

ORIGINAL

PIERCE PROPOSED AMENDMENT NO. 3



TIME/DATE PREPARED: 1:30PM / June 11, 2013

0000145720

COMPANY: Arizona Water Company

AGENDA ITEM NO. 30

DOCKET NO(S). W-01445A-11-0310

OPEN MEETING DATE: June 11 & 12, 2013

(1) **DELETE** Page 55, lines 2 to 23.5 and **ADD** at Page 55, line 2 the following:

“We disagree with RUCO. As Mr. Olea testified, the existence or lack of a DSIC does not change the risk of the utility, and therefore the existence or lack of a DSIC should not change the utility’s ROE. (Tr. at 275 to 276). As Mr. Olea explained, the efficiency credit is a more appropriate means to provide a financial benefit to the ratepayers. (Tr. at 276 to 277). Moreover, we find RUCO’s argument ironic; while today RUCO argues that adding a DSIC reduces risk, we do not recall RUCO ever arguing that the absence of a DSIC results in higher risk. In addition, RUCO’s witness Mr. Rigsby conceded that some of the “sample” group of companies used to determine ROE have DSICs. (Tr. at 485). Logically, to the extent (if any) that a DSIC impacts risk, the reduced risk would be reflected in the sample companies used to set the ROE, and we are not persuaded that any adjustment to the ROE is warranted.”

- (2) **DELETE** Page 56, lines 1 to 4
- (2) **DELETE** Page 60, lines 4 to 6 (Finding of Fact No. 26)
- (3) **DELETE** Page 60, lines 19 to 24 (Conclusion of Law No. 6)
- (4) **DELETE** Page 6 1, lines 5 to 15.
- (5) **DELETE** Page 62, lines 1 to 4.

Please make all conforming changes

Arizona Corporation Commission
DOCKETED
JUN 11 2013

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AZ CORP COMMISSION
DOCKET CONTROL

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____