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AZ CORP COMMISSION
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8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

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

Arizona Corporation Commission
DOCKETED
JUL 5 2016

DOCKETED BY

15 IN THE MATTER OF THE APPLICATION
16 OF SOUTHLAND UTILITIES COMPANY,
17 INC. FOR AN INCREASE IN RATES

DOCKET NO. W-02062A-15-0224

**SOUTHLAND'S REPLY TO
STAFF'S THIRD SUPPLEMENTAL
REPORT**

18 Southland Utilities Company, Inc. ("Company" or "Southland") hereby files its
19 reply to Staff's Third Supplemental Staff Report dated June 17, 2016. ("Fourth Report").

20 **1.0 Proposals by Both Southland and Staff Are Reasonable.**

21 Southland believes the Court has two acceptable proposals. The Company's
22 position is reasonable and could be adopted by the Arizona Corporation Commission
23 ("Commission"). Southland's position has a proposed revenue requirement of \$376,476
24 and would result in a monthly increase of \$5.34 for the average residential customer.
25

26 Similarly, the position presented in Fourth Report is reasonable. Staff
27 recommends a revenue requirement of \$373,026, which is only \$3,450 less than the
28

1 Company's proposed revenue. Staff accepted the Company's position on CIAC. This
2 will allow the Company's principal payments made to WIFA after the test year to be
3 treated normally, not recognized as CIAC. Further, the property tax rate is set at 18%,
4 which the Company previously noted is correct. Staff also allows the Company sufficient
5 revenue to fund the WIFA loan requirements. The rate design also shows Staff's good
6 faith effort to actually generate the revenue requirement it recommends. Southland
7 appreciates Staff's efforts to present a straightforward position that treats the Company
8 reasonably.

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11 **2.0 Company Requests Expedited Decision.**

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13 As the Court is well aware, the Company's rate application was filed more than a
14 year ago. The process in this case has taken longer than usual because there are no longer
15 hearings where the Court can address the parties directly. Rather, the Court must rely on
16 written reports to answer questions, which is not nearly as efficient because the answers
17 often lead to more questions. As this case has demonstrated, without a hearing it often
18 takes the Court and the parties more time to address complex matters because written
19 briefing takes far more time and effort than simply asking and answering questions.
20 Unfortunately, it is the Company who bears the burden of delay as the implementation of
21 a much-needed rate increase is postponed.

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25 While reviewing Staff's schedules, the Company identified several *de minimis*
26 errors in the Fourth Report schedules. The Company believes that the delay necessary to
27 correct these errors would cost far more than the benefit gained by fixing the issues. Put
28 another way, the Company acknowledges that fixing the schedules might result in a small

1 revenue increase, but that small increase would never match the cost of delaying the rate
2 case another two months. Further, since the proposed revenue requirement in the Fourth
3 Report is less than the Company's proposal, accepting Staff's position would not
4 adversely affect the customers.
5

6 **3.0 Action Requested**

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8 The Company finds Staff's position acceptable and urges the court to adopt either
9 it or the Company's position without further delay. If the Court adopts Staff's position,
10 however, it should acknowledge that the schedules have a few *de minimis* errors that do
11 not materially impact the proposal.
12

13 RESPECTFULLY SUBMITTED this 5th day of July, 2016.

14
15 **MOYES SELLERS & HENDRICKS LTD.**

16 

17 _____
18 Steve Wene

19 **Original and 13 copies filed this**
20 **5th day of July, 2016, with:**

21 Docket Control
22 Arizona Corporation Commission
23 1200 West Washington
24 Phoenix, Arizona 85007

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