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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

BOB STUMP, Chairman

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IN THE MATTER OF THE APPLICATION OF
VALENCIA WATER COMPANY – TOWN
DIVISION FOR THE ESTABLISHMENT OF JUST
AND REASONABLE RATES AND CHARGES
FOR UTILITY SERVICE DESIGNED TO REALIZE
A REASONABLE RATE OF RETURN ON THE
FAIR VALUE OF ITS PROPERTY
THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-01212A-12-0309

IN THE MATTER OF THE APPLICATION OF
GLOBAL WATER – PALO VERDE UTILITIES
COMPANY FOR THE ESTABLISHMENT OF
JUST AND REASONABLE RATES AND
CHARGES FOR UTILITY SERVICE DESIGNED
TO REALIZE A REASONABLE RATE OF
RETURN ON THE FAIR VALUE OF ITS
PROPERTY THROUGHOUT THE STATE OF
ARIZONA

DOCKET NO. SW-20445A-12-0310

IN THE MATTER OF THE APPLICATION OF
WATER UTILITY OF NORTHERN SCOTTSDALE,
INC. FOR A RATE INCREASE

DOCKET NO. W-03720A-12-0311

IN THE MATTER OF THE APPLICATION OF
WATER UTILITY OF GREATER TONOPAH FOR
THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES FOR
UTILITY SERVICE DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON THE FAIR
VALUE OF ITS PROPERTY THROUGHOUT THE
STATE OF ARIZONA

DOCKET NO. W-02450A-12-0312

Arizona Corporation Commission

DOCKETED

JAN 30 2014

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1 IN THE MATTER OF THE APPLICATION OF
2 VALENCIA WATER COMPANY – GREATER
3 BUCKEYE DIVISION FOR THE
4 ESTABLISHMENT OF JUST AND REASONABLE
5 RATES AND CHARGES FOR UTILITY SERVICE
6 DESIGNED TO REALIZE A REASONABLE RATE
7 OF RETURN ON THE FAIR VALUE OF ITS
8 PROPERTY THROUGHOUT THE STATE OF
9 ARIZONA

DOCKET NO. W-02451A-12-0313

7 IN THE MATTER OF THE APPLICATION OF
8 GLOBAL WATER – SANTA CRUZ WATER
9 COMPANY FOR THE ESTABLISHMENT OF
10 JUST AND REASONABLE RATES AND
11 CHARGES FOR UTILITY SERVICE DESIGNED
12 TO REALIZE A REASONABLE RATE OF
13 RETURN ON THE FAIR VALUE OF ITS
14 PROPERTY THROUGHOUT THE STATE OF
15 ARIZONA

DOCKET NO. W-20446A-12-0314

13 IN THE MATTER OF THE APPLICATION OF
14 WILLOW VALLEY WATER COMPANY FOR THE
15 ESTABLISHMENT OF JUST AND REASONABLE
16 RATES AND CHARGES FOR UTILITY SERVICE
17 DESIGNED TO REALIZE A REASONABLE RATE
18 OF RETURN ON THE FAIR VALUE OF ITS
19 PROPERTY THROUGHOUT THE STATE OF
20 ARIZONA

DOCKET NO. W-01732A-12-0315

21 RUCO'S EXCEPTIONS

22 The Residential Utility Consumer Office ("RUCO") submits the following exception
23 to the Recommended Opinion and Order ("ROO") in the above matter. RUCO only takes
24 exception to the ROO in the above matter as concerns the recommendations regarding
25 the SIB. RUCO's opposition to the SIB here is for the same reasons RUCO has made
26 clear in other water cases before the Commission where a SIB has been proposed.
27 RUCO supports the proposed Settlement. The ROO's reasoning for the recommended

1 approval of the SIB is consistent with the Commission's findings in AWC's Eastern
2 Division case (Decision No. 73938) and AWC's Northern Division case (Decision No.
3 74081). The ROO discusses RUCO's position at length and RUCO's filings in AWC's
4 Eastern and Northern Division cases also set forth in grand and vivid detail the basis for
5 RUCO's opposition. RUCO would refer the Commission to those documents only as they
6 pertain to the SIB¹ should there be any question.

7
8 On another issue, the Company has approached RUCO regarding the CPI
9 adjustor. The ROO exempts the CPI adjustor from HUF fee consideration. It is RUCO's
10 understanding that the result would be a decrease in the amount of CIAC as the HUF
11 fees increase, which, bottom line - will result in an increase in rates. The Company
12 explained that increases in the HUF, in the absence of the CPI adjustor, would require
13 the Company to make up the difference for any deficiency in its ICFA fund balance. The
14 result would be a decrease in CIAC which is an offset to rate base. The Company further
15 explained that the recommendation to remove the CPI adjustor would interfere with the
16 terms of the Company's ICFA agreements.

17
18 RUCO has always maintained that CIAC is not the enemy but the friend of the
19 ratepayer. If in fact eliminating the CPI will result in a lower amount of CIAC, RUCO
20 would not support such a recommendation. Moreover, RUCO believes the Company
21 raises a good point regarding the interference of the Commission in private contracts.
22 Unless absolutely necessary, RUCO believes such interference, at the very least is not
23 good public policy. Finally, RUCO urges the Commission approve the settlement if for
24 nothing else, it will put an end to the highly contentious ICFA issue going forward.

25
26 _____
27 ¹ In the Eastern Division case the ROE was also at issue. The ROE in this case was resolved in the
Settlement and hence RUCO makes no reference to those arguments as they are inapplicable here.

1 **CONCLUSION**

2 For the reasons stated above, the Commission should not approve the SIB in this
3 case.

4
5 **RESPECTFULLY SUBMITTED** this 30th day of January, 2014.

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7 
8 Daniel W. Pozefsky
9 Chief Counsel

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14 **AN ORIGINAL AND THIRTEEN**
15 **COPIES** of the foregoing filed this
16 30th day of January, 2014 with:

17 Docket Control
18 Arizona Corporation Commission
19 1200 W. Washington
20 Phoenix, AZ 85007

21 **COPIES** of the foregoing hand delivered/
22 mailed this 30th day of January, 2014 to:

23 Maureen Scott
24 Wesley Van Cleve
25 Legal Division
26 Arizona Corporation Commission
27 1200 W. Washington
 Phoenix, AZ 85007

1 Steve Olea
Utilities Division
2 Arizona Corporation Commission
1200 W. Washington
3 Phoenix, AZ 85007

4 Lyn Farmer
Hearing Division
5 Arizona Corporation Commission
1200 W. Washington
6 Phoenix, AZ 85007

7 Timothy Sabo
8 Michael Patten
Roshka, DeWulf & Patten PLC
9 400 E. Van Buren, Suite 800
Phoenix, AZ 85004
10 Attorneys for Valencia Water Company, Inc.,
11 Global Water – Palo Verde Utilities
Company; Water Utility of Northern Scottsdale;
12 Water Utility of Greater Tonopah, Inc.;
Valencia Water Company – Greater Buckeye
13 Division; Global Water – Santa Cruz Water
Company and Willow Valley Water Co., Inc.
14

15 Garry D. Hays
The Law Offices of Garry D. Hays, PC
16 Phoenix, AZ 85016
Attorneys for New World Properties, Inc.
17

18 Jeffrey W. Crockett
Brownstein Hyatt Farber Schreck, LLP
19 One E. Washington St., Suite 2400
Phoenix, AZ 85004
20 Attorneys for New World Properties, Inc.

21 Lawrence V. Robertson, Jr.
22 Attorney at Law
P.O. Box 1448
23 Tubac, AZ 85646
24 Attorney for the City of Maricopa, AZ

25
26
27

1 Michele Van Quathem
Sheryl A. Sweeney
2 Ryley Carlock & Applewhite
One N. Central Ave., Suite 1200
3 Phoenix, AZ 85004-4417
Attorneys for Maricopa Area Homeowners Assoc.

4
5 Steven P. Tardiff
44840 W. Paitilla Lane
6 Maricopa, AZ 85139

7 Willow Valley Club Association
c/o Gary McDonald, Chairman
8 1240 Avalon Ave.
Havasu City, AZ 86404
9

10 Dana L. Jennings
42842 W. Morning Dove Lane
11 Maricopa, AZ 85138

12 Andy and Marilyn Mausser
20828 N. Madison Dr.
13 Maricopa, AZ 85138

14
15 By Cheryl Faulob
Cheryl Faulob

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17
18
19
20
21
22
23
24
25
26
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