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6 IN THE MATTER OF THE APPLICATION
7 OF PIMA UTILITY COMPANY, AN
8 ARIZONA CORPORATION, FOR A
9 DETERMINATION OF THE FAIR VALUE
10 OF ITS UTILITY PLANTS AND
11 PROPERTY AND FOR INCREASES IN ITS
12 WATER RATES AND CHARGES FOR
13 UTILITY SERVICE BASED THEREON.

DOCKET NO. W-02199A-11-0329

10 IN THE MATTER OF THE APPLICATION
11 OF PIMA UTILITY COMPANY, AN
12 ARIZONA CORPORATION, FOR A
13 DETERMINATION OF THE FAIR VALUE
14 OF ITS UTILITY PLANTS AND
15 PROPERTY AND FOR INCREASES IN ITS
16 WASTEWATER RATES AND CHARGES
17 FOR UTILITY SERVICE BASED
18 THEREON.

DOCKET NO. SW-02199A-11-0330

REPLY TO RUCO'S RESPONSE TO
PIMA'S PETITION TO AMEND
DECISION NO. 73573 PURSUANT TO
A.R.S. § 40-252

16 Pima Utility Company ("Pima" or the "Company") hereby submits this Reply to
17 RUCO's Response to Pima's Petition to Amend Decision No. 73573 Pursuant to A.R.S.
18 § 40-252.

19 Put simply, RUCO's less-than-one-page "opposition" is little more than a half-
20 hearted effort to echo the same arguments against a change in the Commission's policy
21 regarding income tax recovery for pass-through entities that RUCO has asserted in every
22 docket addressing the issue. The latest twist – reference to the Honorable Commissioner
23 Burns' dissent in Decision No. 73739 (February 22, 2013) – does not and cannot override
24 the Commission's new policy statement.¹ With respect to the arguments contained in
25

26 ¹ Notably, RUCO did not seek rehearing or otherwise challenge this decision.

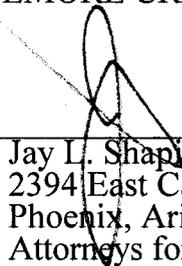
1 Commissioner Burns' dissent, the policy of this Commission has changed and is
2 controlling on the tax issue here.

3 As a result, and as the Commission ordered, Pima now has the opportunity to seek
4 recovery of income taxes as a cost of service.² This is a real cost of providing utility
5 service, and the Company does not intend to seek to recover any other costs beyond those
6 that would not exist but for its provision of water and sewer utility service to its
7 customers. Following the guidance in Decision No. 73739, that amount will be known
8 and measurable and reflect a reasonable expense level and result in rates that are just and
9 reasonable.

10 In summary, RUCO does not assert that Pima's request is contrary to the
11 Commission's new policy. RUCO is just challenging the policy, again. This challenge
12 should be rejected.

13 RESPECTFULLY SUBMITTED this 8th day of April, 2013.

14 FENNEMORE CRAIG, P.C.

15
16 By 
17 Jay L. Shapiro
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20 Attorneys for Pima Utility Company

21 ORIGINAL and thirteen (13) copies
22 of the foregoing were filed
23 this 8th day of April, 2013 to:

24 Docket Control
25 Arizona Corporation Commission
26 1200 W. Washington St.
Phoenix, AZ 85007

² Decision No. 73573 (November 21, 2012) at 47:1-5.

1 COPY of the foregoing hand-delivered
2 this 8th day of April, 2013 to:

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