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OPEN MEETING AGENDA ITEM

BEFORE THE ARIZONA CORPORATION COMMISSION

AZ CORP COMMISSION

DOCKET CONTROL

2014 OCT 24 PM 3 49

BOB STUMP

Chairman

GARY PIERCE

Commissioner

BRENDA BURNS

Commissioner

BOB BURNS

Commissioner

SUSAN BITTER SMITH

Commissioner

ORIGINAL

Arizona Corporation Commission

DOCKETED

OCT 24 2014

DOCKETED BY

IN THE MATTER OF THE PROPOSED)
RULEMAKING TO MODIFY A.A.C. R14-2-)
103 TO UPDATE THE UTILITY)
CLASSIFICATIONS.)

DOCKET NO.: RU-00000A-13-0294

COMMENTS BY CAMP VERDE WATER)
SYSTEM, INC.)

Camp Verde Water System, Inc. (CVWS), a water utility serving over 1500 customer connections in and around Camp Verde, Arizona, hereby reiterates its public comments placed on the record on June 12, 2014 in the Matter of the Proposed Rulemaking to Modify A.A.C. R14-2-103 to Update the Utility Classifications.

During public comments, CVWS addressed concerns that it has expressed for many years that the concepts of regulatory lag, accounting and time clock requirements, and rate case expense are detriments to a small utility filing a rate case with the Commission. Additionally, in its comments, CVWS restated a basic premise that it has always supported: rate case expense is often an expense that small utilities cannot afford which prevents them from seeking Arizona Corporation Commission (Commission) assistance when it may otherwise be necessary. If revenue thresholds are updated to reflect what is set forth in the proposed rule, the processes for

1 small utilities to file a rate case should be more streamlined and efficient, thereby reducing rate
2 expense for small utilities. It should additionally allow for rate cases to process more quickly.
3 CVWS supports Staff's proposals in this rulemaking related to A.A.C. R14-2-103, which
4 Chairman Stump's Proposed Amendment No. 1, (Alternative Form of Order), dated October 3,
5 2014, also supports.

7 CVWS advocates updating the utility classifications as the associated thresholds
8 have not been restructured since their adoption by the Commission in Decision No. 57875 (May
9 18, 1992). These updates are needed to streamline Commission processes to help small utilities
10 with expenses related to filing a rate case. Such updates will change the annual in-state operating
11 revenue thresholds that classify utilities so that many utilities will be placed into the next lower
12 tier with less onerous filing requirements.

14 The rulemaking modification will change rate case filing, accounting and time
15 clock requirements, as well as eligibility for submitting a rate case by a short form application.
16 Based on these updates, rate cases ought to be processed by the Commission in a more rapid
17 manner. CVWS believes that these modifications will make the process quicker, more efficient,
18 and therefore more economical. Currently, small utilities often have to hire accountants and
19 attorneys to help them with the rate case process. A small utility must have the resources by way
20 of time and capital to file a well-regarded rate case. The modification to A.A.C. R14-2-103 should
21 offer smaller utilities the ability to evaluate their current situation with less concern related to the
22 cost of preparing and filing the rate case application and supporting information.

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1 CVWS is therefore in support of the Proposed Rulemaking to Modify A.A.C. R14-
2 2-103 to Update the Utility Classifications as set forth by Staff in its filings and through Chairman
3 Stump's Proposed Amendment No. 1 (Alternative Form of Order) for the reasons stated above.

4 RESPECTFULLY SUBMITTED this 24th day of October, 2014.

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16 ORIGINAL and thirteen copies (13)
17 of the foregoing filed this 24th day
18 of October, 2014 with:

19 Docket Control
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Karen E. Nally