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AZ CORP COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

9 DOUG LITTLE, CHAIRMAN
10 BOB STUMP
11 BOB BURNS
12 TOM FORESE
13 ANDY TOBIN

Arizona Corporation Commission

DOCKETED

MAR 11 2016

DOCKETED BY

14 IN THE MATTER OF THE
15 APPLICATION OF CHAPARRAL
16 WATER PROPERTIES, INC. FOR AN
17 INCREASE IN RATES

DOCKET NO. W-02393A-15-0349
COMMENTS TO REVISED STAFF
REPORT

18
19 Chaparral Water Properties, Inc. ("Chaparral" or "Company") hereby files its
20 comments to the Revised Staff Report. As previously explained, Chaparral and Staff
21 generally agree on most material issues. The Revised Staff Report makes no material
22 changes to its positions set forth in the original Staff Report. Accordingly, Chaparral's
23 positions have not changed either and the Company hereby incorporates its Comments
24 to Staff Report filed on January 19, 2016.
25

26 Mindful of the court's time, the Company will refrain from repeating all of the
27 arguments it asserted in its original comments. Nonetheless, the rate design issue is
28

1 significant and does merit additional consideration. As the court is aware, the Company
2 proposes 48% of the annual revenue generated from the monthly minimum and 52%
3 from the commodity rates. This 48/52 revenue split provides revenue stability, retains
4 the link to water use and expense, and keeps residential rates low. The average customer
5 using 10,293 gallons per month will see their bill increase from \$34.52 to \$45.30, or
6 \$10.78 per month. A customer's bill with median monthly usage of 6,697 will increase
7 from \$26.04 to \$36.11, or \$10.07. Clearly, the 48/52 split is a reasonable balance
8 between the Company's need for reliable cash flow and the customers' desire for low
9 rates.
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13 Staff's rate design results in this split being 42% and 58% between the monthly
14 minimum and commodity rates. This approach shifts much of the rate increase burden
15 on the high volume water customers, which in turn lowers water demand. As the
16 Company sells less water, it generates less revenue, leaving Chaparral with inadequate
17 funding. Stated plainly, the Company is concerned that if Staff's rate design is adopted,
18 it will not meet the revenue requirement because too much of the projected revenue is
19 placed in the commodity rates and revenue shortfalls will occur as high-volume water
20 customers reduce water demand to save money. This is an all-to-common consequence
21 of seeking most of the revenues through commodity charges.
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25 Therefore, the Court should adopt the Company's position. But even if the Court
26 adopts Staff's metered water revenue requirement of \$176,097, Chaparral requests the
27 Court adopt the Company's alternative rate design applying the 48/52 split set forth in
28 Attachment 4 of the Comments to Staff Report (Jan. 19, 2016).

1 DATED this 11th day of March, 2016.

2
3 **MOYES SELLERS & HENDRICKS LTD.**

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6 _____
7 Steve Wene

8 **Original and 13 copies filed this**
9 **11th day of March, 2016, with:**

10 Docket Control
11 Arizona Corporation Commission
12 1200 West Washington
13 Phoenix, Arizona 85007

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