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BEFORE THE ARIZONA CORPORATION C

COMMISSIONERS

DOUG LITTLE – Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF
BERMUDA WATER COMPANY, AN ARIZONA
CORPORATION, FOR A DETERMINATION OF
THE FAIR VALUE OF ITS UTILITY PLANTS
AND PROPERTY AND INCREASES IN ITS
WATER RATES AND CHARGES FOR UTILITY
SERVICE BASED THEREON.

DOCKET NO. W-01812A-15-0421

NOTICE OF FILING
STAFF'S SURREBUTTAL TESTIMONY

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby submits the Surrebuttal Testimony and Exhibits of Staff witness Phan Tsan, regarding the above-captioned docket.

RESPECTFULLY SUBMITTED this 13th day of September, 2016.

Arizona Corporation Commission

DOCKETED

SEP 13 2016

DOCKETED BY *Ma*

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On this 13th day of September, 2016, the foregoing document was filed with Docket Control as a Utilities Division Pre-Filed Testimony, and copies of the foregoing were mailed on behalf of the Utilities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

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BEFORE THE ARIZONA CORPORATION COMMISSION

DOUG LITTLE
Chairman
BOB STUMP
Commissioner
BOB BURNS
Commissioner
TOM FORESE
Commissioner
ANDY TOBIN
Commissioner

IN THE MATTER OF THE APPLICATION OF)
BERMUDA WATER COMPANY, AN ARIZONA)
CORPORATION, FOR A DETERMINATION OF)
THE FAIR VALUE OF ITS UTILITY PLANTS)
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WATER RATES AND CHARGES FOR UTILITY)
SERVICE BASED THEREON.)
_____)

DOCKET NO. W-01812A-15-0421

SURREBUTTAL
TESTIMONY
OF
PHAN TSAN
PUBLIC UTILITIES ANALYST
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

SEPTEMBER 13, 2016

**EXECUTIVE SUMMARY
BERMUDA WATER COMPANY
DOCKET NO. W-01812A-15-0421**

Staff's surrebuttal testimony is, on behalf of Staff, to respond to the rebuttal testimony of Mr. Jason Martin, witness for Bermuda Water Company.

1 **INTRODUCTION**

2 **Q. Please state your name, occupation, and business address.**

3 A. My name is Phan Tsan. I am a Public Utilities Analyst employed by the Arizona Corporation
4 Commission (“Commission”) in the Utilities Division (“Staff”). My business address is 1200
5 West Washington Street, Phoenix, Arizona 85007.

6
7 **Q. Are you the same Phan Tsan who filed direct testimony in this case?**

8 A. Yes.

9
10 **Q. What is the purpose of your surrebuttal testimony in this proceeding?**

11 A. The purpose of my surrebuttal testimony in this proceeding is to respond, on behalf of Staff,
12 to the rebuttal testimony of Mr. Jason Martin, witness for Bermuda Water Company
13 (“Bermuda” or “Company”).

14
15 **RECOMMENDATIONS**

16 **Q. What is the Company’s position in its Rebuttal?**

17 A. The Company is willing to stipulate to Staff’s adjustments if Staff and the Company can reach
18 a common position with regard to the following three issues: Cash Working Capital,
19 Depreciation Expense (Contributions in Aid of Construction (“CIAC”) amortization rate)
20 and Accumulated Depreciation.

21
22 **Q. Were these three issues mentioned above discussed by Staff and the Company?**

23 A. Yes. The Company and Staff met on August 16, 2016, to discuss these issues and came to an
24 agreement that:

25
26 CIAC amortization rate is 3.72 percent.

1 The final accumulated depreciation balance is \$8,795,240.

2 The Cash Working Capital is \$147,296.

3

4 **Q. Does Staff recommend the Company perform a lead-lag study and use the results of**
5 **that study to support its request for a cash working capital allowance in its next rate**
6 **case?**

7 A. Yes. In fact, the Company has agreed to do so.

8

9 **Q. Does Staff believe that full agreement has been reached on all contested issues?**

10 A. Yes. Staff and the Company are now in agreement on all of the contested issues in the case.
11 Staff believes the resulting revenue requirement is fair and reasonable and in the public
12 interest.

13

14 **Q. Does this conclude Staff's surrebuttal testimony?**

15 A. Yes, it does.