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November 15, 2011

Arizona Corporation Commission
Docket Control
W-02368A-11-0185

Re: Dissent Letter; Mirabell Water Company
Docket No. W-02368A-11-0185

I am entering into the docket this letter explaining my No vote for this matter.

In my review of the procedural history and the facts concerning the rate increase requested by the Mirabell Water Company, I kept an open mind as to whether I could support the Recommended Opinion and Order (ROO), approval of a rate increase for the Company. However, the Commission's adoption of the amendments to the ROO convinced me that voting for this large of an increase was not in the public interest.

I believe the Commission's adoption of an additional $5.00 to the recommended $5.00 surcharge to pay down the amount owed to the management company, will create a financial burden to the ratepayers who **overwhelmingly opposed** the rate increase. I understand that no one favors an increase in their rates, but I think most ratepayers understand utility providers are entitled to earn a fair rate of return. Staff recommended denying the proposed $10.00 surcharge on top of the rate increase for a management decision made by the owners. The ROO split the difference and allowed a $5.00 surcharge for recovery of an operating expense incurred outside a test year. The Chair's amendment doubled the amount of the surcharge.

In addition to the doubling of the surcharge, I am concerned with the road the Commission is headed when it comes to water conservation. In the last two years in recognition that water is a precious resource, the Commission has required all water companies to adopt Best Management Practices (BMPs). Many BMPs may be implemented at low cost or no cost for water companies and their ratepayers. Further our Staff has created BMP templates and provides valuable assistance to companies concerning implementation of BMPs. Unfortunately, in this case the ROO was amended to exclude the recommended BMPs.

It is for these reasons, I believed the amended ROO was not in the public interest and voted against the rate increase.

Sincerely,

Sandra D. Kennedy
Corporation Commissioner