

ORIGINAL



0000166799

RECEIVED

2015 NOV 12 P 1:22

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

NOV 12 2015

DOCKETED BY

1 SHAPIRO LAW FIRM, P.C.
Jay L. Shapiro (No. 014650)
2 1819 E. Morten Avenue, Suite 280
Phoenix, Arizona 85020
3 Telephone (602) 559-9575

4 LIBERTY UTILITIES
Todd C. Wiley (No. 015358)
5 12725 W. Indian School Road, Suite D-101
Avondale, Arizona 85392

6 Attorneys for Liberty Utilities (Rio Rico Water & Sewer) Corp.
7

8 **BEFORE THE ARIZONA CORPORATION COMMISSION**
9

10 IN THE MATTER OF THE APPLICATION
11 OF LIBERTY UTILITIES (RIO RICO
WATER & SEWER) CORP., AN ARIZONA
12 CORPORATION, FOR A
13 DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND
14 PROPERTY AND FOR INCREASES IN ITS
WATER AND WASTEWATER RATES
AND CHARGES FOR UTILITY SERVICE
15 BASED THEREON.

DOCKET NO: WS-02676A-15-0368

AMENDMENT TO APPLICATION

16 Liberty Utilities (Rio Rico Water & Sewer) Corp. ("Liberty Rio Rico") hereby
17 amends Paragraph 3 of its Application as indicated below. Liberty Rio Rico has also
18 corrected several typographical errors in the proposed Purchased Power Adjuster
19 Mechanism ("PPAM") and Property Tax Adjuster Mechanism ("PTAM") documents
20 (Attachments 3 and 4, respectively), and hereby submits new versions which are intended
21 to replace those filed on October 28, 2015.

22 3. The person responsible for overseeing and directing the conduct of this rate
23 application is Mr. Garlick, who was assisted by Liberty Rio Rico's rate consultant,
24 Thomas Bourassa, and undersigned legal counsel. Mr. Garlick's mailing address is 12725
25 W. Indian School Road, Suite D-101, Avondale, Arizona 85392; his telephone number is
26 (623) 298-3763; and his email address is Matthew.Garlick@libertyutilities.com.

1 Mr. Bourassa's mailing address is 139 W. Wood Drive, Phoenix, Arizona 85029;
2 his telephone number is (602) 246-7150; and his e-mail address is tjb114@cox.net.
3 **All discovery, data requests and other requests for information concerning this**
4 **Application should be directed to Mr. Garlick, including copies by e-mail, as well as**
5 **to Mr. Bourassa, with a copy by e-mail to undersigned counsel at**
6 **jay@shapslawaz.com and whitney@shapslawaz.com, and to Liberty's Assistant**
7 **General Counsel at Todd.Wiley@libertyutilities.com.**

8 18. Attached hereto as **Attachment 3** is Liberty Rio Rico's proposed PPAM.

9 19. Attached hereto as **Attachment 4** is Liberty Rio Rico's proposed PTAM.

10 RESPECTFULLY SUBMITTED this 12th day of November, 2015.

11 SHAPIRO LAW FIRM, P.C.

12
13 By: _____

Jay L. Shapiro
1819 E. Morten Avenue, Suite 280
Phoenix, AZ 85020

14
15 and

16 LIBERTY UTILITIES

17 Todd C. Wiley
18 Assistant General Counsel
12725 W. Indian School Road, Suite D-101
19 Avondale, AZ 85392

20 Attorneys for Liberty Utilities
(Rio Rico Water & Sewer) Corp.

21 ORIGINAL and thirteen (13) copies
22 of the foregoing were delivered
this 12th day of November, 2015, to:

23 Docket Control
24 Arizona Corporation Commission
1200 W. Washington Street
25 Phoenix, AZ 85007

26 By: Whitney Bilk

ATTACHMENT 3

LIBERTY UTILITIES (RIO RICO WATER & SEWER) CORP.

**PROPOSED PLAN OF ADMINISTRATION FOR
PURCHASED POWER ADJUSTMENT MECHANISM**

I. GENERAL DESCRIPTION.

This document is the Plan of Administration (“POA”) for the Purchased Power Adjustment Mechanism (“PPAM”) for Liberty Utilities (Rio Rico Water & Sewer) Corp. (“Liberty Rio Rico” or “Company”) approved by the Arizona Corporation Commission (“Commission”) in Decision No. _____ on _____, 2016. The PPAM allows Liberty Rio Rico to pass through to its customers the increase or decrease in purchased power costs that result from a rate change for any Commission-regulated electric service provider supplying retail electric service to the Company.

II. PPAM RELATED FILINGS.

A. Within 60 days of the effective date of a Commission Decision authorizing a rate change in the approved tariffs for any Commission-regulated electric service provider supplying retail electric service to the Company, the Company shall file with Docket Control an analysis of the actual impact on the energy portion of the Company’s electric service costs.

B. The Company will provide the Commission with spreadsheets detailing exactly how the Company’s purchased power expenses were calculated in the time period prior to a change in the rate that the Company must pay for purchased power. These calculations will include basic service charges and rate and volume figures. That is, the Company will break down its total purchased power bill into the amount due to fixed fees, volume of electricity used, and the rates paid per unit of electricity. For the period following the rate change, the Company will provide the same information, then compare the two periods, isolating any change in purchased power cost that is due exclusively to a rate change. The specific intent is to show exactly how much of any increase or decrease is due to changes in rates beyond the Company’s control and how much is due to a change in the amount of power that the Company consumes. The Company will only recover increases or refund decreases that are due to changes in rates.

C. All revised schedules filed with the Commission pursuant to the provisions of this PPAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify accuracy of the Company’s calculations.

D. The surcharges will not become effective until approved by the Commission.

E. The Company will file annually with the Commission a report detailing the Company's purchased power costs and any conservation or power-shifting measures employed by the Company.

F. The Company shall provide notice (in a form acceptable to Staff) of the rate increases to customers with the bill where the rate increase first appears.

III. APPLICATION TO WATER AND SEWER CUSTOMERS.

A. The increase or decrease in purchased power costs that are due to changes in rates at the Company's water and sewer facilities will be allocated on a per capita basis.

B. See the following example:

<i>Test Year</i>			<i>Current Year</i>	
Purchased Power Rate	\$0.0800	→	Purchased Power Rate	\$0.1000
Kilowatt Hours Used	1,250,000		Kilowatt Hours Used	1,250,000
Purchased Power Expense	\$100,000		Purchased Power Expense	\$125,000

<i>Pass Through Calculation</i>	
Current Year Purchased Power Expense	\$125,000
Test Year Purchased Power Expense	\$100,000
Increase in Purchased Power Expense Due to Rate Increase	\$25,000

<i>PPAM Charge on Sample Customer Bill</i>	
Increase in Purchased Power Expense Due to Rate Increase	\$25,000
Number of Water/Sewer Customers	20,000
PPAM Charge on Sample Customer Bill	\$1.25

ATTACHMENT 4

LIBERTY UTILITIES (RIO RICO WATER & SEWER) CORP.

**PROPOSED PLAN OF ADMINISTRATION FOR
PROPERTY TAX ADJUSTMENT MECHANISM**

I. GENERAL DESCRIPTION.

This document is the Plan of Administration (“POA”) for the Property Tax Adjustment Mechanism (“PTAM”) for Liberty Utilities (Rio Rico Water & Sewer) Corp. (“Liberty Rio Rico” or “Company”) approved by the Arizona Corporation Commission (“Commission”) in Decision No. _____ on _____, 2016. The PTAM allows Liberty Rio Rico to pass through to its customers the increase or decrease in property taxes that results from a change in the applicable assessment ratio and/or property tax rates.

II. PTAM RELATED FILINGS.

A. Within 60 days of the effective date of a change in the assessment ratio and/or property tax rates applicable to the Company, the Company shall file with Docket Control an analysis of the actual impact on the Company’s property tax expenses.

B. The Company will provide the Commission with spreadsheets detailing exactly how the Company’s property tax expenses were calculated in the time period prior to a change in the assessment ratio and/or property tax rate that affects the Company’s property tax expenses. These calculations will include the assessment ratio, the property tax rates, and the value of the property that was taxed. For the period following the change(s), the Company will provide the same information, then compare the two periods, isolating any change in property tax expense that is due exclusively to changes in the assessment ratio and/or property tax rates. The specific intent is to show exactly how much of any increase or decrease in property tax expense is due to changes in the assessment ratio and tax rates beyond the Company’s control and how much is due to changes in the value of the property the Company owns. The Company will only recover increases or refund decreases that are due to changes in the assessment ratio and tax rates.

C. All revised schedules filed with the Commission pursuant to the provisions of this PTAM will be accompanied by documentation prepared by the Company in a format approved by Utilities Division Staff of the Commission and will contain sufficient detail to enable the Commission to verify accuracy of the Company’s calculations.

D. The surcharges will not become effective until approved by the Commission.

E. The Company will file annually with the Commission a report detailing the Company’s property tax expenses.

F. The Company shall provide notice (in a form acceptable to Staff) of the rate increases to customers with the bill where the rate increase first appears.

III. APPLICATION TO WATER AND SEWER CUSTOMERS.

A. The increase or decrease in property tax expenses that are due to changes in the assessment ratio and/or property tax rates at the Company's water and sewer facilities will be allocated on a per capita basis.

B. See the examples on the next page:

Change in Assessment Ratio Example

Test Year		➔	Current Year	
Assessment Ratio	20.00%		Assessment Ratio	21.00%
Property Full Cash Value	\$10,000,000		Property Full Cash Value	\$10,000,000
Assessed Valuation	\$2,000,000		Assessed Valuation	\$2,100,000

Change in Assessed Valuation	
Current Year Assessed Valuation	\$2,100,000
Test Year Assessed Valuation	\$2,000,000
Increase in Assessed Valuation Due to Increase in Assessment Ratio	\$100,000

Test Year		Current Year	
Total Property Tax Rate	10.00%	Total Property Tax Rate	10.00%
Assessed Valuation	\$2,000,000	Assessed Valuation	\$2,100,000
Property Tax Expense	\$200,000	Property Tax Expense	\$210,000

PTAM Charge on Sample Customer Bill	
Increase in Property Tax Expense Due to Increase in Assessment Ratio	\$10,000
Number of Water/Sewer Customers	20,000
PTAM Charge on Sample Customer Bill	\$0.50

Change in Total Property Tax Rate Example

Test Year		➔	Current Year	
Total Property Tax Rate	10.00%		Total Property Tax Rate	11.00%
Assessed Valuation	\$2,000,000		Assessed Valuation	\$2,000,000
Property Tax Expense	\$200,000		Property Tax Expense	\$220,000

Pass Through Calculation	
Current Year Property Tax Expense	\$220,000
Test Year Property Tax Expense	\$200,000
Increase in Property Tax Expense Due to Rate Increase	\$20,000

PTAM Charge on Sample Customer Bill	
Increase in Property Tax Expense Due to Rate Increase	\$20,000
Number of Water/Sewer Customers	20,000
PTAM Charge on Sample Customer Bill	\$1.00