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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-01049A-11-0311
MORENCI WATER & ELECTRIC COMPANY)
FOR THE ESTABLISHMENT OF JUST AND) **AMENDMENT TO APPLICATION**
REASONABLE RATES FOR ITS WATER)
DEPARTMENT, IN THE STATE OF ARIZONA.)

Morenci Water & Electric Company ("MWE" or "Company"), provides notice that it has submitted revised schedules for its Water Department in Docket No. E-010149A-11-0300. The revised schedules address corrections in bill-count reconciliations provided to the Arizona Corporation Commission Utilities Division Staff. This reconciliation mainly affected the proposed rates for the Water Department – Clifton system, but it also affected the rates proposed for the Morenci system. MWE has already requested consolidation of this matter with Docket No. E-1049A-11-0300 (the filing originally requesting rate relief for both its Electric and Water Departments).

For the Water Department, MWE is now proposing an overall gross revenue increase of approximately \$251,673, equivalent to approximately 33.22%, to be phased-in over three years in three steps – while maintaining separate rate structures for Morenci and Clifton customers. This will result in an overall return of approximately negative 10.93% on fair value rate base equal to original cost rate base of \$3,880,286. For Morenci, MWE is proposing a gross revenue increase of \$193,369 (approximately 33.16%) for a return of negative 10.90% on fair value rate base equal to original cost rate base of \$3,294,872. For Clifton, MWE is now proposing a gross revenue increase of \$58,304 (approximately 33.39%) for a return of negative 11.10% on fair value rate base equal to original cost rate base of \$585,414. MWE is still using a calendar 2010 test year for purposes of establishing new water rates for customers on both the Morenci and

1 Clifton systems. MWE still proposes to phase-in the rate increase as described in its original
2 Application and maintain separate rate structures for Morenci and Clifton.

3 MWE proposes the following Step 1 rates, which are detailed in the Company's revised
4 H-3 Schedules for Morenci and Clifton. For 5/8-inch and 1-inch Morenci customers, MWE
5 proposes the following structure:

6 *Water (Morenci)*

| | | |
|----|--|---------|
| 7 | Monthly Service Charge (including 2,000 gallons) | \$10.00 |
| 8 | Commodity Rate | |
| 9 | 2,001 to 10,000 gallons (per 1,000 gallons) | \$1.95 |
| 10 | Over 10,000 gallons (per 1,000 gallons) | \$2.20 |

11
12 For 5/8-inch, 3/4-inch and 1-inch Clifton customers, MWE proposes the following
13 structure:

14 *Water (Clifton)*

| | | |
|----|--|---------|
| 15 | Monthly Service Charge (including 2,000 gallons) | \$10.00 |
| 16 | Commodity Rate | |
| 17 | 2,001 to 10,000 gallons (per 1,000 gallons) | \$1.65 |
| 18 | Over 10,000 gallons (per 1,000 gallons) | \$2.00 |

19
20 MWE also proposes the following Step 2 rates, for 5/8-inch, 3/4-inch and 1-inch Morenci
21 and Clifton customers:

22 *Water (Morenci)*

| | | |
|----|--|---------|
| 23 | Monthly Service Charge (including 1,000 gallons) | \$10.00 |
| 24 | Commodity Rate | |
| 25 | 1,001 to 10,000 gallons (per 1,000 gallons) | \$2.00 |
| 26 | Over 10,000 gallons (per 1,000 gallons) | \$2.46 |

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Water (Clifton)

| | |
|--|---------|
| Monthly Service Charge (including 1,000 gallons) | \$10.00 |
| Commodity Rate | |
| 1,001 to 10,000 gallons (per 1,000 gallons) | \$1.70 |
| Over 10,000 gallons (per 1,000 gallons) | \$2.20 |

Finally, MWE proposes the following Step 3 rates, for 5/8-inch, 3/4-inch and 1-inch Morenci and Clifton customers:

Water (Morenci)

| | |
|--|---------|
| Monthly Service Charge | \$10.00 |
| Commodity Rate | |
| First 10,000 gallons (per 1,000 gallons) | \$2.05 |
| Over 10,000 gallons (per 1,000 gallons) | \$2.57 |

Water (Clifton)

| | |
|--|---------|
| Monthly Service Charge | \$10.00 |
| Commodity Rate | |
| First 10,000 gallons (per 1,000 gallons) | \$1.75 |
| Over 10,000 gallons (per 1,000 gallons) | \$2.40 |

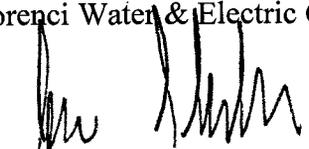
The remaining schedules filed with the Application are unaffected by the bill-count reconciliations.

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RESPECTFULLY SUBMITTED this 11th day of October 2011.

Morenci Water & Electric Company

By



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Original and 13 copies of the foregoing
filed this 11th day of October, 2011, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
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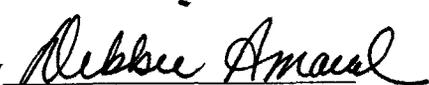
Copy of the foregoing hand-delivered
this 11th day of October, 2011, to:

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By



Revised Schedules

**Please see
Revised Schedules in
Docket No. E-01049A-11-0300**