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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MARC SPITZER, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

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

DOCKET NO. SW-03575A-03-0586

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

DOCKET NO. W-03576A-03-0586

NOTICE OF FILING SUPPLE-
MENTAL DIRECT PRE-FILED
TESTIMONY OF TREVOR HILL

Notice is hereby given that Santa Cruz Water Company and Palo Verde Utilities Company have this day filed the Supplemental Direct Pre-Filed Testimony of Trevor Hill, including appendices, in the above-captioned dockets.

RESPECTFULLY submitted this 19th day of July, 2004.

SNELL & WILMER

Arizona Corporation Commission

DOCKETED

JUL 19 2004

DOCKETED BY 

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ORIGINAL and thirteen (15) copies of the foregoing have been filed with Docket Control this 19th day of July, 2004.

1 A COPY of the foregoing was
2 been hand delivered this 19th day of
3 July, 2004, to:

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14 A COPY of the foregoing was
15 mailed this 19th day of July,
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**SUPPLEMENTAL PRE-FILED DIRECT TESTIMONY OF
TREVOR HILL
July 19, 2004**

1 **SUPPLEMENTAL PRE-FILED DIRECT TESTIMONY OF TREVOR HILL**

2 Q. Please state your name and business address.

3 A. My name is Trevor Hill. My business address is 22601 North 19th Avenue, Suite 210,
4 Phoenix, Arizona.

5 Q. Have you previously provided testimony in these consolidated dockets?

6 A. Yes. I pre-filed direct testimony on May 14, 2004.

7 Q. What is the purpose of this Supplemental Testimony.

8 A. On May 28, 2004, Utilities Division Staff ("**Staff**") filed its Supplemental Staff Report
9 ("**Supplemental Staff Report**" or "**Report**") in these consolidated dockets. In the Supplemental
10 Staff Report, Staff listed a series of recommendations. In a Procedural Order dated June 3, 2004,
11 the Administrative Law Judge ordered Palo Verde Utilities Company ("**Palo Verde**") and Santa
12 Cruz Water Company ("**Santa Cruz**") to file a response to the Supplemental Staff Report. The
13 purpose of this testimony is to discuss Staff's recommendations and certain statements in the
14 Report.

15 Q. Have you read the Supplemental Staff Report and Staff's recommendations?

16 A. Yes.

17 Q. What is your general assessment of the Report?

18 A. I believe the recommendations are generally acceptable in recognition of the fact that Palo
19 Verde and Santa Cruz are relatively new utility companies without long track records in Arizona
20 and their parent, Global Water Resources, ("**GWR**") itself is a relatively new entity. However,
21 the Supplemental Staff Report does not provide a complete picture of GWR's technical and
22 managerial capabilities and experience. I would like to present a more representative picture by
23 describing the positive experiences of GWR's principals, particularly Graham Symmonds and
24 myself, on several other water and wastewater treatment design and construction projects. Those
25 projects included the design and construction of leading edge, award-winning facilities that
26 resulted in kudos from our clients, customers, regulators, and peers.

1 The Supplemental Staff Report also lacks material facts concerning problems at two
2 design and construction projects led by Hill-Murray and Associates (“HMA”), which occurred in
3 1997 and 1999 when I was one of HMA’s principals. I would like to supplement the Report with
4 additional facts which, when viewed together with the facts in the Report, actually demonstrate
5 that HMA’s performance on those two projects was exemplary.

6 Q. The Supplemental Staff Report contains recommendations at pages 21-22. Have you
7 reviewed those recommendations?

8 A. Yes. Palo Verde and Santa Cruz initially had some questions regarding how the various
9 Staff recommendations would be implemented. However, Palo Verde and Santa Cruz have met
10 with Staff several times, and the parties have clarified the recommendations in a Settlement
11 Agreement which is being filed contemporaneously with this supplemental direct testimony.

12 Q. Does Palo Verde and Santa Cruz support the Settlement Agreement?

13 A. Yes. The Settlement Agreement represents a collaborative effort between Palo Verde,
14 Santa Cruz and Staff to address the Commissioners' concerns regarding changes of ownership of
15 limited liability companies. Specifically, Palo Verde and Santa Cruz will each maintain a
16 \$750,000 performance bond, which represents a \$250,000 increase over the \$500,000 bond
17 currently in place for each utility. Each calendar quarter, Palo Verde and Santa Cruz will file a
18 letter with the Commission confirming that the bonds remain in place. In addition, Palo Verde
19 and Santa Cruz will file quarterly compliance reports documenting their compliance status with
20 the Arizona Department of Environmental Quality (“ADEQ”), the Arizona Department of Water
21 Resources and the Arizona Corporation Commission. GWR will file a report every six months
22 which identifies any acquisitions of utilities since the last report filed, and which includes
23 information on any such acquisitions. Finally, Palo Verde and Santa Cruz will notify the
24 Commission in writing prior to a transfer of ownership of the membership interests in either
25 company.

26

1 Q. You mentioned earlier that the Supplemental Staff Report does not provide a complete
2 picture of GWR's technical and managerial capabilities and experience. Please elaborate.

3 A. The Report focused on two very challenging projects--Powell River and Iqaluit--and did
4 not discuss the totality of the work performed by HMA. The paucity of information on the
5 excellent work done by HMA and the focus on the company's two most difficult projects creates
6 an unbalanced view of HMA's experience and capabilities. An evaluation of all of the work
7 completed by HMA would lead one to conclude that HMA has an overwhelmingly positive track
8 record in helping to form, design, construct and operate environmentally sensitive water and
9 wastewater treatment plants.

10 Q. Please describe some of the other projects that HMA completed.

11 A. In 1996, HMA provided design and build services for the upgrade of the Ganges Pollution
12 Control Centre, the wastewater treatment facility for the town of Ganges on Salt Spring Island.
13 This facility is operated by the Capital Regional District ("CRD"), a governmental organization
14 similar to a county government. The upgrade project called for the use of innovative technology,
15 just-in-time delivery of infrastructure, and unique design-build features that are much more
16 challenging than the more conventional systems that are used by Santa Cruz and Palo Verde.
17 During the design-build process, and beyond, the CRD lauded HMA for the project's success and
18 specifically commended HMA for its responsiveness to the client's needs. According to the
19 client, "HM's personnel were key to the project's success."

20 In support of these statements, I have attached a letter dated June 4, 2004, and signed by
21 Jim McFarland, Manager of Operations and Local Services for CRD (**Attachment 1**). HMA's
22 professionalism and dedication throughout the project and its post-project support were of
23 particular note. The HMA personnel referenced in Mr. McFarland's letter were primarily myself
24 and Graham Symmonds--both of whom are now with GWR helping to manage Santa Cruz and
25 Palo Verde.

26 Q. Do you have other examples of successful projects?

1 A. Yes. Our success with the Ganges project led the CRD to engage HMA to design,
2 construct, operate and finance a system to treat septage on Salt Spring Island. This project
3 required HMA to provide and coordinate all financing, engineering, construction, operation,
4 maintenance, permitting, and regulatory compliance necessary for the treatment system. This was
5 the first design-build-own-operate project entered into by the CRD, and HMA provided a system
6 that took this particularly nasty waste stream and rendered it environmentally benign. This was a
7 complex treatment process, significantly more advanced than the systems employed at either
8 Santa Cruz or Palo Verde. In support of these statements, I refer you again to Mr. McFarland's
9 letter (**Attachment 1**).

10 Another project that Graham Symmonds and I worked on as principals of HMA was the
11 design, construction, and operation of a new water reclamation facility for the Mount Washington
12 Ski Resort in Courtenay, British Columbia. Mount Washington Ski Resort is located in an
13 extremely environmentally sensitive watershed and the performance of the water reclamation
14 facility was and remains critical to the continued viability and planned expansion of the ski resort.
15 From an environmental standpoint, the facility required an intensive environmental permitting
16 and approval process and had to meet the most stringent surface water discharge criteria (any
17 treated effluent that was not used for the ski resort was discharged to a salmon spawning stream).
18 Also, the facility was required to be odorless, had to be operated without the benefit of vehicle
19 access during the ski season, and had to be completed within a very short timeframe. Finally, the
20 project required a comprehensive public information and community outreach program.

21 In support of these statements, I refer you to the letter of June 10, 2004, signed by George
22 Stuart, Chairman of the Board of the Mount Washington Ski Resort (**Attachment 2**). As Mr.
23 Stuart's letter attests, HMA's performance resulted in a "very successful" project. HMA
24 coordinated and worked very closely with the Mount Washington Ski Resort staff to build a state-
25 of-the-art facility within four months; HMA offered a level of operational support "that was
26 unparalleled;" HMA was very responsive "from a customer service and sensitivity perspective;"

1 HMA's principals (mainly Graham Symmonds and myself) conducted themselves with a "high
2 degree of professionalism;" and HMA's principals "were key to the project's success." HMA
3 also provided extensive operations support beyond the completion of the design-build contract
4 "until such time as [the resort's staff] were trained and in all respects ready to take over the
5 operations." As a result of HMA's efforts, the water reclamation facility is "a cornerstone in the
6 eco-friendly vision of the resort," and the resort has been "recognized on numerous occasions for
7 its steps in environmental protection and has won a number of awards for its sensitivity to the
8 fragile eco-system in the area . . . in large part due to the success of the water reclamation
9 facility."

10 Q. Is this all?

11 A. No. HMA built plants for the Kingfisher Oceanside Inn, Sooke Harbour House, Huband
12 School, the North Warning System, and Lake O'Hara Lodge. Each one of these projects was at
13 the forefront of technology and currently maintain excellent compliance and operational records.
14 I refer you to the Affidavit of Denis Perreault dated June 11, 2004 (**Attachment 3**).

15 Q. You mentioned that the Supplemental Staff Report focused on two challenging projects.
16 Would you please identify these projects?

17 A. The Supplemental Staff Report discusses HMA's involvement in the construction of the
18 Westview Water Reclamation Facility for the Corporation of the District of Powell River ("**the**
19 **Powell River Project**") and the City of Iqaluit Water Reclamation Facility ("**the Iqaluit**
20 **Project**").

21 Q. How was HMA involved with these two projects?

22 A. HMA was engaged to design and build these two projects. I provided substantial detail on
23 each of the projects in my direct pre-filed testimony dated May 14, 2004.

24 Q. Do you believe that the Supplemental Staff Report presents a complete picture of the
25 Powell River Project and the Iqaluit Project?
26

1 A. No. The Report lacks key facts concerning both projects, and this lack of key facts could
2 lead the reader to conclude that HMA did not properly perform its duties on the Powell River and
3 Iqaluit Projects, which would be a mistake.

4 Q. What additional information should have been included in the Supplemental Staff Report?

5 A. There is a substantial volume of information provided in my direct pre-filed testimony and
6 the accompanying attachments, but I will give a few specific examples here. In the section
7 entitled "Hill Murray & Associates," the Report states that the District of Powell River cancelled
8 its service and supply contract with HMA and began litigation against HMA. This is incorrect.
9 As stated in my direct pre-filed testimony, the District of Powell River never sued HMA. Rather,
10 HMA sued Powell River to recover amounts expended by HMA for extensive modifications to
11 the wastewater treatment plant required because Powell River provided inaccurate flow
12 specifications (actual flows were much higher than the design specifications provided by Powell
13 River to HMA). It was only after HMA and Powell River settled HMA's complaint--and Powell
14 River paid money to settle the case--that HMA dropped its lawsuit and the contract was mutually
15 terminated.

16 The major difficulties surrounding the Powell River Project derived from the fact that
17 Powell River provided inaccurate flow specifications to HMA. Quite simply, the flow design
18 specifications provided to HMA turned out to be about 50% less than the actual flow rate.
19 Ironically, it was Reid-Crowther, a competitor of HMA, that prepared the erroneous flow
20 specifications for Powell River, which Powell River in turn provided to HMA. Although HMA
21 constructed the plant according to the flow specifications prepared by Reid-Crowther, upon
22 commissioning, the plant was receiving flows well in excess of 100% capacity. Obviously, this
23 had severely adverse impacts on plant operations.

24 In support of these statements, I refer you to the Affidavit of Denis Perreault (**Attachment**
25 **3**); the letter of Lawrence Lambert dated June 10, 2004 (**Attachment 4**); the Affidavit of Gary
26

1 Jerzak dated May 21, 2004 (**Attachment 5**); and the Affidavit of Sean Wilton dated June 3, 2004
2 (**Attachment 6**).

3 Q. What additional important facts should be included in the Supplemental Staff Report
4 regarding the Iqaluit Project?

5 A. Again, there are a number of key facts that should have been included, as set forth in my
6 pre-filed direct testimony and accompanying attachments. However, I will provide a few
7 examples here. In the section entitled "Hill Murray & Associates," the Report states that in July
8 2000, HMA "effectively abandoned" the Iqaluit project as a response to the City of Iqaluit's
9 demand that HMA repair tank construction defects. This is incorrect. The documentary evidence
10 provided in my direct pre-filed testimony shows from January through March of 2000, HMA did
11 everything in its power to fix the failure of the tanks so that they would pass a hydrostatic test.
12 The evidence shows that HMA notified Iqaluit, placed the civil contractor on notice of default,
13 assisted Iqaluit in obtaining restitution from the contractor's bonding company, and developed a
14 repair solution. Upon approval of this recommended solution by Iqaluit, HMA dispatched
15 materiel and personnel to complete the repair. However, the day HMA commenced
16 implementing the repair plan, Iqaluit ordered HMA to stop work and canceled HMA's role as
17 project manager for the Iqaluit Project. At no time did HMA abandon the Iqaluit Project.

18 The repair that Iqaluit chose to implement, through another contractor, delayed the project
19 by more than one year and cost HMA hundreds of thousands of dollars in delays.

20 Notwithstanding, HMA offered to start up the new plant, but Iqaluit began to believe that the new
21 facilities could not be started. HMA opted not to sue Iqaluit when Iqaluit defaulted on its
22 contractual obligations to HMA. HMA lost over \$600,000 it had assigned to contractors on the
23 Iqaluit Project. In support of these statements, I refer you to the Affidavit of Gary Jerzak
24 (**Attachment 5**).

25

26

1 Q. You mentioned that Reid-Crowther is a competitor of HMA. Does the Supplemental Staff
2 Report rely on information provided by Reid-Crowther regarding the Powell River and Iqaluit
3 Projects?

4 A. Yes. The Report relies on two engineering reports prepared by Reid-Crowther (Reid-
5 Crowther was acquired by Earthtech which is a Tyco subsidiary) concerning HMA's technical
6 and managerial performance on the two projects. However, the bias of Reid-Crowther must be
7 considered, and its reports weighed accordingly. Reid-Crowther was a competitor of HMA's. In
8 fact, Reid-Crowther was considered as a competitive bidder for both the Powell River and Iqaluit
9 Projects, although the company lost both projects to HMA. Further, as noted above, Reid-
10 Crowther conducted the Powell River flow study that established the erroneous flow specification
11 for the Powell River facility, which was the root cause of the major problems at the project.

12 In addition, Reid-Crowther used its position as a "third-party reviewer" of HMA's
13 performance to leverage the award of considerable work, including nearly \$800,000 from the City
14 of Iqaluit alone. In support of these statements, I refer you to the Affidavit of Sean Wilton
15 (**Attachment 6**).

16 At a minimum, these material facts call into question the impartiality of Reid-Crowther's
17 evaluation of HMA's work on the Powell River and Iqaluit Projects.

18 Q. The Staff Report also refers to Zenon's relationship with HMA. Was Zenon a good
19 company to work with?

20 A. No it was not. While Zenon had an interesting emerging technology, its products failed to
21 perform as specified.

22 Q. Do you have an example of this?

23 A. Yes. Zenon's membrane technology was a work in progress. At all of our plants, the
24 ZeeWeed membranes typically failed to meet their performance objectives. Sometimes this was a
25 result of a membrane formulation issue, sometimes due to Zenon being overly optimistic on their
26 process designs. It is interesting to note that Zenon's original design called for 84 membrane

1 modules for 1.0 million gallons per day capacity at Powell River. At the end, 256 modules were
2 being employed, or three times the number specified in the design.

3 Q. How did Zenon's poor performance impact HMA?

4 A. In order to meet the clients' needs, HMA was constantly taking on Zenon's problems to
5 ensure a successful project. In many cases, HMA continued to upgrade facilities to ensure they
6 could continue to operate in spite of the Zenon performance issues. This cost HMA from both a
7 human resource and a financial standpoint. In the case of Powell River, the project was so large,
8 and the problems caused by Zenon were so overwhelming, that HMA was unable to overcome the
9 Zenon design deficiencies.

10 Q. In the Supplemental Staff Report, the Chairman of Zenon suggests that initially his
11 company's relationship with HMA was good, but then it soured. What caused the relationship to
12 unwind.

13 A. For the most part, HMA was able to succeed in spite of Zenon's lack of performance by
14 dedicating large amounts of time and energy to enhancing the performance of the Zenon
15 equipment through aggressive cleaning regimes and reconfigurations of plant operations.
16 However, HMA's relationship with Zenon began to deteriorate when HMA demanded that Zenon
17 provide an appropriate number of membrane modules to meet the flow requirements based on
18 actual in-service operational experience, and when HMA refused to provide man-hours to clean
19 membranes at facilities where Zenon equipment was failing to meet the performance criteria. In
20 short, the relationship began to falter when HMA could no longer support the volume of work
21 required to maintain Zenon equipment performance.

22 Q. Did Zenon make an investment in HMA?

23 A. Yes, Zenon invested \$1 million (Canadian) in HMA.

24 Q. Mr. Benedek of Zenon states that he felt you used the investment in HMA inappropriately.
25 Do you agree with this comment?

26

1 A. No. The Zenon investment in HMA was for two things: first to continue business
2 development and advance Zenon technology into the wastewater sector; and second to access
3 HMA's operational experience in process control and operations. Zenon was well served in both
4 areas, as it was HMA's groundbreaking work at Powell River, Ganges, and other plants that
5 provided the nucleus from which plants like Del Webb's Anthem in Phoenix were built. On the
6 operational front, HMA led Zenon to more realistic process designs. In fact, you will find all of
7 HMA's innovation displayed at every Zenon plant.

8 HMA's work with Zenon's membranes has helped Zenon commercialize its technology
9 into the wastewater sector as well as provided the test-bed that allowed Zenon to refine its process
10 designs and installation configurations. Mr. Benedek's comment that the relationship was
11 initially good was due to the fact HMA helped bring Zenon into the wastewater sector, and
12 provided a very significant investment of resources to assure the success of the technology.

13 Q. The Supplemental Staff Report cited a number of newspaper articles. Was this
14 appropriate?

15 A. Not in this case. The Supplemental Staff Report relied substantially on thirteen
16 newspaper articles about the Powell River and Iqaluit Projects. However, I believe that the
17 articles were poorly researched and not sufficiently credible to be used in the Supplemental Staff
18 Report.

19 Q. The Executive Summary to the Supplemental Staff Report states that Palo Verde and
20 Santa Cruz failed to fully disclose information requested by the Commission. Do you agree with
21 this assertion?

22 A. No, we were responsive. In the Procedural Order dated March 31, 2004, the
23 Administrative Law Judge ordered Palo Verde and Santa Cruz to provide "testimony regarding, at
24 a minimum, the structure and qualifications of GWR, underlying ownership interests of other
25 individuals and companies, willingness to abide by reasonable ongoing oversight of GWR and the
26 Applicants' operations, and other relevant issues related to the ownership and operations of Palo

1 Verde and Santa Cruz." On April 14, 2004, we filed the Testimony of Cindy Liles, the General
2 Manager of Palo Verde and Santa Cruz, which addressed each of the pieces of information
3 requested by the ALJ in his Procedural Order. Specifically, Ms. Liles discussed that GWR
4 purchased the ownership interests in Palo Verde and Santa Cruz from Phoenix Capital Partners
5 and Phoenix Utility Management; that GWR purchased 100% of the membership units in the two
6 companies; that GWR is a holding company which is 100% investor/manager owned and
7 operated; that GWR would provide the Commission with information if any change of ownership
8 or management of Palo Verde or Santa Cruz takes place in the future, and that Palo Verde and
9 Santa Cruz would accept reasonable conditions that relate to the provision of water and
10 wastewater utility services to customers. In addition, Ms. Liles included an attachment which
11 provided an overview of GWR; detailed the ownership and ownership structure of GWR
12 (including a diagram); discussed the identify and background of each of the members of the
13 Board of Directors (Bill Levine, Dan Cracchiolo, Leo Commandeur and myself); and discussed
14 the identify and background of each person on the executive management team (Trevor Hill, Leo
15 Commandeur, Graham Symmonds, Cindy Liles, and Larry Braund). In short, we believed that
16 the information provided was fully responsive to the ALJ's request as set forth in the March 31,
17 2004 Procedural Order.

18 Q. Was your involvement with Hill-Murray & Associates discussed?

19 A. Yes. The attachment to Ms. Liles' testimony referenced above stated that I was a co-
20 founder of HMA in 1994, and that Mr. Symmonds joined the firm in 1995. In addition, we
21 discussed HMA and its construction projects in subsequent meetings with Staff when Staff
22 inquired about the Powell River and Iqaluit Projects. Also, my Direct Testimony contained a
23 substantial amount of information and documentation on HMA, and detailed discussions
24 regarding the Powell River and Iqaluit Projects. In short, we have attempted to address every
25 question raised by Staff regarding HMA and the various projects constructed by HMA.
26

1 Q. You have stated that the Powell River and Iqaluit Projects were technically challenging.
2 Would you say the technical challenges experienced in those projects are typical of the challenges
3 you might encounter in the Santa Cruz and Palo Verde projects?

4 A. No. In the case of Powell River, the project involved an upgrade to a very old and out-of-
5 compliance wastewater treatment plant. The Powell River plant was plagued with severe inflow
6 and infiltration problems which drove flows on rainy days to five to seven times the flows
7 experienced on average flow days. Additionally, the project was located in a relatively remote
8 coastal town of British Columbia--one cannot drive to the town but rather must take a series of
9 car ferries or fly in. Other dissimilarities between the Powell River and the Santa Cruz and Palo
10 Verde service areas include a declining population in Powell River (as a result of a declining
11 forest industry in British Columbia) and a lack of adequate capital for infrastructure works (HMA
12 facilitated the acquisition of the construction funds from the Provincial government). From a
13 technical standpoint, Powell River employed advanced emerging technology and was, at the time
14 of its commissioning, the largest membrane bio-reactor for wastewater in the world. Even today,
15 Powell River is likely in the top five largest deployments of membrane bio-reactor technology for
16 wastewater treatment.

17 In the case of Iqaluit, this is the most northerly capital city in Canada and one of a handful
18 of cities of this size in the world that borders the Arctic circle. The building season in this area is
19 approximately 45 days in length and all materials required for construction must be shipped
20 months in advance by barge. There is no daylight for six months of the year and no skilled trades
21 people in the area. There are no hardware stores, supply houses or reliable utilities in the area.
22 All of these resources had to be planned, manifested and shipped to the arctic for rapid
23 deployment in the shortest construction season on the continent.

24 By contrast, construction in Arizona faces none of these challenges. There are no inflow
25 issues in Palo Verde's service area--all collection piping is new. The facilities are easy to get to.
26 There are numerous skilled tradesmen, consultants and contractors to select from in the

1 immediate vicinity. The plants are not leading-edge technology, but rather use a blend of
2 conventional and modern well-proven technologies. The procurement of materials is simplistic in
3 nature. The quality of materials available is excellent and the construction season is continuous
4 in Arizona. These factors make capital projects in this region relatively straight forward by
5 comparison.

6 Q. Do you believe the difficulties encountered with the Powell River and Iqaluit Projects are
7 relevant to GWR's ability to implement the Santa Cruz and Palo Verde projects, under the
8 requested CC&N expansions in this case?

9 A. Certainly we learned a great deal from the Powell River and Iqaluit Projects, and some
10 mistakes were made as we responded to the challenges of those projects. However, HMA
11 honorably fulfilled its obligations to Powell River and Iqaluit under its contracts. It is simply not
12 appropriate to draw a negative inference about GWR's technical and management capabilities as
13 a result of these projects. Consideration of all of the material facts regarding the Powell River
14 and Iqaluit Projects should lead to a conclusion that Graham Symmonds and I acquitted ourselves
15 in those two projects with the same degree of professionalism and dedication to client and
16 customer satisfaction that we exhibited in the other projects about which I have testified, and
17 about which our past clients have provided overwhelmingly positive recommendations.

18 Q. What is GWR's philosophy on utility acquisitions and operations?

19 A. I and my staff are focused on maintaining and building stable and successful water and
20 wastewater utilities. This takes investment – in terms of infrastructure, personnel, and
21 community involvement. GWR is extremely well capitalized to provide infrastructure. This is
22 particularly important with the new arsenic regulations on the horizon, and the general state of
23 installed infrastructure in many areas. Additionally, we engage in substantial efforts to retain
24 utility personnel through and beyond the acquisition period, in order to maintain their institutional
25 and engineering knowledge for the benefit of our customers. Finally, community outreach and
26 keeping our customer base informed is a key element of success in this business.

1 Overall, I consider myself to be open, honest, and forthright, as well as a team player and
2 a problem solver who is committed to building and operating stable utilities in compliance with
3 applicable laws and in accordance with the needs of the customers. I pride myself on these
4 qualities as an individual and a businessman. As evidence of these qualities, I refer you to the
5 attachments to this Testimony including, but not limited to, paragraph 4 of the letter by Jim
6 McFarland (**Attachment 1**), paragraph 5 of the letter of George Stuart (**Attachment 2**);
7 paragraph 6 of the Affidavit of Denis Perreault (**Attachment 3**); paragraph 7 of the letter by
8 Lawrence Lambert (**Attachment 4**); paragraphs 2 and 6 of the Affidavit of Gary Jerzak
9 (**Attachment 5**); and paragraph 7 of the Affidavit of Sean Wilton (**Attachment 6**).

10 Q. Has your philosophy met with success?

11 A. Yes. After HMA, Graham Symmonds and I were part of the management team of
12 Algonquin Water Resources of America (“AWRA”). As a result of our acquisition of Litchfield
13 Park Services Company (“LPSCo”) from Suncor Development Company (“Suncor”), we were
14 commended by Suncor for our honesty, forthrightness and “impeccable” efforts with LPSCo’s
15 existing employees and operations. In support of these statements, I refer you to the letter of May
16 14, 2004 signed by David Ellis, Manager of LPSCo at the time of AWRA’s acquisition and until
17 December 31, 2003 (**Attachment 7**), and the letter of May 13, 2004 signed by Geoffrey
18 Appleyard, Vice President and Chief Financial Officer of Suncor and formerly Vice President and
19 Treasurer of LPSCo (**Attachment 8**).

20 Under our leadership, AWRA also purchased an old, under-capacity wastewater treatment
21 system, Gold Canyon Sewer Company (“GCSC”), that was plagued by odor and noise problems
22 and community opposition, and was the subject of ADEQ compliance proceedings. AWRA
23 addressed ADEQ’s concerns and, through an intensive community outreach effort, was able to
24 turn the community’s opposition into support. Under AWRA’s management, GCSC is now
25 regarded by residents as an integral part of the Gold Canyon community. In support of these
26

1 statements, I refer you to the Affidavit of Steve Glass, principal of Gault Group, Inc.
2 **(Attachment 9).**

3 I refer you, additionally, to the letters of April 29, 2004 signed by David Kerr and May 13,
4 2004 signed by Chris Jarratt, both of whom are senior executives in the management of AWRA
5 **(Attachments 10 and 11, respectively).** In addition to being impressed with my technical
6 credentials and operational management, Messrs. Kerr and Jarratt commended me for my
7 “outstanding job” in the acquisition, operations and integration of AWRA’s assets during the
8 period I worked with AWRA between 2000 and 2003.

9 Q. In summary, why do you think the Commission should grant the applications to expand
10 the Santa Cruz and Palo Verde CC&N’s?

11 A. There are several reasons: (1) GWR is committed to meeting the conditions of Staff and
12 this Commission; (2) GWR’s principals, including Graham Symmonds and myself, have an
13 overwhelmingly positive track record designing, building, operating, managing, and financing
14 water providers and wastewater treatment service providers; (3) we have the technical and
15 managerial capability to run the Santa Cruz and Palo Verde Utilities after their CC&N
16 expansions; (4) we have retained all of the engineering, technical, and other personnel that existed
17 with Santa Cruz and Palo Verde before GWR’s acquisition of the utilities, including those
18 personnel with operational and institutional knowledge of the utilities; (5) we have a
19 demonstrated high level of success with public involvement, community outreach, and customer
20 satisfaction; (6) we have the financial strength to do everything required to make Santa Cruz and
21 Palo Verde a continued success; and (7) we come highly recommended, as the attached letters
22 and affidavits demonstrate.

23 Q. Does this conclude your testimony?

24 A. Yes.

25 TSIOLIGPHX\1526254.8
26

ATTACHMENT 1



**Capital
Regional
District**

June 4, 2004

Central
Saanich

Colwood

Esquimalt

Highlands

Langford

Metchosin

VIA FACSIMILE (623) 580-9659

TO WHOM IT MAY CONCERN:

North
Saanich

Oak Bay

Saanich

Sidney

Sooke

Victoria

View
Royal

Juan de
Fuca (EA)

Salt Spring
Island (EA)

Southern Gulf
Islands (EA)

1. I am currently the Manager of Operations and Local Services for the Capital Regional District ("CRD"). I am responsible for wastewater systems for a large area of the CRD, encompassing over 330,000 people. The service area incorporates 13 municipalities and three electoral areas.
2. In 1996 the CRD tendered for the upgrade of the Ganges Pollution Control Centre, a modest size treatment facility in the town of Ganges on Salt Spring Island. The call for proposals invited innovation for this upgrade and attracted a number of respondents. The Hill Murray and Associates ("HM") – Zenon proposal was judged on its merits to be the best proposal, incorporating elements of innovative technology (membranes), unique phasing opportunities (just-in-time infrastructure) and unique infrastructure deployment (design-build). In addition, HM offered a level of operational support. HM have specific knowledge of the operation of membrane systems, and in particular were very responsive to the needs of the CRD and ensured that all design objectives were met.
3. The Ganges PCC municipal upgrade via membranes was the first of its kind in Canada and to my knowledge was the first municipal application of a membrane bioreactor in Canada. The actual contract for the Ganges wastewater facility was with Zenon Environmental Inc. In addition, this project was the first design-build (DB) wastewater project entered into by the CRD. Innovative on many fronts, the Principals in HM maintained a high degree of professionalism, and dedication throughout.
4. HM's personnel were key to the project's success. Indeed their capability and perseverance were vital in maintaining compliant operations, particularly as the original membrane formulation installed by Zenon struggled to maintain sufficient flow capability. At the CRD, we understood that membrane bioreactors were an emerging technology, but were pleased when HM took this issue as their own, and lead the resolution of this issue. HM's service and support extended beyond the completion of the Design-Build contract. They provided operations support, process evaluations and maintenance services as required by the CRD.
5. The success of the DB process at Ganges led to an additional project with HM through their operating company, Canadian Wastewater Corporation, to treat septage on Salt Spring Island. This project was a Design-Build-Own-Operate (DBOO) in which HM provided financing, engineering, construction, operations and permit reporting. HM again demonstrated ingenuity and resourcefulness to assure success.

Mailing Address:
PO Box 1000
Victoria, BC
V8W 2S6

Office:
625 Fisgard Street

Tel:(250)360-3045
Fax:(250)360-3047

www.crd.bc.ca

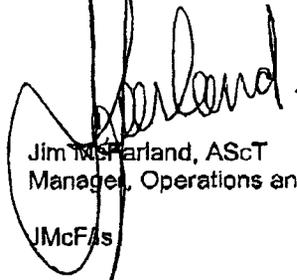
To Whom It May Concern – June 4, 2004

Page 2

This was an innovative and unique design, my understanding, a first in the world. The fixed-price nature of this contract ensured that the CRD could treat all septage collected to a very high standard at a known cost. HM provided all personnel, power, chemicals and consumables for this operation under a five year fixed-price mechanism.

7. The principles meet all of their obligations to the CRD.

Yours truly,



Jim McFarland, ASCT
Manager, Operations and Local Services

JMcF/as

ATTACHMENT 2



**mount
Washington**
ALPINE RESORT

P.O. Box 3069,

Tel: 250 338-1386

Courtenay, B.C.

Fax: 250 338-5493

Canada V9N 5N3

June 10, 2004

To whom it may concern

I have been requested to provide a reference for Hill, Murray & Associates. I am pleased to provide the following information about our experience with the installation of our waste water reclamation system.

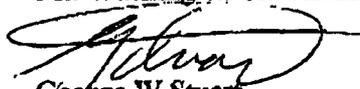
1. I am Chairman of the Board of Mt. Washington Ski Resort, located in Courtenay, BC. In 1996, I was involved in the acquisition of a new water reclamation facility for our resort which would improve the existing level of treatment and allow for a material expansion of the mountain's facilities. The criteria were exacting: the new facility had to meet or exceed the most stringent discharge criteria available (discharge to a fish bearing stream), the system had to be capable of being operated without the benefit of vehicle access for the ski season; the facility was to produce no odour; the project was required to be completed in a very short time frame; the system must be economical to expand; and the success of the system would determine the future growth potential for the resort.
2. In 1996, Mt. Washington sought proposals for the design, construction and operation of the Mt. Washington Water Reclamation Facility. We solicited a number of companies to provide proposals for this new facility. The Hill, Murray and Associates ("HM") proposal was judged on its merits to be the best proposal, incorporating elements of innovative technology (membranes), unique phasing opportunities (just-in-time infrastructure) and unique infrastructure deployment (design-build). Further, the company committed to delivering the plant in 4 months. In addition, HM offered a level of operational support that was unparalleled at the time. HM had specific knowledge of the operation of membrane systems, and in particular were very responsive to the needs of Mt. Washington for a permitting perspective and from a customer service and sensitivity perspective. The project required an intensive permitting and approval process and a comprehensive public information and outreach program. HM took on these tasks which lay the foundation for a very successful project.
3. I was personally involved in the contracting of the system to Hill, Murray & Associates (HM).
4. HM staff and principals worked closely with resort staff to design and construct a state-of-the-art facility in a very short timeframe. The system allowed the resort to continue to expand and meet the strict permitting criteria associated with discharge to a fish bearing stream.
5. HM principals conducted themselves with a high degree of professionalism, and ensured that our goals were translated to reality through their design-build capabilities.

6. In my view HM's personnel were key to the project's success. Indeed their capability and perseverance were vital in getting the plant built prior to the winter ski season, and maintaining compliant operations during the first few years of operations, particularly as the original membrane formulation installed by Zenon struggled to maintain sufficient flow capability. We understood that membrane bioreactors were an emerging technology, but were pleased when HM took this issue as their own, and lead the resolution of this issue. HM's service and support extended beyond the completion of the Design-Build contract. They provided operations support, process evaluations and maintenance services as required by the mountain's staff until such time as they were trained and in all respects ready to take over the compliance operations.

7. The project was very successful. Not only did the facility's excellent performance allow the resort to expand significantly, but it is now a cornerstone in the eco-friendly vision of the resort. The day-lodge is now plumbed with dual water mains to allow for flushing of toilets and urinals with reclaimed water from the facility. The resort has been recognized on numerous occasions for its steps in environmental protection and has won a number of awards for its sensitivity to the fragile eco-system in the area. These awards and recognition are in large part due to the success of the water reclamation facility.

Should you require additional information please contact the undersigned at (250) 286-1148

Yours truly
Mt. Washington Ski Resort


George W Stuart
Chairman of the Board

ATTACHMENT 3

AFFIDAVIT

Province of British Columbia)
)
County of Canada)

Denis Perreault, being duly sworn, upon his oath and under penalty of perjury, deposes and states:

1. I am a Waster and Wastewater Specialist (Level IV – the highest level attainable in BC) employed for the Capital Regional District in Victoria BC. From 1995 to 2000, I was the Operations Manager for Hill, Murray & Associates, a company specializing in the design, construction and operation of water reclamation facilities. In this capacity, I was intimately involved in the commissioning and long-term operations of membrane systems.
2. I have specific knowledge of the operation of the Westview Water Reclamation Facility in Powell River, as well as all of the other Hill-Murray installations.
3. Powell River's issues with the Westview WRF are flow related. The flows are simply twice what the plant was designed for under guidance from the District. Hill-Murray, despite this, continued to work with the District to modify and operate the process to meet those flows. As the person charged with the responsibility for maintaining plant compliance and operational availability, it was my job to allocate or acquire resources to that end. Hill-Murray provided those resources, at any time, for any reason, to ensure compliance. This is true of all Hill-Murray's installations, but is nowhere more keenly true than at Powell River, where my operations crews were employed for almost two years. Powell River did not ever pay Hill-Murray for these efforts.
4. In my present capacity, I am now, in addition to my primary duties as Chief of Plant Operations at CRD's Unified Sewage Treatment Plant, the process advisor for the Capital Regional District's membrane bioreactor plant at Ganges on Salt Spring Island. This facility is a municipal upgrade designed and built by Hill-Murray in 1996. The Ganges PCC facility is functionally similar to Powell River, in that it was an upgrade of an existing municipal treatment plant.
5. Hill-Murray's other installations (Mt Washington, Sooke Harbour House, Kingfisher, Huband School and Lake O'Hara Lodge) which I have had occasion to visit since leaving the company, also maintain excellent compliance and operational records.
6. In my time with Hill-Murray, I always found the principals, Trevor Hill, Robert Murray and Graham Symmonds, to be dedicated, straight-forward, honorable people. We parted on very good terms, and I appreciate having had the opportunity to work with them.

Dated this 11 day of June, 2004.



Denis Perreault

ATTACHMENT 4

Thursday, 10 June 2004



Sound Environmental Solutions

Without Prejudice
To Whom it May Concern

• Electreapure™ Sewage
Treatment Process

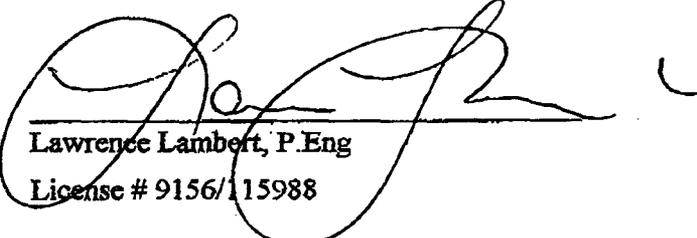
Pureleau Industries Inc.
13136 Thomas Road, Box 818
Ladysmith, BC
Canada V9G 1A6
Tel: 250.245.0833 Fax: 250.245.0837
www.pureleau.com

1. I am currently the CEO/President of Pureleau in Ladysmith, BC, an innovative technology supplier of advanced wastewater treatment equipment to the sector. During the years 1992 to 2000, I observed Hill Murray & Associates (HM) within the sector in British Columbia and the Arctic.
2. In my current role with Pureleau Industries Inc., an environmental technology firm in the sector, and previously as an executive in Hydroxyl Systems Inc ("Hydroxyl"), a competitor of Hill Murray's, I became intimately aware of the work HM performed in the sector. I have personally visited HM installations, and am very knowledgeable as to the "pros and cons" of employing the Zenon membrane technology.
3. Hill Murray conducted numerous successful projects within the Province of British Columbia, including a number of "firsts" for the sector in British Columbia. The company was successful in obtaining advanced technologies approvals through the various regulatory Ministries in the Province and had an excellent track record of meeting or exceeding the stipulated discharge parameters in their facilities. They completed many of the early water reclamation and reuse projects in the Province. Their work and track record benefited many of us in the sector, as prior to Hill Murray's work, the sector was completely dominated by traditional engineering firms whose philosophies at the time did not embody the use of emerging or advanced technology. Since Hill Murray's projects have proven to be viable in the long term, these philosophies are slowly changing.
4. As Hydroxyl was competing at the time for the Powell River project, I was aware of the project. It was my understanding that the Powel River sewage collection system suffered from extreme I & I (Inflow and Infiltration) amounting to in excess of 4X the design flow of 2 X ADWF, during extreme rainfall conditions and apparently this fact was not evident in the data supplied to HM for design computations. Most technologies would have difficulty maintaining treatment integrity under such conditions. Membrane technology, to my knowledge, specifically does not have the hydraulic overflow capacity or capability and thus Hill Murray would have been in an unfortunate and unenviable position as equipment suppliers.



5. Despite the issues that resulted from the initial set-backs at Powell River, Hill Murray did an outstanding job in attempting to resolve the flow issues at the facility. Ultimately the facility required a significant number of additional membranes to meet the flow requirements, which HM and Zenon provided at no cost to Powell River. Ultimately these installations mitigated the flow problem, but increased the costs of operations for the facility. Hill Murray was in a "no-win" situation with the District. I understand the issue was finally resolved.
6. Despite the set backs of Powell River in 1997 and 1998, the industry considers the Powell River project to have been a successful deployment of membrane technology, and a number of larger Municipalities in the Province are now considering membranes for water and wastewater upgrades. The facility still functions very well, and the upgrade remains a very positive visual improvement to the Powell River water front.
7. I have had several dealings with the Principals of Hill-Murray throughout their tenure as an innovative design-build infrastructure team. All were dedicated, professional people and did their utmost to exceed their customers' expectations and provide innovative solutions to difficult treatment problems. Despite my competitive position at various times with this firm, I hold the principals in high regard.

Sincerely,



Lawrence Lambert, P.Eng
License # 9156/115988

ATTACHMENT 5

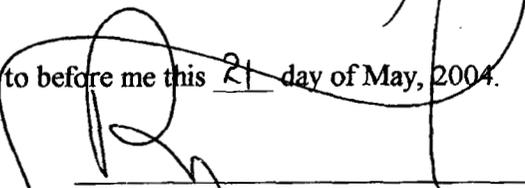
5. In Iqaluit, Hill-Murray agreed to progress the project even though the Municipality was incapable of formally contracting the delivery of the system due to financial reasons. When the Structural General Contractor "Quigg Contracting Ltd." experienced the failure of the hydrostatic test on its tanks, Hill-Murray immediately launched an investigation and developed a rectification plan, obtained Municipality concurrence and approval, and shipped personnel and equipment to the site. At the last minute, and after the crews had arrived on site, the Municipality stopped work on the project and directed Dillon Consulting to develop a second alternative repair option. This second option took well over a year to execute, the burden of which was too much for Hill-Murray to withstand. There is no reason why the Iqaluit plant could not or can not be commissioned as planned.
6. Throughout my direct experience with Hill-Murray, the principals, Trevor Hill, Robert Murray and Graham Symmonds acted with integrity, honour and perseverance, always striving to meet the needs of our customers – often in challenging circumstances.
7. From time-to-time, I have had occasion to request technical support from Trevor Hill and Graham Symmonds on the operation of these existing plants. They remain dedicated to their involvement in these plants, and happily provided this support and guidance – a further testament to their capabilities and integrity.
8. I believe that if Hill Murray and Associates Inc and its principals had a fault it was that they expended too much energy and resources to appease all the client requests, sometimes even outside the scope of the written contract, and with no means of recapturing these expenditures.

Dated this 21 day of May 2004.



 Gary Jerzak

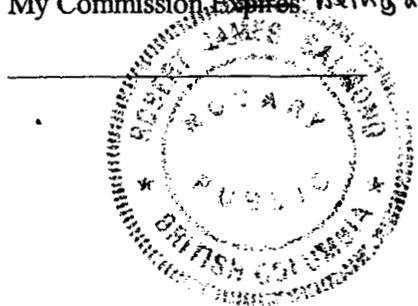
SUBSCRIBED AND SWORN to before me this 21 day of May, 2004.



 Notary Public

My Commission Expires ^{does not expire} ~~being a solicitor~~.

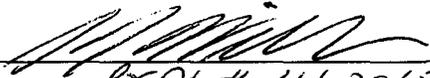
ROBERT J. SALMOND
 Barrister and Solicitor
 1620 Cedar Hill X Road
 Victoria, BC
 V8P 2P6



ATTACHMENT 6

6. We consider the Powell River installation to be successful. PRA were paid fully by Hill-Murray, and their operations staff maintained our equipment to a high degree, allowing it to exceed the design flow parameters.
7. I have had several dealings with the Principals of Hill-Murray throughout their tenure as an innovative design-build infrastructure team. All were dedicated, professional people and did their utmost to exceed their customers' expectations and provide innovative solutions to difficult treatment problems. Many of their solutions are still showcased as models of advanced waste water recycling projects and most mainstream engineering firms are currently basing many of their recommended solutions to communities such as Powell River on process designs remarkably similar to the work pioneered by Trevor Hill and HMA.

Dated this 7th day of June, 2004.



BCDL# 4629655

SUBSCRIBED AND SWORN to before me this 3rd day of June, 2004.



Notary Public

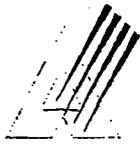
My Commission Expires:

Permanent Commission

SHARON L. ALTHOUSE
NOTARY PUBLIC
SUITE 6
1200 PRINCESS ROYAL AVE.
NANAIMO, B.C. V9S 3Z7
TEL: 754-1363

No advice requested
was given. Attested
in only but not drawn
by Sharon L. Althouse

ATTACHMENT 7



Advanced

Energy

Strategies

May 14, 2004

Arizona Corporation Commission
Utilities Division
1200 West Washington
Phoenix, AZ, 85007

To whom it may concern:

My name is David W. Ellis and until December 31, 2003 I was the Manager of Litchfield Park Service Company (LPSCO). The purpose for this letter is to outline for you my business experience with Trevor Hill in that capacity.

I first became acquainted with Trevor Hill when Algonquin Water Resources of America was attempting to acquire LPSCO and Trevor was leading the effort on that acquisition. It was a very involved business deal and I found Trevor to be very straightforward in his approach and he acted in a very professional manner throughout the acquisition process. The transaction went off very smoothly in large part because of Trevor's skills and resourcefulness.

After the acquisition I stayed on as the General Manager of LPSCO and reported directly to Trevor. A big question always with acquisitions is will the new owners be sensitive to the real operating needs of the Company or are they just in the deal to wring as much profit out of the deal as possible. I found Trevor to be in tune with the operating realities and needs of both LPSCO's water and sewer systems.

All of the LPSCO employees were retained and almost immediately after the acquisition budgets were approved in both the capital and O & M areas that addressed the extremely rapid growth that was occurring on the LPSCO system.

My experience with Trevor has been excellent and extremely professional. If you would like additional information, please do not hesitate to call me at 623-935-2300.

David W. Ellis,
President

ATTACHMENT 8

May 13, 2004

Arizona Corporation Commission
Utilities Division
1200 West Washington Street
Phoenix, AZ, 85007

To Whom It May Concern:

I am the Vice President and Chief Financial Officer of SunCor Development Company. Until February 2003, I was also Vice President and Treasurer of Litchfield Park Service Company ("LPSCo"). LPSCo was a subsidiary of SunCor Development Company and I had ultimate responsibility for the operations of LPSCo. At that time, Mr. Dave Ellis was the General Manager of LPSCo and responsible for its day-to-day operations.

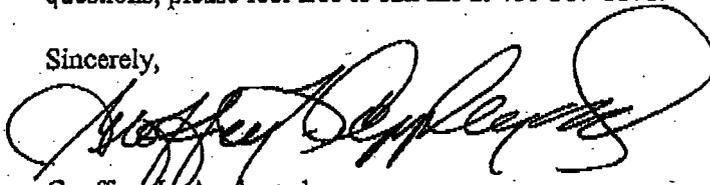
In 2001, Trevor Hill approached SunCor in his role as Director of Operations for Algonquin Water Resources of America ("AWRA"). At this time, AWRA was interested in acquiring LPSCo from SunCor. In February of 2003, the acquisition of LPSCo by AWRA was accomplished. SunCor chose AWRA because of its financial strength and the presence of Mr. Hill and his expertise and reputation in the area of water and sewer utility operations.

The negotiations for the disposition/acquisition of LPSCo were conducted primarily by Mr. Hill and me. During this process, Mr. Hill dealt openly and honestly. As a result of the work experience that I've had with Mr. Hill, I have remained in personal contact and we have reciprocally traded information and expertise that has benefited both of us.

Mr. Hill's presence made the transition in ownership of LPSCo as simple as possible. His efforts with the employees and the operations of the utility were impeccable. Mr. Hill's efforts, along with our manager, Mr. Ellis, whom Mr. Hill retained, made the transition seamless.

I would have no hesitation in working with Mr. Hill again in any capacity. If you have any questions, please feel free to call me at 480-317-6876.

Sincerely,



Geoffrey L. Appleyard

GLA/blp

ATTACHMENT 9

AFFIDAVIT

State of Colorado)

County of Montezuma)

Stephen E. Glass, being duly sworn, upon his oath and under penalty of perjury, deposes and states:

1. I am the Principal of Gault Group, Inc. (GGI) a consulting firm specializing in communications, messaging, and intergovernmental affairs. In the fall of 2002, GGI was retained by Algonquin Water Resources of America (AWRA) to evaluate and develop responses to public opposition to AWRA's proposed expansion of the Gold Canyon Sewer Company (GCSC) wastewater treatment facility. Additionally, GGI was requested to provide technical assistance in water quality planning and permitting. Community opposition to AWRA's plans was very vocal, and the Arizona Department of Environmental Quality (ADEQ) was supportive of AWRA addressing this opposition. GGI's scope of work included identifying key community issues related to the plant expansion and assisting in organizing and executing media communications.
2. The Gold Canyon community's opposition focused exclusively on issues AWRA inherited when it acquired GCSC. The issues were odor and noise, plant proximity to existing residences and commercial developments, and un-permitted releases of reclaimed water. AWRA purchased GCSC with full knowledge of these issues and immediately initiated measures to resolve them.
3. AWRA established a design that would completely enclose the process tankage and unit processes in the facility and provide significant odor, noise and aesthetic controls. The design was included in a permitting submission to ADEQ. Pending ADEQ's approval of the design, AWRA installed several interim odor control mechanisms, including a temporary headworks building (\$35,000), a cover for the sludge digester (\$25,000), and Granular Activated Carbon (GAC) odor scrubbers on air release valves on forcemains, all at no cost to GCSC's customers.
4. Water delivery to the golf courses had historically been an issue at GCSC, exacerbated by the fact that the utility produced most of its reclaimed water in the winter when the golf courses required it the least. This conflict resulted in two un-permitted discharges of reclaimed water to an adjacent desert wash in January and March of 2003. GCSC worked with ADEQ and other agencies to develop an alternative water delivery plan, connecting reclaimed water services to the Superstition Mountain Golf Course. This, combined with the permitting accomplished by AWRA, resolved the issue of the historically un-permitted discharges.
5. GGI assisted AWRA in a successful intensive communication effort to establish the Gold Canyon community's trust in AWRA and GCSC. This effort included installation and maintenance of a Sewer Hotline. The purpose of the Hotline was to increase customer access to GCSC representatives and provide a mechanism by which GCSC could collect odor data directly from the public. In the course of addressing their concerns, GCSC contacted each caller either by telephone, in-person, or both. Additionally, GCSC

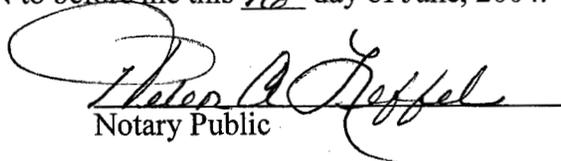
dramatically increased its community involvement by joining the Gold Canyon Business Association (GCBA) and the Association for the Development Of a Better Environment (A.D.O.B.E.). GCSC representatives routinely attended meetings of the Mountain Brook Village Homeowners Association, Concerned Citizens' Group, A.D.O.B.E., and GCBA.

6. It is my opinion that the employees of AWRA and GCSC maintained a high regard for the issues at GCSC and worked diligently within the regulatory framework to address them. Their activities were far and away superior to any activities provided by previous owners of the utility, and reflected AWRA's concern for the community and the customers of GCSC. All of these activities were accomplished at no cost to GCSC's customers. AWRA acted in the best interests of GCSC's customers, often in the face of competing requirements, and provided a balanced, fair approach to the rectification of a myriad of issues inherited during the acquisition. It is further fair to say that the current administration of AWRA and GCSC's customers are still enjoying the benefits of the foregoing work.

Dated this 16 day of June, 2004.



SUBSCRIBED AND SWORN to before me this 16 day of June, 2004.



Notary Public



My Commission Expires:

06-30-05

ATTACHMENT 10

ALGONQUIN POWER

Income Fund

2845 Bristol Circle
Oakville, Ontario
Canada L6H 7H7

Tel: 905.465.4500
Fax: 905.465.4514

April 29, 2004

Arizona Corporation Commission
Utilities Division
1200 West Washington Street
Phoenix, AZ 85007

To Whom It May Concern:

It has come to my attention that during a discussion I recently had with Mr. Jim Fisher of the Arizona Corporation Commission, certain comments made by me, may possibly have been miscommunicated with respect to our employment and partnership with Trevor Hill and his capacity as Managing Director for Algonquin Water Resources of America ("AWRA").

AWRA was formed in partnership with Trevor Hill and Algonquin Power. Trevor and his team performed all of the acquisitions we have done in the water and wastewater sector and was entrusted in the operations and integration of these assets in Algonquin Water Resources.

In this capacity, Trevor Hill did an outstanding job. He is extremely knowledgeable in the water and wastewater sector and grew this division extremely quickly and in some cases through very challenging circumstances.

Some of the utilities we acquired were in need of much capital expansion and permitting work, and to this end, I believe Trevor performed very well, during what was a chaotic process.

During the summer of 2003, as I indicated to Mr. Fisher, we parted on good terms. Algonquin Water Resources remains a healthy, growing and profitable division of the Algonquin Power Income Fund. We are pleased to have invested in the water sector in Arizona and remain grateful for Trevor's role in its success.

We also look forward to continuing our excellent relationship with the Arizona Corporation Commission.

Page 2 of 2

If you have any questions or comments, please feel to contact me directly at (905) 465-4511.

Yours truly,

A handwritten signature in black ink, appearing to read 'David Kerr', written over a circular stamp or seal.

David Kerr
Principal
Algonquin Power Management Inc.

ATTACHMENT 11



2845 Bristol Circle
Oakville, Ontario
Canada L6H 7H7

Tel: 905.465.4500
Fax: 905.465.4514

13 May 2004

Arizona Corporation Commission
Utilities Division
1200 West Washington Street
Phoenix, AZ, 85007

To Whom It May Concern:

I am a partner in the management of Algonquin Power Income Fund ("APIF").

Trevor Hill approached APIF in the summer of 2000 with a business plan for the consolidation of regulated utilities in the arid Southwestern United States. We were impressed with Trevor's technical credentials in the water and wastewater field and we believed Mr. Hill had strong financial acumen which would be of significant value to APIF.

Algonquin Water Resources of America ("AWRA") was formed by APIF to own certain water and waste water utilities on behalf of APIF. Newspring Water LLC was created to provide operations services to such utilities and was owned jointly by Trevor Hill and the management of APIF ("Algonquin").

Within NewSpring Water LLC, Mr. Hill's duties and responsibilities included profit centre oriented accountability for operations and reporting of the utility operations. In this capacity he reported to me, and the infrastructure division has generally performed in accordance with expectations.

I believe Mr. Hill is an extremely hard worker and dealt with many of the challenges associated with acquiring utilities. Some of the utilities we acquired were in areas of rapid customer growth and required significant capital expansion and associated permitting work. I believe Mr. Hill made comprehensive recommendations for progress and change.

In September of 2003, Mr. Hill and Algonquin parted and remain on good terms. AWRA remains a vibrant and successful division of the Algonquin Power Income Fund.

Yours truly,

**ALGONQUIN MANAGEMENT INC. ON BEHALF OF
ALGONQUIN POWER FUND (AMERICA) INC.**

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a horizontal line and a short vertical stroke.

Chris Jarratt,
Authorized Signing Officer