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Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007-2927

Arizona Corporation Commission
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RE: Commission Investigation into Potential improvements to its Water Policies
Docket No: W-00000C-16-0151

After review of the documents regarding possible changes in rate cases for small utilities the BDWC would like to offer the following comments.

In the past the Commission has been slow in recognizing the impacts of the rate case process. As a Class D water utility we were encourage to see the increase the Annual Gross Operating Revenues limit and the processing time being reduce without the cost of extra hearing. However, after having completed a rate case in 2008 and again 2012 we feel some of the impacts of the rate cases had adverse effects to our Company's revenue and to our customer relations.

The rate case in 2008 resulted in a 3 tier rate. Prior to that, we the Company had a \$15.00 flat rate monthly minimum for each lot owner and a master meter for the Beaver Dam Homeowners Association (one of our largest companies). With this 3 tier rate, they experienced an extreme rate shock. The Commission should be aware that customers outside Active Management Areas can drill their own wells which they did for outside grass watering and irrigation systems. As a result, the Company experienced revenue erosion by nearly 25% of the total Gross Annual Revenue. Consideration of the ADWR Inactive Management Areas should be considered in future rate cases. The Company supports the Commission accepting practices that recognize rate erosion and making appropriate adjustments to small utilities when doing rate cases. If the 3 tier rate are not put in gradually, the customers blame the companies which turns into a public relationship nightmare.

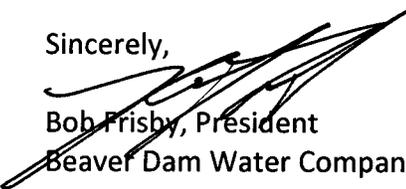
Small utilities need to have the adequate revenue to be able to operate and keep key employee's. In our area we have a large water company (Virgin Valley Water District) in Mesquite NV that is a political entity of the state of Nevada which offer Health Care and

Retirement benefits. Often we train our technician's and clerical staff and keep them just long enough to gain water experience and then they quit and go to work for them.

The Company has been operating for 28 years in Arizona committed to providing reliable, quality water to our customers in full compliance. The Company has never received our net operating income projections. We acquired four smaller utilities and provided fire flow to the customers. In addition, the Company completed hydrological studies and received a Designated Water Supply from ADWR of 9,375 AC-FT for future growth.

We would like the Commission to note that all large water companies started out at one time as a small water utility. It is important the Commission consider the steps we have taken to be prepared for future growth within our CC&N and future rate cases.

Sincerely,



Bob Frisby, President

Beaver Dam Water Company, Inc.