CHARGES
FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO: SW-01428A-09-0103

IN THE MATTER OF THE APPLICATION
OF LITCHFIELD PARK SERVICE
COMPANY, AN ARIZONA
CORPORATION, FOR A
DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND
PROPERTY AND FOR INCREASES IN ITS
WATER RATES AND CHARGES FOR
UTILITY SERVICE BASED THEREON.

DOCKET NO: W-01427A-09-0104

IN THE MATTER OF THE APPLICATION
OF LITCHFIELD PARK SERVICE
COMPANY, AN ARIZONA
CORPORATION, FOR AUTHORITY (1) TO
ISSUE EVIDENCE OF INDEBTEDNESS IN
AN AMOUNT NOT TO EXCEED \$1,755,000
IN CONNECTION WITH (A) THE
CONSTRUCTION OF TWO RECHARGE
WELL INFRASTRUCTURE
IMPROVEMENTS AND (2) TO
ENCUMBER ITS REAL PROPERTY AND
PLANT AS SECURITY FOR SUCH
INDEBTEDNESS.

DOCKET NO. W-01427A-09-0116

Arizona Corporation Commission

DOCKETED

JUN 30 2011

DOCKETED BY

1 IN THE MATTER OF THE APPLICATION
2 OF LITCHFIELD PARK SERVICE
3 COMPANY, AN ARIZONA
4 CORPORATION, FOR AUTHORITY (1) TO
5 ISSUE EVIDENCE OF INDEBTEDNESS IN
6 AN AMOUNT NOT TO EXCEED \$1,170,000
7 IN CONNECTION WITH (A) THE
8 CONSTRUCTION OF ONE 200 KW ROOF
9 MOUNTED SOLAR GENERATOR
10 INFRASTRUCTURE IMPROVEMENTS
11 AND (2) TO ENCUMBER ITS REAL
12 PROPERTY AND PLANT AS SECURITY
13 FOR SUCH INDEBTEDNESS.

DOCKET NO. W-01427A-09-0120

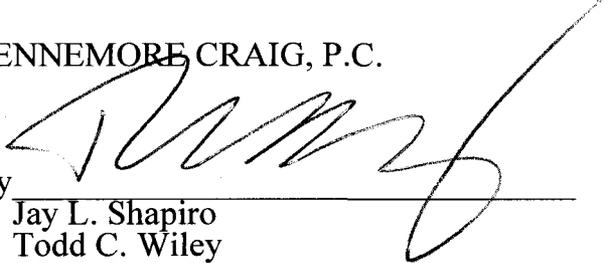
**NOTICE OF FILING LATE FILED
EXHIBIT FOR PHASE 2**

8 Litchfield Park Service Company (“LPSCO” or “Company”) hereby submits this
9 Notice of Filing Late Filed Exhibit in the above-referenced matter. During the LPSCO
10 Phase 2 hearing on June 27, 2011, the Company offered as an exhibit a transcript excerpt
11 from the hearing in the recent Bella Vista Water Company (“Bella Vista”) rate case,
12 Docket No. W-02465A-09-0411, *et al.* LPSCO presented the excerpt to demonstrate that,
13 in the Bella Vista case, Ms. Brown was disagreeing with RUCO that NARUC requires the
14 deduction of CIAC from rate base, and that treatment of CIAC is for the Commission to
15 decide. LPSCO had intended for the excerpt to include the entire cross examination of
16 Ms. Brown by Ms. Wood relating to rate base treatment of hook-up fees. Instead, the
17 excerpt contained only a portion of this examination—an inadvertent error.

18 The complete Bella Vista transcript excerpt is attached as **Exhibit A**. LPSCO
19 directs the Commission to pages 1013:12 – 1014:8.

20 DATED this 30th day of June, 2011.

21 FENNEMORE CRAIG, P.C.

22
23 By 

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ORIGINAL and thirteen (13) copies
of the foregoing were filed
this 30th day of June, 2011, with:

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

COPY of the foregoing hand-delivered
this 30th day of June, 2011 to:

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Assistant Chief Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Robin Mitchell, Esq.
Legal Division
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Copy of the foregoing mailed
this 30th day of June, 2011, to:

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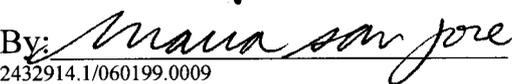
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9
10 By: 
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Exhibit A

1 BEFORE THE ARIZONA CORPORATION COMMISSION
2
3 IN THE MATTER OF THE APPLICATION OF) DOCKET NO.
4 BELLA VISTA WATER CO., INC., AN) W-02465A-09-0411
5 ARIZONA CORPORATION, FOR A)
6 DETERMINATION OF THE FAIR VALUE OF)
7 ITS UTILITY PLANTS AND PROPERTY AND)
8 FOR INCREASES IN ITS WATER RATES AND))
9 CHARGES FOR UTILITY SERVICE BASED)
10 THEREON.)
11) W-20453A-09-0412
12 AND ALL RELATED MATTERS.) W-20454A-09-0413
13) W-02465A-09-0414
14) W-20453A-09-0414
15) W-20454A-09-0414
16
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11 At: Phoenix, Arizona
12 Date: August 19, 2010
13 Filed:

16 REPORTER'S TRANSCRIPT OF PROCEEDINGS

17 VOLUME VI

18 (Pages 943 through 1061)

21 ARIZONA REPORTING SERVICE, INC.
22 Court Reporting
23 Suite 502
24 2200 North Central Avenue
25 Phoenix, Arizona 85004-1481

24 Prepared for: By: COLETTE E. ROSS
 Certified Reporter
 Certificate No. 50658

1 INDEX TO EXAMINATIONS

2 WITNESSES PAGE

3 CRYSTAL S. BROWN

4 Further Direct Examination by Ms. Mitchell 946
Cross-Examination Continued by Mr. Shapiro 949

5 Further Direct Examination by Ms. Mitchell 1004
Cross-Examination Continued by Mr. Shapiro 1006

6 Further Examination by ALJ Rodda 1007
Further Cross-Examination by Ms. Wood 1009

7 Redirect Examination by Ms. Mitchell 1014
Recross-Examination by Mr. Shapiro 1024

8 Further Examination by ALJ Rodda 1032

9 THOMAS J. BOURASSA - REBUTTAL

10 Direct Examination by Mr. Shapiro 1035
Cross-Examination by Ms. Mitchell 1047

11 Redirect Examination by Mr. Shapiro 1054

12

13

INDEX TO EXHIBITS

14

NO.	DESCRIPTION	IDENTIFIED	ADMITTED
15	S-24 Staff Revised Estimate of ADIT	1005	1006
16	S-25 NARUC Training Materials	1022	1023

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1 ratemaking proceeding, it was a rather complicated issue
2 with regard to a homeowner association's request for
3 approval of an agreement which would essentially close
4 down the plant, and there were two other intervenors aside
5 from RUCO which complicated that case further, correct?

6 A. Yes.

7 Q. And in that case, the total allocation for rate
8 case expense was 180,000 in terms of the recommended ROO,
9 correct?

10 A. Yes.

11 Q. Thank you.

12 Now, in this case, would you say that, given the
13 fact that all the parties support consolidation,
14 essentially what we are talking about here is a rate
15 case?

16 A. Yes.

17 Q. Okay. And it is not -- in your opinion, would it
18 be as complicated as the issues that were brought up in
19 either Black Mountain or Global?

20 A. No.

21 Q. Thank you.

22 Now, another question that you were asked
23 related to HUFs. And it is related to your testimony on
24 page 32 of surrebuttal, in which you cite the NARUC 271,
25 contributions in aid of construction. Do you recall

1 that line of questioning?

2 A. Yes.

3 Q. And one of the issues was that your
4 interpretation is inconsistent with the CPA's opinions, or
5 the company's CPAs, in which they believe that the
6 provision means that CIAC will be accounted for when the
7 plant has been placed in service. In your plain reading
8 of this provision, does it say has been put in place?

9 MR. SHAPIRO: Objection. The statement speaks
10 for itself and plain reading doesn't change the nature
11 of what something says.

12 ALJ RODDA: Well, you know, we can all read it.

13 MS. WOOD: Okay. Okay, that's fine, Your Honor.

14 BY MS. WOOD:

15 Q. Looking at S-13 -- do you have a copy of that in
16 front of you?

17 A. Yes.

18 Q. Okay. Now, you have indicated, I believe, that
19 you believe that hookup fees are payments made by
20 customers generally to fund plant additions for newly
21 expanded plant. Do you agree with that statement?

22 A. Yes.

23 Q. And under this rate case and audit manual, does
24 it not require in the first line that those advances will
25 be categorized as CIAC and reduced from rate base as a

1 source of noninvestor supplied capital?

2 MR. SHAPIRO: Objection; assumes facts not in
3 evidence. The document speaks for itself. It doesn't
4 speak of HUFs. And what it means is subject to each
5 party's interpretation. If Ms. Wood wants to ask
6 Ms. Brown her interpretation, that's fine, but the
7 document neither requires anything --

8 MS. WOOD: I think Mr. Shapiro is correct. I
9 will rephrase my question.

10 MR. SHAPIRO: Thank you.

11 BY MS. WOOD:

12 Q. In your opinion, are -- you have indicated that
13 HUFs are payments made by customers generally to fund
14 plant additions for new and expanded plant. Would you
15 then -- you categorized it, then, as CIAC?

16 A. Yes.

17 Q. And as CIAC, do you believe that NARUC requires
18 that they be reduced from rate base as a source of
19 noninvestor supplied capital? And I am looking at the
20 first line of this particular provision.

21 ALJ RODDA: Well, what you said was that they be
22 reduced. And I think what you meant, they reduce rate
23 base.

24 MS. WOOD: Okay.

25 ALJ RODDA: So I don't know.

1 MS. WOOD: You are right, Your Honor. That's my
2 question.

3 THE WITNESS: Yes. The problem I have is you
4 said the NARUC requires that. And I don't think that
5 they require it. But I think that they go -- they let
6 each commission decide, you know, the treatment.
7 Because you have it as cost free capital. But they
8 generally are a reduction to rate base.

9 MS. WOOD: Okay. And thank you for that
10 clarification. Thank you.

11 ALJ RODDA: All right. Ms. Mitchell --

12 MS. MITCHELL: I just have --

13 ALJ RODDA: -- waiting patiently there.

14 MS. MITCHELL: I am always patient. Well, some
15 days. I get more patient as I do more of these rate
16 cases. Sometimes you pray for patience and you get
17 something different.

18

19 REDIRECT EXAMINATION

20 BY MS. MITCHELL:

21 Q. I just have a few follow-up questions. On
22 depreciation, you know, there was a long discussion about
23 depreciation methodology. And is it true that the
24 Commission approves depreciation rates, but not
25 necessarily the methodology?