

ORIGINAL

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

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2013 JAN 29 P 3:30

Arizona Corporation Commission

AZ CORP COMMISSION
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JAN 29 2013

DOCKETED BY *JSM*

IN THE MATTER OF ARIZONA WATER
COMPANY'S AMENDED APPLICATION
FOR AUTHORITY TO IMPLEMENT STEP-1
(PINWOOD/RIMROCK) AND STEP-2
(SEDONA) OF THE ARSENIC COST
RECOVERY MECHANISM IN ITS VERDE
VALLEY SYSTEM.

Docket No. W-01445A-08-0440

NOTICE OF FILING RUCO'S
COMMENTS

The Residential Utility Consumer Office ("RUCO") hereby submits its comments to in the Matter of Arizona Water's Amended Application for authority to implement surcharges for its Verde Valley systems. RUCO has reviewed the Company's amended application, as well as, the Staff's report and Recommended Decision.

Staff recommends:

1. The approval of a permanent Step-Two ACRM surcharge only for the Company's stand-alone Sedona system that supplants the Step-One ACRM surcharge and permit the permanent Step-Two ACRM to remain in effect until new rates are established in a future rate case is appropriate. This surcharge should include costs for the updated net arsenic related plant and associated depreciation expense as well as the costs for eligible arsenic related O&M costs, lease expense and income taxes.

- 1 2. Approval of a temporary Step-Two ACRM surcharge for the Sedona System
2 that provides recovery of deferred O&M expenses and ceases 12 months
3 after implementation is appropriate.
- 4 3. Denial of the Company's Step-One ACRM for its Pinewood/Rimrock system.
- 5 4. Denial of the Company's alternative Step-Two ACRM for its Verde Valley
6 System.
- 7 5. Arizona Water Company notify its Sedona Water System customers of the
8 arsenic cost recovery surcharge tariffs approved herein within 30 days of the
9 effective date of the Commission Decision.

10 RUCO agrees with the Staff's report and Recommended Decision.

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13 RESPECTFULLY SUBMITTED this 29th day of January, 2013.

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17 Michelle L. Wood
18 Counsel

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20 An Original and Thirteen (13) Copies of
21 the foregoing were filed this 29th day
22 of January, 2013 with:

23 Docket Control
24 Arizona Corporation Commission
 1200 West Washington
 Phoenix, Arizona 85007

1 COPIES of the foregoing hand delivered/
2 mailed this 29th day of January, 2013 to:

3 Lyn Farmer
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23 By Cheryl Fraulob
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