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BEFORE THE ARIZONA CORPORATIO.

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COMMISSIONERS

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

2012 JUL 13 P 3:45

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
VALENCIA WATER COMPANY – GREATER
BUCKEYE DIVISION FOR THE
ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES FOR
UTILITY SERVICE DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON THE
FAIR VALUE OF ITS PROPERTY
THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-02451A-12-0313

NOTICE OF ERRATA

On July 9, 2012, Valencia Water Company – Greater Buckeye Division, (“Valencia”
Buckeye or Applicant”) filed a rate application. Applicant noticed an error impacting schedules A-
1, H-1 and H-2. Accordingly revised schedules A-1, H-1 and H-2 are attached.

RESPECTFULLY SUBMITTED this 13th day of July 2012.

ROSHKA DEWULF & PATTEN, PLC

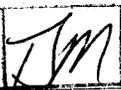
By 

Michael W. Patten
Timothy J. Sabo
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

Arizona Corporation Commission

DOCKETED

JUL 13 2012

DOCKETED BY 

Attorneys for Valencia Water Company

– Greater Buckeye Division –

1 Original +13 copies of the foregoing
2 filed this 13th day of July 2012, with:

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

7 Copies of the foregoing hand-delivered/mailed
8 this 13th day of July 2012, to:

9 Lyn A. Farmer, Esq.
10 Chief Administrative Law Judge
11 Hearing Division
12 Arizona Corporation Commission
13 1200 West Washington
14 Phoenix, AZ 85007

15 Janice Alward, Esq.
16 Chief Counsel, Legal Division
17 Arizona Corporation Commission
18 1200 West Washington
19 Phoenix, AZ 85007

20 Steven M. Olea
21 Director, Utilities Division
22 Arizona Corporation Commission
23 1200 West Washington
24 Phoenix, AZ 85007

25
26
27
By 

Valencia Water Company, Greater Buckeye Division
 Test Year Ended December 31, 2011
 Computation of Increase in Gross Revenue Requirement

Schedule A-1

Line No.	DESCRIPTION	[A]	[B]	[C] ORIGINAL COST	[D] FAIR VALUE
1	Adjusted Rate Base			\$ 634,978	\$ 634,978
2					
3	Adjusted Operating Income (Loss)			\$ 50,906	\$ 50,906
4					
5	Current Rate of Return (C3 / C1)			8.02%	8.02%
6					
7	Required Operating Income (C9 * C1)			\$ 70,975	\$ 70,975
8					
9	Required Rate of Return			11.18%	11.18%
10					
11	Operating Income Deficiency (C7 - C3)			\$ 20,070	\$ 20,070
12					
13	Gross Revenue Conversion Factor			1.669446	1.669446
14					
15	Increase in Gross Revenue Requirements			\$ 33,505	\$ 33,505
16					
17					
18	Customer	Present	Proposed	Dollar	Percent
19	Classification	Rates	Rates	Increase	Increase
20					
21	Residential	\$ 446,726	\$ 479,016	\$ 32,289	7.2%
22	Commercial	4,208	4,611	403	9.6%
23	Irrigation	1,078	1,222	145	13.4%
24	Construction	275	677	402	N/A
25					
26	Total of Water Revenues	\$ 452,287	\$ 485,526	\$ 33,239	7.3%
27					
28	Miscellaneous Revenues	12,128	12,128	-	0.0%
29					
30	Total Operating Revenues	\$ 464,415	\$ 497,654	\$ 33,239	7.2%
31					
32					
33					
34	<u>Supporting Schedules:</u>				
35	B-1				
36	C-1				
37	C-3				
38	H-1				
39					
40					

Valencia Water Company, Greater Buckeye Division
 Test Year Ended December 31, 2011
 Classification - Present and Proposed Rates

Schedule H-1

Line No.	Customer Classification	[A]	[B]	[C]	[D]
		Present Rates Adjusted Sch. H-2 Col. E	Proposed Rates Sch. H-2 Col. F	Proposed Increase Amount	%
1					
2	Residential	\$ 446,726	\$ 479,016	\$ 32,289	7.2%
3	Commercial	4,208	4,611	403	9.6%
4	Irrigation	1,078	1,222	145	13.4%
5	Construction	275	677	402	N/A
6					
7	Total Water Revenues	<u>\$ 452,287</u>	<u>\$ 485,526</u>	<u>\$ 33,239</u>	7.3%
8					
9	Miscellaneous Revenues (Sch. C-1, L4)				
10					
11	Total Operating Revenues	<u>\$ 452,287</u>	<u>\$ 485,526</u>		
12					
13					
14					
15	Pro Forma Adjustments				
16	Subtotal (L11 + L15)	<u>\$ 452,287</u>			
17					
18	Total Gen. Ledger Operating Revenues				
19	Test Year Ended 12/31/2011 (Sch. C-1, L5)				
20	Unreconciled Difference (L16 - L19)	452,287			
21	%	100.00%			
22					
23	Target Revenue Requirement (Sch. C-1, L5)		<u>498,543</u>		
24	Difference (L11 - L23)		(13,017)		
25	%		-2.61%		
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Valencia Water Company, Greater Buckeye Division
Test Year Ended December 31, 2011
Analysis of Revenue by Detailed Class

Line No.	Class of Service	Average Number of Customers	Average Consumption	(A)	(B)	(C)	(D)	(E)	Bill Count Water Revenues		(G)	(H)
									Present Rates	Adjusted Present Rates [C + D]		
							Adjustments Sch. C-2.3 & Notes					%
1	5/8" Residential, GBD	560	8,600			\$ 370,985	\$ 290	\$ 370,985	\$ 396,320	\$ 25,336	6.83%	
2	3/4" Residential, GBD	4	9,090			2,197	(57)	2,197	2,379	182	8.30%	
3	1" Residential, GBD	57	10,856			73,524	(375)	73,544	80,316	6,771	9.21%	
4	5/8" Commercial, GBD	2	43,833			4,560	(352)	4,208	4,611	403	9.56%	
5	1" HOA, GBD	1	8,667			1,078	-	1,078	1,222	145	13.42%	
6	2" Construction, GBD	1	36,000			275	-	275	677	402	N/A	
7	Totals	625				\$ 452,781	(494)	\$ 452,287	\$ 485,526	\$ 33,239	7.35%	
8	Total Residential	621				\$ 446,869	(142)	\$ 446,726	\$ 478,016	\$ 32,289	7.23%	
9	Total Commercial	2	43,833			4,560	(352)	4,208	4,611	403	9.56%	
10	Total Irrigation	1	8,667			1,078	-	1,078	1,222	145	13.42%	
11	Total Construction	1	36,000			275	-	275	677	402	N/A	
12	Totals	625				\$ 452,781	(494)	\$ 452,287	\$ 485,526	\$ 33,239	7.35%	

Valencia Water Company, Greater Buckeye Division
 Test Year Ended December 31, 2011
 Calculation of Change in Miscellaneous Service Charge revenue

Line No.		Current	Proposed	Increase	Test Year Charges	Revenue Increase
1						
2	Establishment	\$ 35.00	\$ 35.00	\$ -	146	\$ -
3	Reconnect	35.00	35.00	-	57	-
4	NSF Fees	30.00	30.00	-	18	-
5						
6	Proposed Misc. Service Charge Increase					<u>\$ -</u>
7						
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Global Water - West Valley Consolidation
 Test Year Ended December 31, 2011
 Computation of Increase in Gross Revenue Requirement

Schedule A-1

Line No.	DESCRIPTION	[A]	[B]	[C] ORIGINAL COST	[D] FAIR VALUE
1	Adjusted Rate Base			\$ 5,165,271	\$ 5,165,271
2					
3	Adjusted Operating Income (Loss)			\$ (377,556)	\$ (377,556)
4					
5	Current Rate of Return (C3 / C1)			-7.31%	-7.31%
6					
7	Required Operating Income (C9 * C1)			\$ 524,275	\$ 524,275
8					
9	Required Rate of Return			10.15%	10.15%
10					
11	Operating Income Deficiency (C7 - C3)			\$ 901,831	\$ 901,831
12					
13	Gross Revenue Conversion Factor			1.642495	1.642495
14					
15	Increase in Gross Revenue Requirements			\$ 1,481,253	\$ 1,481,253
16					
17					
18	Customer	Present	Proposed	Dollar	Percent
19	Classification	Rates	Rates	Increase	Increase
20					
21	Residential	\$ 3,504,491	\$ 4,525,577	\$ 1,021,086	29.14%
22	Commercial	593,909	902,993	309,084	52.04%
23	Irrigation	1,321,825	1,504,962	183,138	13.85%
24	Construction	21,393	32,416	11,023	N/A
25					
26	Total of Water Revenues	\$ 5,441,618	\$ 6,965,948	\$ 1,524,330	28.01%
27					
28	Miscellaneous Revenues	154,573	154,573	-	0.00%
29					
30	Total Operating Revenues	\$ 5,596,191	\$ 7,120,521	\$ 1,524,330	27.24%
31					
32					
33					
34	<u>Supporting Schedules:</u>				
35	B-1				
36	C-1				
37	C-3				
38	H-1				
39					
40					

Global Water - West Valley Consolidation
 Test Year Ended December 31, 2011
 Classification - Present and Proposed Rates

Schedule H-1

Line No.	Customer Classification	[A] Present Rates Adjusted Sch. H-2 Col. E	[B] Proposed Rates Sch. H-2 Col. F	[C] Proposed Increase Amount	[D] %
1	Residential	\$ 3,504,491	\$ 4,525,577	\$ 1,021,086	29.1%
2	Commercial	593,909	902,993	309,084	52.0%
3	Irrigation	1,321,825	1,504,962	183,138	13.9%
4	Construction	21,393	32,416	11,023	N/A
5					
6	Total Water Revenues	<u>\$ 5,441,618</u>	<u>\$ 6,965,948</u>	<u>\$ 1,524,330</u>	28.0%
7					
8	Miscellaneous Revenues (Sch. C-1, L4)	<u>154,573</u>	<u>154,573</u>		
9					
10	Total Operating Revenues	<u>\$ 5,596,191</u>	<u>\$ 7,120,521</u>		
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Global Water - West Valley Consolidation
 Test Year Ended December 31, 2011
 Calculation of Change in Miscellaneous Service Charge Revenue

Line No.		Current	Proposed	Increase	Test Year Charges	Revenue Increase
1	Valencia, Town Division					
2						
3						
4						
5						
6	Establishment	\$ 35.00	\$ 35.00	-	2116	\$ -
7	Establishment (After Hours)	50.00	50.00	-	10	-
8	Reconnect	35.00	35.00	-	795	-
9	Reconnect (After hours)	50.00	50.00	-	10	-
10	NSF Fees	30.00	30.00	-	318	-
11						
12	Proposed Misc. Service Charge Increase					<u>\$ -</u>
13						
14						
15						
16						
17	Water Utility of Greater Tonopah					
18						
19						
20						
21						
22	Establishment	\$ 35.00	\$ 35.00	\$ -	81	\$ -
23	Reconnect	35.00	35.00	-	29	-
24	NSF Fees	30.00	30.00	-	6	-
25						
26	Proposed Misc. Service Charge Increase					<u>\$ -</u>
27						
28						
29	Valencia Water Company, Greater Buckeye Division					
30						
31						
32						
33						
34	Establishment	\$ 35.00	\$ 35.00	\$ -	146	\$ -
35	Reconnect	35.00	35.00	-	57	-
36	NSF Fees	30.00	30.00	-	18	-
37						
38	Proposed Misc. Service Charge Increase					<u>\$ -</u>
39						
40						
41	Total Change					\$ -