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BEFORE THE ARIZONA CORPORATION CO

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11 IN THE MATTER OF THE APPLICATION OF

12 ARIZONA WATER COMPANY, AN ARIZONA

13 CORPORATION, FOR A DETERMINATION

14 OF THE FAIR VALUE OF ITS UTILITY

15 PLANT AND PROPERTY, AND FOR

16 ADJUSTMENTS TO ITS RATES AND

17 CHARGES FOR UTILITY SERVICE

18 FURNISHED BY ITS NORTHERN GROUP

19 AND FOR CERTAIN RELATED

20 APPROVALS.

Docket No. W-01445A-12-0348

RUCO'S NOTICE OF FILING

21 The RESIDENTIAL UTILITY CONSUMER OFFICE ("RUCO") hereby provides notice of

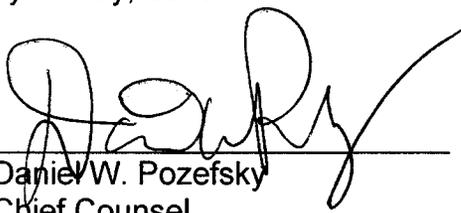
22 filing the Testimony Summary of William A. Rigsby, in the above-referenced docket.

23 RESPECTFULLY SUBMITTED this 8th day of May, 2013.

Arizona Corporation Commission

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Daniel W. Pozefsky
Chief Counsel

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1 AN ORIGINAL AND THIRTEEN COPIES
of the foregoing filed this 8th day
2 of May, 2013 with:

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

5 COPIES of the foregoing hand delivered/
6 mailed this 8th day of May, 2013 to:

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Arizona Water Company
(Northern Group)
Docket No. W-01445A-12-0348
Settlement Agreement

SUMMARY OF THE SETTLEMENT TESTIMONY OF WILLIAM A. RIGSBY
ON BEHALF OF THE RESIDENTIAL UTILITY CONSUMER OFFICE

The following is a summary of the direct and responsive testimony of Residential Utility Consumer Office ("RUCO") witness William A. Rigsby, on the proposed settlement agreement ("Settlement Agreement") on Arizona Water Company's ("AWC" or "Company") application for a permanent rate increase for its Northern Group operating systems, which was filed with the Arizona Corporation Commission ("ACC" or "Commission") on April 15, 2013.

Mr. Rigsby is recommending that the Commission reject the proposed settlement agreement on the Arizona Water Company Northern Group rate case which adopts a 10.00 percent return on common equity in addition to both a System Improvement Benefits ("SIB") mechanism and a declining usage adjustment to the Company's test year billing determinants.

In Mr. Rigsby's opinion, the 10.00 percent return on common equity is in itself excessive for a regulated water utility and should be reduced, even for settlement purposes, after taking into consideration the risk shifting aspects of the SIB and the declining usage adjustment.

SUMMARY OF THE TESTIMONY OF WILLIAM A. RIGSBY (Cont.)

Mr. Rigsby further recommends the Commission adopt an 8.80 percent cost of equity capital that takes into consideration the shift in risk attributed to the SIB mechanism and a possible windfall as a result of the declining usage adjustment.