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BEFORE THE ARIZONA CORPORATION

COMMISSIONERS
MARC SPITZER- Chairman
JIM IRVIN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON

Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF)
PALO VERDE UTILITIES COMPANY FRO AN)
EXTENSION OF ITS EXISTING CERTIFICATE)
OF CONVENIENCE AND NECESSITY.)

DOCKET NO. SW-03575A-03-0586
W-03576A-03-0586

IN THE MATTER OF THE APPLICATION OF)
SANTA CRUZ WATER COMPANY, FOR AN)
EXTENSION OF ITS EXISTING CERTIFICATE)
OF CONVENIENCE AND NECESSITY.)

STAFF'S RESPONSE TO SONORAN
APPLICATION FOR LEAVE TO
INTERVENE.

The Utilities Division Staff ("Staff") of the Arizona Corporation Commission ("Commission") hereby responds to the Application for Leave to Intervene ("Application") filed by Sonoran Utility Services, LLC ("Sonoran") on August 28, 2003 in the above captioned matter. Staff moves for denial of Sonoran's request, as it does not demonstrate that Sonoran has a direct and substantial interest in the above captioned proceeding. Such a showing is the minimum standard for approval of an application for leave to intervene pursuant to Arizona Administrative Code ("AAC") R14-3-105.

In the filed Application, Sonoran clarifies that it does not represent Pinal County, 387 Domestic Water Improvement District or 387 Wastewater Improvement District (collectively referred to as "the Districts"). The Application goes on to allege that Sonoran is merely the contracted manager for the Districts' operations. From this information it is difficult for Staff to envision how any action taken by the Commission in the above captioned case would affect Sonoran's management capabilities or the company's ability to contract in any direct or substantial manner.

The following issues raised by Sonoran's application are particularly disturbing to Staff. First, Sonoran asserts that certain parcels in involved in above captioned matter have signed petitions to be included within the Districts. This information seems irrelevant to the proceeding at hand, as the Commission has not been asked to preclude or interrupt such conduct. Furthermore, Sonoran fails to

1 indicate the owners or the actual parcels at issue in this statement.

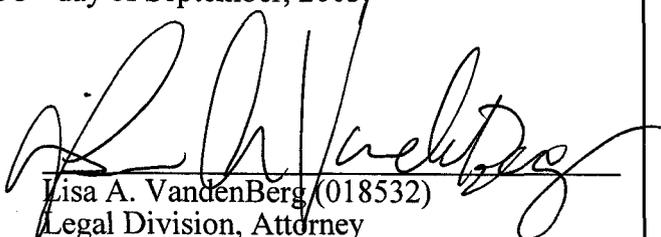
2 Second, Sonoran alleges that if those certain parcels are included in a Commission approved
3 extension of a Certificate of Convenience and Necessity ("CC&N"), such approval would be illegal.
4 However, despite making such a strong allegation as a basis for Intervention, Sonoran fails to
5 provide any support that such a legal preclusion upon the Commission exists. As well, Staff is not
6 aware of any support for such an allegation (especially considering there is no suggestion that the
7 Districts plan to pursue a condemnation action).

8 Furthermore if the Districts are concerned about such an alleged violation, it has not been
9 evidenced by a request to intervene in this proceeding. It seems that if the Districts are concerned
10 with the Commission's potential action in this matter they are the best suited to represent their
11 concerns and/ or interests.

12 Finally, Sonoran asserts that it is merely a managing agent of the Districts and as of yet a
13 review by Staff to analyze such assertion has not been necessitated. Staff does not believe that the
14 above captioned matter would necessitate such a review. However if the basis for Sonoran's
15 intervention is that a CC&N extension would take customers away from Sonoran, at some point
16 Sonoran's actions beg the question of whether they are in fact another public service company
17 attempting to use the Districts to circumvent regulation by the Commission. Such a review would
18 unduly broaden this matter.

19 Given that Staff wishes to prevent any unnecessary expansion of the matter or delay in
20 process, Staff moves for denial of Sonoran's Application for Leave to Intervene.

21 RESPECTFULLY SUBMITTED this 3rd day of September, 2003,

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AN ORIGINAL and fifteen (15)
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