

ORIGINAL



Golden Shores Water Company Inc.

Emergency Rate Increase Filing Rebuttal

Dated August 16, 2013

Docket No. W-01815A-13-0210

Golden Shores Water Company, Inc.
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928-769-3110

QPC INC.
2535 Sundown Circle
Bullhead City, AZ 86442
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Arizona Corporation Commission
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Service List For Golden Shores Water Company Inc.
Emergency Rate Increase
Docket No. W-01815A-13-0210

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Golden Shores Water Company Inc.

Attached are the rebuttal documents for emergency rate increase Docket W-01815A-13-0210 for the Golden Shores Water Company Inc. (Golden Shores). Golden Shores is amending its initial application requesting an emergency rate increase of \$445,000 to \$216,000 on adjusted 2012 revenues. Thus reducing Golden Shores initial request by 229,000. Golden Shores is now requesting a rate increase of approximately 45.9%. This increase will allow the company the ability to continue to provide service to their roughly 1,510 customers and prepare and submit the general rate case filing that will be required subsequent to the approval of this emergency rate case.

In staff's report they did not detail the components of their proposed revenue increase therefore we cannot comment on how they came to their number. However the primary difference between the revenue increases between staff and Golden Shores appears to be the revised \$100,000 adjustment in Outside Services. This \$100,000 adjustment is to pay for the required general rate case filing in 2014.

Golden Shores has an average bank balance of \$12,000. There are no extra funds in any other accounts. The bank has told Golden Shores they are a bad credit risk and will not lend to them. Golden Shores understands that they will be required to file for a general rate case in 2014. However without the \$100,000 in Outside Services requested in the emergency rate case, they have no way to pay for the preparation and filing of the general rate case. Without approving the revised Outside Services request, Golden Shores is being set up to fail.

Golden Shores requests that a bond not be required due to the increase being well below what an anticipated general rate increase would be. However, if Golden Shores is required to procure a bond, Golden Shores would request that that cost be added to the revenue increase.

Due to the amount of data required for the general rate case and the long time since the last case, Golden Shores would request that the general rate case be required to be filed by May 30, 2014.

Staff's review has shown that Golden Shores is in Good Standing with the Corporations Division of the Commission and has no outstanding compliance issues pending with the commission. Golden Shores is in compliance with ADEQ. Golden Shores has inadvertently missed filing their 2013 ADWR report. Golden Shores intends that this will be rectified before the hearing on August 27, 2013.

List Of Attached Documents

1 – Requested Amount Of Increase

2 – Emergency Rate Charge To Be Applied To Customers

4 – Detailed Breakdown Of System Needs

Requested Amount Of Increase

Golden Shores Water Company

Revenue Requirement

December 31, 2012

<u>Expenses</u>	<u>12 months</u>		<u>Adjusted</u>	
	<u>Ending 12-31-2012</u>	<u>Adjustments</u>	<u>12 months</u>	
			<u>Ending 12-31-2012</u>	
Salaries & Wages	\$ 84,993.00	\$ 10,713.00	\$ 95,706.00	
Purchased Water	\$ -		\$ -	
Purchased Power	\$ 49,812.00	\$ 7,820.48	\$ 57,632.48	
Chemicals	\$ -		\$ -	
Repairs & Maintenance	\$ 84,304.00	\$ 13,619.00	\$ 97,923.00	
Office Supplies & Expense	\$ 29,448.00		\$ 29,448.00	
Outside Services	\$ 77,555.00	\$ 100,000.00	\$ 177,555.00	
Water Testing	\$ 8,141.00	\$ 400.00	\$ 8,541.00	
Rents	\$ 7,200.00	\$ (2,400.00)	\$ 4,800.00	
Transportation Expense	\$ 17,388.00		\$ 17,388.00	
Insurance - General Liability	\$ 10,664.00		\$ 10,664.00	
Insurance - Health & Life	\$ 29,721.00		\$ 29,721.00	
Regulatory Commission Expense	\$ -		\$ -	
Miscellaneous Expense	\$ 24,821.00		\$ 24,821.00	
Depreciation Expense	\$ 92,570.00		\$ 92,570.00	
Taxes Other Than Income	\$ 7,012.00	\$ -	\$ 7,012.00	
Property Taxes	\$ 24,541.00		\$ 24,541.00	
<hr/>				
Total Operating Expense	\$ 548,170.00	\$ 130,152.48	\$ 678,322.48	
Income Taxes	\$ 6,964.00		\$ 6,964.00	
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Total Operating Expense	\$ 555,134.00	\$ 130,152.48	\$ 685,286.48	
Capital Expenditures			\$ -	
Allowed Return	\$ 28,390.76	-28390.76	\$ 0.00	
<hr/>				
Revenue Requirement	\$ 583,524.76	\$ 101,761.72	\$ 685,286.49	
Test Year Revenue	\$ 468,673.00		\$ 468,673.00	
Deficiency	\$ 114,851.76	\$ 101,761.72	\$ 216,613.49	

Emergency Rate Charge To Be Applied To Customers

Method of Collecting Amount Of Rate Increase

The method of collecting the amount of revenue shortfall is to increase the monthly Base Charge and Commodity Charge to customers. Golden Shores currently has only four Customer Categories. These categories are Residential, Commercial 5/8" x 3/4", Commercial 1" and Commercial 2". The commercial 5/8" x 3/4" customers have been incorrectly charged at the residential 5/8" x 3/4" rate since the last rate case. This has caused the rate increase to those customers to be greater than the increase to other customers. This adjustment will affect 24 commercial customers.

The *revised* new rates to be charged to customers would be as follows:

	Base Charge	Commodity Charge	Percent Increase
Residential 5/8" x 3/4"	\$23.00	\$1.95	45.3%
Commercial 5/8" x 3/4"	\$27.00	\$1.95	53.5%
Commercial 1"	\$80.00	\$1.95	58.2%
Commercial 2"	\$400.00	\$1.95	58.5%

Golden Shores Water Company

Revenue Analysis

Current Rates

C	D	E	F	G (F/E)	H (G/12)	J	K	L ((H/1,000)xK)	M (J+L)	N (Mx12)	P (ExN)
Customer Classification	Meter Size	Number Of Customers	Total Annual Usage	Average Annual Usage Per Customer	Average Monthly Usage Per Customer	Base Charge	Commodity Rate	Commodity Charge	Total Average Monthly Charge	Total Average Annual Charge	Total Anticipated Revenue
Residential	5/8" x 3/4"	1,510.00	125,522,000.00	83,127.15	6,927.26	\$ 16.05	1.31	9.07	25.12	\$ 301.50	\$ 455,259.82
Commercial	5/8" x 3/4"	24.00	2,450,000.00	102,083.33	8,506.94	\$ 16.05	1.31	11.14	27.19	\$ 326.33	\$ 7,831.90
Commercial	1"	2.00	173,000.00	86,500.00	7,208.33	\$ 50.00	1.31	9.44	59.44	\$ 713.32	\$ 1,426.63
Commercial	2"	1.00	344,000.00	344,000.00	28,666.67	\$ 250.00	1.31	37.55	287.55	\$ 3,450.64	\$ 3,450.64
			128,489,000.00								\$ 467,968.99

Proposed Rates

C	D	E	F	G (F/E)	H (G/12)	J	K	L ((H/1,000)xK)	M (J+L)	N (Mx12)	P (ExN)
Customer Classification	Meter Size	Number Of Customers	Total Annual Usage	Average Annual Usage Per Customer	Average Monthly Usage Per Customer	Base Charge	Commodity Rate	Commodity Charge	Total Average Monthly Charge	Total Average Annual Charge	Total Anticipated Revenue
Residential	5/8" x 3/4"	1,510.00	125,522,000.00	83,127.15	6,927.26	\$ 23.00	1.95	13.51	36.51	\$ 438.10	\$ 661,527.90
Commercial	5/8" x 3/4"	27.00	2,450,000.00	90,740.74	7,561.73	\$ 27.00	1.95	14.75	41.75	\$ 500.94	\$ 13,525.50
Commercial	1"	2.00	173,000.00	86,500.00	7,208.33	\$ 80.00	1.95	14.06	94.06	\$ 1,128.68	\$ 2,257.35
Commercial	2"	1.00	344,000.00	344,000.00	28,666.67	\$ 400.00	1.95	55.90	455.90	\$ 5,470.80	\$ 5,470.80
			128,489,000.00								\$ 682,781.55

Rate Increase

Customer Classification	Meter Size	Increase	Percent
Residential	5/8" x 3/4"	\$ 11.38	45.31%
Commercial	5/8" x 3/4"	\$ 14.55	53.51%
Commercial	1"	\$ 34.61	58.23%
Commercial	2"	\$ 168.35	58.54%

Detailed Breakdown Of System Needs Revised

Golden Shores Water Company

Repairs and Maintenance

	<u>Cost</u>	<u>Quantity</u>	<u>Total</u>	<u>Total Cost</u>
<u>Repairs & Replacements</u>				
Ball Valves	\$ 49.52	-	\$ -	
Meter Boxes	\$ 249.30	-	\$ -	
Meter Box Lids	\$ 163.80	-	\$ -	
6" gate valve	\$ 525.00	5.00	\$ 2,625.00	
Meter Replacements	\$ 110.00	-	\$ -	
Automatic Flush Valves	\$ 204.23	5.00	\$ 1,021.15	
Complete Set Of Hand Tolols	\$ 3,500.00	-	\$ -	
Fluke 374 Volt Meter	\$ 299.99	-	\$ -	
Fluke 62 Mak Thermometer	\$ 115.95	-	\$ -	
Plasma Cutter	\$ 2,500.00	-	\$ -	
Wood Chipper	\$ 1,890.00	-	\$ -	
Total				\$ 3,646.15

Materials & Supplies

6" Booster Pump & 24 HP Motor	\$ 4,000.00	1.00	\$ 4,000.00	
6" Pressure Reducing Valve	\$ 2,450.00	1.00	\$ 2,450.00	
6" Ductile Iron Tees	\$ 159.60	3.00	\$ 478.80	
6" Ductile Iron Cross	\$ 232.32	1.00	\$ 232.32	
6" to 4" Ductile Iron Reducer	\$ 46.20	3.00	\$ 138.60	
4" Romax Extended Range Coupling	\$ 113.36	4.00	\$ 453.44	
6" PVC C900 Class 200	\$ 6.80	40.00	\$ 272.00	
6" Ductile Iron Pipe	\$ 15.56	36.00	\$ 560.16	
6" Romax Extended Range Coupling	\$ 159.48	4.00	\$ 637.92	
Misc. Glue, Clamps and Supplies			\$ 750.00	
Total				\$ 9,973.24
				<u>\$ 13,619.39</u>