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BEFORE THE ARIZONA CORPORATION COMMISSION

AZ CORP COMMISSION  
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CARL J. KUNASEK  
Commissioner - Chairman  
JIM IRVIN  
Commissioner  
WILLIAM A. MUNDELL  
Commissioner

IN THE MATTER OF THE JOINT ) DOCKET NO. W-01656A-98-0577  
APPLICATION OF SUN CITY WATER ) SW-02334A-98-0577  
COMPANY AND SUN CITY WEST )  
UTILITIES COMPANY FOR APPROVAL OF )  
CENTRAL ARIZONA PROJECT WATER ) NOTICE OF FILING  
UTILIZATION PLAN AND FOR AN ) POST-HEARING BRIEF  
ACCOUNTING ORDER AUTHORIZING A )  
GROUNDWATER SAVINGS FEE AND )  
RECOVERY OF DEFERRED CENTRAL )  
ARIZONA PROJECT EXPENSES. )

The Sun City Taxpayers Association ("SCTA") hereby gives notice of filing its Post-Hearing Brief in the above-captioned docket.

RESPECTFULLY SUBMITTED this 5th day of November, 1999.

MARTINEZ & CURTIS, P.C.

By Paul R Michaud

William P. Sullivan  
Paul R. Michaud  
2712 North Seventh Street  
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Attorneys for Sun City Taxpayers  
Association

Arizona Corporation Commission  
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The original and ten (10) copies of  
the foregoing are filed this  
5<sup>th</sup> day of November, 1999 with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

A copy of the foregoing is hand-delivered  
this 5th day of November, 1999 to:

Jerry Rudibaugh  
Chief Hearing Officer  
Arizona Corporation Commission  
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Phoenix, Arizona 85007

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A copy of the foregoing is mailed  
this 5th day of November, 1999 to:

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CARL J. KUNASEK  
Commissioner  
JIM IRVIN  
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WILLIAM A. MUNDELL  
Commissioner

IN THE MATTER OF THE JOINT ) DOCKET NO. W-01656A-98-0577  
APPLICATION OF SUN CITY WATER ) SW-02334A-98-0577  
COMPANY AND SUN CITY WEST )  
UTILITIES COMPANY FOR APPROVAL ) **POST-HEARING BRIEF OF**  
OF CENTRAL ARIZONA PROJECT ) **THE SUN CITY TAXPAYERS**  
WATER UTILIZATION PLAN AND ) **ASSOCIATION**  
FOR AN ACCOUNTING ORDER )  
AUTHORIZING A GROUNDWATER )  
SAVINGS FEE AND RECOVER OF )  
DEFERRED CENTRAL ARIZONA )  
PROJECT EXPENSES )  
\_\_\_\_\_ )

**I. INTRODUCTION**

The Sun City Taxpayers Association ("SCTA") was formed in 1970 as a watchdog organization to protect the interests of the Sun City Community. Participation in SCTA is strictly voluntary and SCTA receives all of its funding through voluntary dues, donations and fees. Because many of Sun City's residents live on fixed incomes, SCTA is particularly interested in protecting these residents from economic threats such as unnecessary and unjustified utility rate increases. As such, SCTA has a history of participating in rate related proceedings for the purpose of

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1 ensuring that rates and charges imposed on Sun City ratepayers are just and  
2 reasonable.<sup>1</sup>

3 **II. SUMMARY OF SCTA'S POSITION**

4  
5 SCTA engaged the services of Mr. Dennis Husted of Husted Engineering to  
6 review and analyze the technical and economic impacts of Citizens Utilities  
7 Company's ("Citizens") proposed long-term CAP Water Utilization Plan ("proposed  
8 plan"), interim Recharge Project plan, and request and method to collect deferred CAP  
9 costs.<sup>2</sup> Mr. Husted has significant expertise in managing the planning and design of  
10 major public works projects throughout Arizona and California, including transmission  
11 lines to provide an alternative supply of water to golf courses. Mr. Husted's  
12 engineering analysis formed the basis of SCTA's positions in this proceeding. SCTA's  
13 positions can be summarized as follows:

14  
15 1. There should be no recovery of CAP-related costs from Citizens'  
16 ratepayers until Citizens has, at a minimum: a) presented a viable, least-cost alternative  
17 for putting CAP water to use on the golf courses in the Sun Cities; and b)  
18 demonstrated that the benefits to the ratepayers from implementation of the plan are  
19 equal to, or greater than, the costs associated therewith;

20 2. The Commission should require Citizens to further develop its  
21 proposed plan and return it within a specified period (e.g., 8 months) with all the  
22

23  
24 <sup>1</sup> Because SCTA's focus is Sun City, not Sun City West, SCTA's testimony reflects impacts on Sun  
25 City ratepayers. SCTA, however, has made no recommendation that would shift costs to Sun City  
26 West ratepayers. SCTA believes ratepayers in both communities are benefited proportionately from  
its recommendations.

<sup>2</sup> Citizens successfully pressured SCTA's first consultant to withdraw at the eleventh hour over a  
"potential" conflict of interest arising from work being performed by an affiliate.

1 elements of the proposed plan fully developed. Citizens should be required to address:  
2 a) the feasibility of a joint facility with the Aqua Fria Division; b) maximizing use of  
3 existing infrastructure (e.g., the existing delivery system in Sun City West and the  
4 Beardsley Canal) by increasing deliveries in Sun City West; c) the need for all major  
5 elements of its proposed plan (e.g., storage and booster stations); d) binding  
6 commitments from golf courses, public and private, and the terms and conditions  
7 related thereto; e) the accrual and use of recharge credits; f) right-of-way issues; g)  
8 firm, not to exceed, costs; and h) financing;

10 3. The interim recharge of CAP water should be rejected as a waste  
11 of \$328,000 annually of ratepayers' money for the sole purpose of satisfying the  
12 "used" component of the "used and useful" test, where there has been no evidence to  
13 show such use of CAP water would benefit ratepayers;

14 4. All CAP Deferred Costs should be denied because Citizens: a)  
15 initially agreed to take CAP water to protect its shareholders' investment by allowing  
16 additional development in its certificated areas; and b) made a management decision  
17 not to actively use CAP water;

18 5. If recovery of CAP costs is allowed in the future, costs of CAP  
19 related infrastructure should be placed on new residents through connection fees and  
20 the on-going costs of CAP water should be recovered on a gallonage basis to recognize  
21 that it is the use of water that requires the importation of CAP water and to encourage  
22 conservation; and  
23

24 ///

25 ///

26

1                   6.     If ratepayers pay for CAP water in order to protect their existing  
2 groundwater resources, the Commission must vigilantly monitor the accrual and use of  
3 recharge credits and groundwater to ensure the ratepayers' interests are protected,  
4 otherwise all benefits from the plan can be lost as credits and groundwater preserved  
5 by the plan are used to foster additional growth for the benefit of shareholders.<sup>3</sup>  
6

7  
8 <sup>3</sup> Although SCTA believes the evidence supports the foregoing positions, SCTA recognizes that  
9 Citizens' constant accusations that the Commission is anti-CAP and anti-ADWR by failing to allow  
10 Citizens to recover CAP costs now (before Citizens has presented a viable long-term plan and actually  
11 put CAP water to use in a manner that provides tangible benefits to its ratepayers), coupled with  
12 Citizens' effective scare campaign regarding unsubstantiated harms that will befall the Sun Cities if  
13 Citizens relinquishes its CAP allocation might, somehow, sway a majority of the Commission to  
14 permit recovery now. In such event, SCTA advocates the following:

15           1.     Limit the collection of deferred costs to those CAP charges incurred after Citizens  
16 submitted the current plan (i.e., since August 1998), and at most, subsequent to the last rate order (i.e.,  
17 since 1997). Until the Commission ordered Citizens to move forward with a plan, Citizens was  
18 content to simply hold its CAP contract, provided the Commission would pass the cost through to  
19 ratepayers. The recovery period should be up to 42 years (the remaining term of the subcontract), but  
20 in no event shorter than 60 months;

21           2.     Allow recovery of on-going holding charges only, with no recovery of costs  
22 associated with interim use plans that provide no benefits to ratepayers;

23           3.     Items 1 and 2 would be collected as a per thousand gallons charge for water used after  
24 the first 15,000 gallons in Sun City;

25           4.     Allow Citizens to collect a connection fee from all new service accounts to fund the  
26 construction of the CAP related infrastructure. The exact amount of the fee is dependent on the  
estimated cost of construction and the number of new service accounts established each year. SCTA  
would suggest the fee for changing an existing service be approximately half of a totally new service  
connection. Such funds would be placed in an interest bearing account, restricted for specific  
purposes. All funds expended on CAP related infrastructure would be treated as a contribution;

          5.     All funds collected by Citizens would be deemed interim and subject to refund if any  
of the following occur: a) Citizens fails to submit within 8 months a viable plan to utilize CAP water  
on the golf courses (including all the items set forth in Item 2 at pages 2-3, *supra*); b) the Commission  
fails to find the plan viable within 1 year; or c) Citizens fails to construct the CAP-facilities and put  
the water to use consistent with the Commission approved plan; and

          6.     The Commission must still monitor accrual and use of recharge credits and  
groundwater to ensure the ratepayers' interests are protected, otherwise all benefits from the plan can  
be lost.

          The foregoing minimizes long-term burdens on ratepayers by providing a funding mechanism that  
will keep the CAP infrastructure from earning a return, requires Citizens to proceed quickly and holds  
ratepayers harmless if Citizens fails to follow through and apportions the holding costs between  
shareholders and ratepayers.

1           **III. BACKGROUND**

2           A. COST/BENEFIT STUDY WAS NEVER PROVIDED.

3           SCTA recognizes CAP water represents a critical and important  
4 renewable water source for central Arizona and has the potential for benefiting the Sun  
5 Cities on a long-term basis. SCTA further agrees with the CAP Task Force's  
6 conclusion that use of CAP water on existing golf courses in the Sun City communities  
7 is the only alternative that presents a potential for providing measurable benefits to  
8 Citizens' ratepayers equal to the costs. This does not mean the Commission should  
9 sanction a CAP utilization plan that is more costly than is necessary, or require the  
10 ratepayers to pay deferred CAP costs where Citizens' management made a business  
11 decision simply to hold the CAP contracts rather than put them to use, or to start  
12 paying on-going CAP costs before a viable CAP utilization plan has been presented.  
13 Certainly the evidence presented in this proceeding does not warrant approving a plan  
14 that, no one disputes, will cost the ratepayers of Sun City Water at least \$58,000,000  
15 over the next 42 years (with similar costs incurred by the ratepayers of Sun City West),  
16 that includes unneeded components, that fails to take advantage of the economies of  
17 scale associated with a joint project with the Aqua Fria Division and that is  
18 unsupported with any tangible evidence demonstrating the actual benefits to ratepayers  
19 derived from its implementation will equal the final costs.

20           Citizens' attempts to justify its proposed plan solely on the  
21 recommendation of the CAP Task Force. See, Joint Application. If this matter is to be  
22 decided on community consensus alone, then Citizens' plan should be submitted to a  
23 vote of all ratepayers. Citizens, while relying on the community consensus  
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26

1 purportedly represented by the CAP Task Force Report, adamantly opposes putting the  
2 matter to the vote of all ratepayers to determine conclusively whether its proposal is  
3 actually supported by a majority of its 78,000 ratepayers in the Sun City communities.  
4 One must ask: why?  
5

6 On the other hand, if this matter is to be based on ratemaking principles,  
7 which SCTA agrees is appropriate, then the CAP Task Force's recommendation is not  
8 controlling. The CAP Task Force relied solely on general and regional concerns of  
9 subsidence, degradation of water quality, and increased cost of pumping to justify the  
10 plan. See, CAP Task Force Report. Even Citizens admits that the CAP Task Force  
11 did not perform an analysis of the proposed plan to determine whether it is necessary,  
12 prudent, and reasonable. (Hearing Transcript Vol. I, Page 159.) The CAP Task Force  
13 did not explore any of the alternatives presented by SCTA in this proceeding either.  
14 Further, the CAP Task Force never requested the hydrologic model be modified to  
15 determine the impact of recharging 6,561 af in the Sun Cities (rather than 100,000 af at  
16 the Aqua Fria recharge site). If the benefits are so clear, why has Citizens refused to  
17 provide the hydrologic evidence to back up its claims? Finally, no one on the CAP  
18 Task Force, other than representatives of Citizens, is experienced in rate matters. As  
19 expressed by RUCO, the CAP Task Force seems oblivious to the fact that the  
20 proposed plan will necessitate a large rate increase for ratepayers in the Sun Cities at  
21 the next rate case. (Hearing Transcript, Vol. II, Pages 229-231.)  
22

23 Citizens has not justified imposing a \$58,000,000 burden on the  
24 ratepayers of Sun City, and a proportionate burden on the ratepayers of Sun City West.  
25 No one knows to what the degree the plan actually benefits the ratepayers. The  
26

1 Commission should mandate that Citizens perform a cost/benefit study to examine the  
2 hydrologic impacts of the proposed plan, and quantify the benefits shown by this  
3 analysis and compare those benefits to the costs of the plan over the remaining life of  
4 the CAP subcontracts. This is the only way to know if the price tag of Citizens'  
5 proposed plan is justified by its benefits.  
6

7 B. CITIZENS' MANAGEMENT EXECUTED THE CAP  
8 SUBCONTRACTS TO BENEFIT ITS SHAREHOLDERS.

9 Citizens is a "for profit" corporation. Its management has a duty first to  
10 the Company's shareholders, not the ratepayers. It was concern for its shareholders  
11 that prompted Citizens' management to execute the CAP subcontracts. The November  
12 of 1984 report by David Chardvonyne, Vice-President of Water for Citizens Utility  
13 corroborates Citizens focus was on its shareholders. In this report, Citizens'  
14 management presents an analysis of the options available to the Company related to  
15 taking the CAP allocation. (SCTA, Mary Elaine Charlesworth, Direct Testimony,  
16 Attachment MEC-1). Citizens' management listed three advantages of taking its full  
17 CAP allocation: (1) securing certificates of assured water supply and providing an  
18 incentive of development in Citizens' certificated area; (2) appeasement of political  
19 factions pressuring the private water sector to take CAP water; and (3) the possibility  
20 of allocating the CAP water to nearby cities in the future. (SCTA, Mary Elaine  
21 Charlesworth, Direct Testimony, Attachment MEC-1). Thus, when Citizens'  
22 management determined to execute its CAP allocations in 1985, it did so primarily to  
23 protect the Company's shareholders, not its ratepayers. In fact, Citizens offered, for an  
24 undisclosed price, to irrevocably assign half of Sun City Water's allocation (or  
25 approximately 7,500 af) to Glendale. (See, Citizens' Response to SCTA Data Request  
26

1 No. 2.17, attached as Exhibit TSCR-1 to Terri Sue Rossi's Rejoinder Testimony.) It  
2 was the objections of CAP, ADWR and BOR, not for concern for the ratepayers, that  
3 resulted in Citizens retaining its entire allocation. Id.  
4

5 Citizens' only action with regard to CAP prior to 1995 was to seek the  
6 right to pass through CAP related costs to its ratepayers and to use the existence of its  
7 CAP contracts to support an assured water supply designation, both of which benefited  
8 its shareholders, not its ratepayers. See, Docket Nos. E-1032-84-321, U-1656-84-319,  
9 U-1656-91-134, E-1032-92-183, E-1032-94-213, U1656-94-213. Under Decision No.  
10 58750, Citizens was required to file a rate case, or a renewal of the accounting order  
11 by August 31, 1997, or lose the right to continue deferrals. Citizens, as part of its rate  
12 case filed in August 1995, presented three potential alternatives for putting CAP water  
13 to use, without committing to any of them. Again, the motivating factor was Citizens'  
14 desire to pass through the costs to ratepayers. The resulting Decision (No. 60172) set  
15 a firm mandate from the Commission requiring Citizens to develop a "plan" to utilize  
16 its CAP resource and a date of implementation by December 31, 2000 or lose the right  
17 to defer future costs. As a result, Citizens, for the first time, conditionally committed  
18 to put a portion of its CAP water supply to use. Obviously, without the Commission's  
19 insistence that rate recovery be coupled with a viable plan, Citizens would still be  
20 content to hold the contracts, provided the costs were passed through to its ratepayers.  
21

22 Based on the foregoing, it is appropriate that the Commission preclude  
23 Citizens from collecting any portion of the deferred CAP costs from ratepayers.

24 ///

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26

1 **IV. LONG-TERM SOLUTION: CAP WATER UTILIZATION PLAN**

2 **A. CITIZENS' PROPOSED PLAN WOULD RESULT IN RATE SHOCK.**

3 Citizens' proposed CAP water utilization plan is too expensive and will  
4 result in "rate shock" for Sun City and Sun City West consumers. Citizens proposes to  
5 collect from Sun City<sup>4</sup> ratepayers: \$226,206<sup>5</sup> annually for on-going CAP holding  
6 charges, plus \$247,151<sup>6</sup> annually in delivery charges (less any sums collected from  
7 MWD on, ultimately the golf courses), plus \$215,338<sup>7</sup> annually (for 4 years) in  
8 deferred costs. This represents \$688,695 per year, from Sun City ratepayers. This  
9 represents a 12.6% increase in Sun City Water's annual revenues (as authorized in  
10 Decision No. 60172) before the plans for the CAP related infrastructure are finalized  
11 and without any impacts caused by the inclusion of these facilities in rate base.<sup>8</sup>

12  
13 Additionally, Citizens relies on the so-called "conservative" cost  
14 estimate provided by Brown and Caldwell showing CAP related construction costs of  
15 approximately \$15,000,000, and annual operating and maintenance costs of  
16 approximately \$400,000<sup>9</sup>. (Citizens', Joint Application, Page 6). But according to the  
17 Residential Utility Consumer Office ("RUCO"), this level of construction cost would  
18 increase the rate base in Sun City and Sun City West by approximately 40 percent.  
19 (RUCO, Marylee Diaz Cortez, Direct Testimony, Page 11). RUCO testified that a 40  
20 percent increase in rate base would result in "rate shock" for the residential ratepayers  
21

22  
23 <sup>4</sup> Similar, although smaller, sums are also to be collected from Sun City West ratepayers.

<sup>5</sup> \$54/af x 4,189 af = \$226,206 (See, Schedule CWD-4 of Dabelstein's Rebuttal).

<sup>6</sup> \$59/af x 4,189 af = \$247,154v(Id.).

<sup>7</sup> \$861,354 divided by 4 = \$215,338 (See, Schedule CWD-1).

<sup>8</sup> Decision No. 60172 authorized revenues of \$5,460,109 for Sun City Water.

<sup>9</sup> Citizens estimates that the annual O&M costs of \$400,000 would be off-set by \$221,000 annual sales to the golf courses for a net cost to ratepayers of approximately \$179,000, but there is yet no binding commitment from the golf courses to take CAP water, let alone pay for it.

1 in the Sun Cities. (Hearing Transcript, Vol. II, Page 229.) In order to exemplify  
2 RUCO's concern with community consensus decisions, Marylee Diaz Cortez provided  
3 a very telling example of a community consensus decision regarding Far West Water  
4 Company and how it can have a perverse result. Ms. Diaz testified that:

5  
6 "I've been to enough public comment sessions and whatnot where you  
7 will get a group of people together and they'll get excited about what we  
8 need to put the CAP in our backyard...in Far West where we had poor  
9 water quality and we had 600 people that turned up and were all  
10 screaming and hollering that we don't care how much it costs us, we  
11 want to have quality water..."

12 Its now two years later, we have a rate application from Far West Water  
13 Company in front of us for an increase in rates of 150 percent, and I'll  
14 tell you, I'd retire if I had a dollar for every customer that's called me  
15 and said what are you going to do about this, they're asking for 150  
16 percent. These are the very same people that told [RUCO] two years ago  
17 we don't care what it cost, we want it. And while I respect their opinion  
18 that they wanted good quality water, I'm not so sure that the reality of  
19 what this was going to do to them really had sunk in."

20 (Hearing Transcript, Vol. II, Pages 230-231.)

21 The \$15,000,000 cost for construction of Citizens' proposed plan is just  
22 the starting point. The uncontraverted testimony estimates the long-term cost impact  
23 of Citizens' proposed plan, over the remaining 42-year life of Citizens' CAP  
24 subcontract, to exceed \$58,000,000 for Sun City Water alone. Sun City West will face  
25 a proportionate cost impact.<sup>10</sup>

26 Moreover, the Commission's Utilities Division ("Staff") testified that the

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<sup>10</sup> Another potential problem with Citizens' proposed plan is that it is totally dependant on the Recreation Golf Courses taking the CAP water. There are no binding contracts in place between Citizens and the Recreation Center Golf Courses. If these contracts never materialize, ratepayers in Sun City and Sun City West could be left with a useless CAP system or have to incur additional

1 Brown and Caldwell estimate does not account for the numerous additional cost details  
2 required to implement the large scale plan. (Hearing Transcript, Vol. II, Pages 294-  
3 295.) As such, Staff is concerned that the actual total costs to construct the project, as  
4 proposed by Citizens, may likely be higher than \$15,000,000. (Hearing Transcript,  
5 Vol. II, Page 296-297.) Staff's concern is confirmed by Citizens unwillingness to  
6 absorb construction costs in excess of \$15,000,000 in the event that actual construction  
7 costs exceed the Brown and Caldwell estimate. (Hearing Transcript, Vol. I, Page 162-  
8 163.)

10 Accordingly, because the increasingly large cost estimate of Citizens'  
11 proposed plan raises the specter of "rate shock" for consumers in the Sun City and Sun  
12 City West communities in a future rate case, the Commission should order Citizens to  
13 return with a lower cost plan to put its CAP water allocation to use. Any such plan  
14 must include a cost/benefit study examining the hydrologic impacts of the plan and  
15 benefits must be quantified and compared to the costs over the remaining life of the  
16 CAP subcontract.<sup>11</sup>

17 ///

19 B. CITIZENS' PROPOSED PLAN IS NOT COST EFFECTIVE.

20  
21 annual costs of \$131,000. This would amount to an approximate cost impact on Sun City and Sun  
City West of \$5,502,000.

22 <sup>11</sup> Undoubtedly Citizens will argue its proposal increases rates a mere \$1.35 per month for Sun City  
23 residential customers and \$1.46 per month for Sun City West residential customers. First, this ignores  
24 that many of these ratepayers are on fixed incomes or that the annual impact is a 12.6% increase in  
25 revenues to Sun City Water alone. Second, these figures do not include the capital and operating costs  
26 associated with the proposal or any inflation factor over the 42 year life of the project. RUCO  
correctly characterizes these impacts as resulting in rate shock. It should be emphasized that the new  
CAP related costs will be in addition to the increases Sun City West sewer customers will have to  
absorb due to the recent agreement approved by the Commission transferring certain recharge facilities  
to Citizens. The Commission Staff expressed its concern that that transaction was too costly for the  
benefits received.

1 Citizens' proposed plan is more expensive than it needs to be. SCTA  
2 was the only party in this proceeding to conduct a detailed engineering analysis of  
3 Citizens' proposed plan to determine whether it is cost effective. SCTA determined  
4 that the proposed plan includes extra costs for a pump station and reservoir, which are  
5 simply not necessary. It was determined that by eliminating the pump station and  
6 reservoir and maximizing deliveries to Sun City West, total construction costs of  
7 Citizens' proposed plan (Option 4) can be reduced from \$15 million to about \$9  
8 million. The total cost impact of these modifications for the ratepayers of Sun City  
9 Water over the remaining life of Citizens' CAP subcontract would be reduced to  
10 \$18,000,000 (from about \$58,000,000 to about \$40,000,000). The Sun City West  
11 community would experience cost-savings proportionate to the savings in Sun City.  
12

13 Even greater savings are achieved through a joint transmission line with  
14 the Aqua Fria Division. Citizens' CAP allocation currently totals 17,654 af. Of this  
15 total CAP allocation, 6,561 af is allocated to the Sun Cities and 11,093 af is allocated  
16 to the Agua Fria Division. Under Citizens' proposed plan, Citizens intends to put only  
17 its 6,561 af CAP allocation to the Sun Cities to use. Citizens is developing a separate  
18 plan to put its remaining 11,093 af CAP allocation to use in Agua Fria in the near  
19 future. (Citizens, Blaine H. Akine, Rebuttal Testimony, Page 6). SCTA's analysis  
20 shows that a Joint Transmission Facility ("Joint Plan") could be built to include  
21 Citizens' Agua Fria Division, the Joint Plan would cost \$5,000,000 less than Citizens'  
22 current cost,<sup>12</sup> but 11% more than the modifications of Option 4 suggested by Mr.  
23  
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<sup>12</sup> \$10,000,000 vs. \$15,000,000.

1 Husted.<sup>13</sup> Importantly, under the Joint Plan, Citizens' total 17,654 af CAP water  
2 allocation could be delivered to Citizens' certificated area in one project. SCTA also  
3 estimates that the total economic impact on Sun City over the remaining life of  
4 Citizens' subcontracts would be reduced from \$58,000,000 under Citizens' proposed  
5 plan to \$34,000,000 under the Joint Facilities plan with Sun City West realizing  
6 proportionate cost savings. These cost savings estimates are undisputed in this  
7 proceeding.  
8

9           Clearly, the Joint Facility plan is more cost effective than Citizens'  
10 proposed plan. The Joint Facility plan allows Citizens to implement one master  
11 project rather than two separate and more expensive projects to achieve the same  
12 goal—to put all of Citizens' CAP allocations to use. The Joint Facility plan would  
13 also help to reduce "rate shock" on the Sun City and Sun City West communities. A  
14 significant portion of the construction costs would be allocated not only between the  
15 Sun Cities, but also with the Agua Fria Division, thereby sharing the costs between all  
16 ratepayers. This cost sharing minimizes the cost of the CAP water burden imposed on  
17 residents of the Sun Cities as well as to new developments in Citizens' Agua Fria  
18 Division. The prospect of new development in and around Citizens' certificated areas  
19 magnify the need for Citizens to make use of its CAP water allocation.<sup>14</sup> The Joint  
20

21 ///

22 ///

23 ///

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24  
25 <sup>13</sup> 10,000,000 vs. \$9,000,000.  
26

1 Facility plan ensures the new development in the Aqua Fria Division pays its  
2 proportionate share of the cost of bringing CAP water to the area through new  
3 connection fees.<sup>15</sup>  
4

5 Citizens does not dispute the significant savings of a joint project with  
6 Citizens' Aqua Fria Division. Citizens' sole basis for rejecting a joint project is that it  
7 has decided to delay bringing CAP water into the Aqua Fria Division for a few years.  
8 (Citizens, Blaine H. Akine, Rebuttal Testimony, Pages 6 and 7). Citizens' rejection of  
9 the Joint Facilities concept is disingenuous. The same engineering firm, Brown and  
10 Caldwell, has been retained to develop: (1) a current plan to put its CAP water  
11 allocation to use in the Sun Cities; and (2) a future plan to put Citizens' remaining  
12 CAP allocation to use in its Agua Fria Division. (Citizens, Blaine H. Akine, Rebuttal  
13 Testimony, Page 6.) Thus, despite the fact the same engineering firm is handling both  
14 projects, Citizens has never requested Brown and Caldwell to examine both projects to  
15 determine whether a joint project would be more cost effective than two separate  
16 projects. This cannot constitute a prudent examination of all options available to  
17 Citizens. Ratepayers should not be forced to pay for the inefficiencies of two projects  
18 when one, more cost-effective joint project, is feasible.  
19

20 ///

21 ///

22  
23  
24 <sup>14</sup> If new development is allowed to rely exclusively on membership in the CAGR D the groundwater  
resources around the Sun Cities will continue to be depleted as the CAGR D only has an obligation to  
bring CAP water to the AMA, not to the new development.

25 <sup>15</sup> It is undisputed that Sun City was fully platted and developed prior to either the adoption of the  
26 Groundwater Management Act or the execution of Citizens' CAP subcontracts. Moreover, Citizens  
has testified that the available groundwater is sufficient to satisfy the water demands of the Sun City  
community, at least for several decades.

1           In summary, Citizens does not, and cannot refute the significant cost  
2 savings associated with SCTA's proposed modifications to its proposed plan. In fact,  
3 Citizens recognizes SCTA's recommended modifications "may have merit." (Citizens,  
4 Blaine H. Akine, Rebuttal Testimony, Page 3). Citizens correctly notes that additional  
5 review is needed to determine the correct implementation of SCTA's  
6 recommendations. (Blaine H. Akine, Rebuttal Testimony, Page's 3 and 4). SCTA  
7 agrees with Citizens' contention and wholly supports Citizens performing an  
8 additional review of SCTA's modifications to Citizens' proposed plan. Where SCTA  
9 differs from Citizens, and other parties in this proceeding, is in its assertion that not  
10 one cent for CAP costs should be charged to ratepayers until the review is completed  
11 and a viable, least cost alternative presented.<sup>16</sup>

12  
13           Accordingly, the Commission should order Citizens to conduct a  
14 comprehensive engineering study of SCTA's proposed modifications to Citizens'  
15 proposed plan. Citizens should submit its findings to the Commission for approval  
16 within eight (8) months of the date of the Order in this proceeding. This engineering  
17 study should also include a cost/benefit analysis examining the hydrologic impacts of  
18 the modified plan, and benefits of the modified plan must be quantified and compared  
19 to the costs of the modified plan over the remaining life of the Citizens' CAP  
20 subcontract.  
21

22  
23           <sup>16</sup> The CAP Task Force rejects SCTA's proposed modifications as not being feasible. (Hearing  
24 Transcript, Vol. II, Page 207.) The Commission, however, should discount the CAP Task Force's  
25 opinion in this regard. The CAP Task Force admits, on cross-examination, that it has never read  
26 SCTA's pre-filed Direct and Surrebuttal Testimony containing the analysis on how the modifications  
would cut the cost of the proposed plan by \$6,000,000. (Hearing Transcript, Vol. II, Page 214.) Thus,  
without knowledge of SCTA's analysis, the CAP Task Force simply has no basis to form an opinion as  
to whether the modifications are appropriate or not.

1 C. ALL GOLF COURSES SHOULD BE ALLOWED TO PARTICIPATE  
2 IN ANY PROPOSED PLAN INVOLVING THE DELIVERY OF CAP  
3 WATER TO THE GOLF COURSES.

4 Citizens' proposed plan limits CAP deliveries to golf courses owned by  
5 the recreation centers. In doing so, Citizens' proposed plan fails to maximize the  
6 existing infrastructure available in Sun City West and requires the construction of  
7 additional expensive new infrastructure in Sun City. This benefits the Sun City  
8 recreation centers who will not have to pay for this new infrastructure and will receive  
9 lower cost water, but places an enormous and unnecessary burden on the ratepayers of  
10 Sun City. The only reasons given for excluding the other golf courses were: they were  
11 not part of the CAP Task Force and a County regulation requires the use of effluent to  
12 two of the golf courses. (Citizens, Blaine H. Akine, Rebuttal Testimony, Page 5).  
13 Citizens testified the private golf courses were barred from participating in the CAP  
14 Task Force process by the recreation center golf courses, who are members of the CAP  
15 Task Force. (Citizens, Terri Sue C. Rossi, Rejoinder Testimony, Page 10). While  
16 SCTA believes the failure to consider maximizing deliveries to all golf courses is  
17 reflective of Citizens' failure to examine any of the alternatives available for  
18 minimizing the costs of delivering CAP water to the golf courses, it is also true that the  
19 recreation centers are the direct beneficiaries of this particular oversight. It is a simple  
20 fact that CAP water will be offered at a cheaper rate than the existing groundwater  
21 sources. Thus, it is understandable that the recreation center golf courses have an  
22 interest in keeping as much of the available CAP water as possible. CAP water to the  
23 private golf courses provides the same benefit as delivering water to the recreation  
24 center golf courses. Accordingly, in the event that the Commission approves a long-  
25  
26

1 term CAP utilization plan that involves delivering water to the golf courses, the  
2 Commission should ensure that all golf courses in Sun City West have an equal  
3 opportunity to participate in the CAP water delivery plan.  
4

5 **V. INTERIM SOLUTION: REMOTE RECHARGE PROJECTS**

6 A. REMOTE RECHARGE PROJECTS PROVIDE NO DIRECT  
7 BENEFIT.

8 Citizens proposes an interim solution to resolve the issue of its CAP  
9 allocation being "used useful" until a long-term CAP utilization plan is developed and  
10 completed. Under Citizens' interim solution, Citizens' CAP allocation for Sun City  
11 and Sun City West will be delivered either to the Maricopa Water District ("MWD")  
12 groundwater savings project or the Central Arizona Water Conservation District  
13 ("CAWCD") Agua Fria Recharge Project. However, utilizing these recharge projects  
14 is not free. For example, utilizing the MWD groundwater savings project will cost  
15 Sun City and Sun City West ratepayers at least \$328,000 annually until the long-term  
16 plan is completed.<sup>17</sup>

17 There is a general consensus among several of the parties to this  
18 proceeding that the use of recharge sites outside of Citizens' service areas provides no  
19 real direct benefits to the ratepayers in the Sun Cities. The CAP Task Force position is  
20 supported with a hydrogeology analysis prepared by Herb Schumann, a recognized  
21 expert in hydrogeology. Mr. Schumann's analysis clearly shows that the remote  
22

23  
24 <sup>17</sup> For estimation purposes, \$50 per af net delivery cost was used, multiplied by the proposed CAP  
25 allocation. CAP delivery charges are estimated at \$67 to \$76 per af offset with a \$15 to \$17 per af  
26 payment from MWD for a net cost of between \$50 and \$61 per af. The costs are \$15 to \$17 greater  
per af for the CAWCD recharge project. The delivery charge is in addition to the fixed capital charge  
of between \$48 and \$54 per af.

1 recharge plans would not directly benefit the Sun City and Sun City West communities  
2 after 20 years of recharging 100,000 af per year. (CAP Task Force, Dess Chappellear,  
3 Rebuttal Testimony, Exhibit A). It is therefore inconceivable that recharging 6,561 af  
4 over a 2 to 5 year period would provide any benefits to the ratepayers of the Sun  
5 Cities. SCTA agrees with the CAP Task Force that discharge at remote sites north of  
6 the Sun Cities may benefit the Northwest Valley region as a whole, but will offer no  
7 benefit to the Sun Cities. (CAP Task Force, Dess Chappellear, Rebuttal Testimony,  
8 Page 4).  
9

10 Because the remote recharge plans do not benefit the retirement  
11 communities of Sun City and Sun City West, SCTA proposes that the Commission  
12 reject the recharge at these distant sites as interim use of CAP water. Although such  
13 an interim plan would put the CAP water "to use", the remote discharge is not "useful"  
14 to the Sun Cities. To the extent the Commission authorizes the recovery of CAP costs  
15 from the ratepayers of Sun City and Sun City West, it should not magnify the burden  
16 by at least \$328,000 per year simply to satisfy the "used" portion of the "used and  
17 useful" requirement. This money would be better spent on paying any portion of the  
18 deferred obligation placed on ratepayers.  
19

## 20 VI. DEFERRED CAP COSTS

### 21 A. CITIZENS DELIBERATELY FAILED TO IMPLEMENT A PLAN TO 22 PUT IS CAP ALLOCATION USE.

23 Citizens' current deferral balance is approximately \$2.8 million. This  
24 balance represents annual M&I CAP charges paid to CAWCD for Citizens' CAP  
25 allocation since 1995. In this proceeding, Citizens requests permission to collect these  
26 deferred holding costs from ratepayers with interest over a 48 month period. Citizens'

1 shareholders, however, should be responsible for these CAP holding costs. The reason  
2 is that Citizens' management made a series of deliberate decisions to preserve the  
3 shareholders' future options, rather than move forward with a long-term plan to put its  
4 CAP allocation to use. Citizens' General Manager under cross-examination  
5 corroborated this fact. (Hearing Transcript, Vol. I, Page 167-168.) In fact, Citizens  
6 was willing to permanently transfer 50% of its CAP allocation to Glendale before it  
7 even executed its CAP contract. (See, Data Response to SCTA 2.17, attached to  
8 Rejoinder Testimony of Terry Sue Rossi.) Citizens deliberately did nothing to put  
9 CAP water to use for fourteen (14) years. Further, Citizens made no effort to collect  
10 these costs from developers and new lot owners in Citizens' rapidly growing service  
11 area. With each passing year, the potential benefits to ratepayers under the CAP  
12 subcontracts have diminished and the opportunity to have developers pay CAP related  
13 costs is lost.  
14

15 As already explained, Citizens executed its CAP contracts: (1) to secure  
16 certificates of assured water supply and provide an incentive of development in  
17 Citizens' certificated area; (2) appease political factions pressuring the private water  
18 sector to take CAP water; and (3) for the possibility of allocating the CAP water to  
19 nearby cities in the future. (Mary Elaine Charlesworth, Direct Testimony, Attachment  
20 MEC-1). Thus, while the mere existence of the CAP subcontracts may have been  
21 beneficial to Citizens and its shareholders, the failure to move forward with a  
22 utilization plan minimized the benefits available to ratepayers. Therefore, to allow  
23 Citizens to retroactively collect 100% of its deferred costs from ratepayers, many who  
24 did not even reside in the Sun Cities during the period these holding charges were  
25  
26

1 incurred, is patently unfair. Accordingly, it is reasonable that shareholders bear these  
2 costs.

3  
4 B. CITIZENS FAILED TO EXERCISE DUE DILLIGENCE TO  
5 DELIVER ITS CAP ALLOCATION TO THE GOLF COURSES.

6 Citizens contends that even had its management wanted to proceed with  
7 a long-term plan to deliver CAP water to the golf course years ago, it was impossible  
8 because such a plan would have caused Citizens to exceed its gallons-per-capita-per-  
9 day ("GPCD") limit as set by the Arizona Department of Water Resources ("ADWR").  
10 (Citizens, Terri Sue C. Rossi, Rejoinder Testimony, Page 4). Citizens is incorrect.  
11 Citizens could have exercised reasonable diligence, like Cave Creek Water Company  
12 ("Cave Creek"), and applied to the ADWR for an exemption from its GPCD limits.

13 In 1990, Cave Creek developed a plan to put its CAP allocation to use by  
14 delivering the water to a golf course. The plan, however, would have caused Cave  
15 Creek to exceed its GPCD limit. Exercising reasonable diligence, Cave Creek filed an  
16 application with the ADWR requesting an exemption from its GPCD limit for the  
17 amount of CAP water delivered to the golf course under the golf course plan. The  
18 ADWR enthusiastically granted Cave Creek an exemption from the GPCD limit for  
19 the following reasons:

20  
21 (1) Cave Creek's delivery of untreated CAP water to the  
22 turf-related facility promotes the use of a renewable water  
23 resource in the Phoenix Active Management Area and constitutes  
24 an extraordinary circumstance not in existence at the time Cave  
25 Creek received its Municipal Notices which makes Cave Creek's  
26 GPCD rates in the Municipal Notices unreasonable.

///

1  
2 (2) In recognition of this beneficial practice, beginning  
3 calendar year 1990, the Department shall exempt Cave Creek's  
4 untreated CAP waster deliveries to the turf-related facility from  
the calculation of Cave Creek's GPCD rate as prescribed in the  
Municipal Notices.

5 (Exhibit SCTA-5, Arizona Department of Water Resources, Stipulation and Order of  
6 Review, No. PHX-56-002008.000, October 29, 1990). A reading of ADWR's Order  
7 clearly shows that the ADWR clearly understood that Cave Creek's plan to put its CAP  
8 allocation to use by delivering the water to a golf course was a beneficial practice. For  
9 this reason, ADWR granted Cave Creek the exemption. With precedent set with Cave  
10 Creek's application, it is fair to say that the ADWR would have certainly also granted  
11 Citizens an exemption from its GPCD limitation, if only Citizens had bothered to  
12 make an application. Accordingly, because Citizens chose to defer its CAP costs for  
13 years rather than exercise reasonable diligence to put its CAP allocation to use by  
14 filing an application for an exemption from its GPCD limits with the ADWR, Citizens'  
15 shareholders should bear the responsibility for these accumulated deferred costs.

17 C. NO RETURN ON DEFERRAL BALANCE.

18 Citizens requests an 8.72% rate of return on the deferral holding cost  
19 balance over the proposed amortization period. As explained, Citizens' deferral  
20 balance was created by deliberate management decision. Citizens opted to make  
21 minimum installment payments, as mandated by CAWCD to preserve Citizens  
22 shareholders' options in the future, rather than move forward with a permanent  
23 solution to put the CAP allocation to use. SCTA also agrees with Staff and RUCO  
24 that to allow Citizens to earn a return on the deferral balance is contrary to prior  
25 Commission decisions. (Commission Staff, Claudio M. Fernandez, Direct Testimony,  
26

1 Pages 4 and 5, and, RUCO, Marylee Diaz Cortez, Direct Testimony, Page 14).  
2 Therefore, as a matter of fairness to ratepayers, any portion of Citizens' CAP holding  
3 charges the Commission deems recoverable from ratepayers should not include a rate  
4 of return.  
5

## 6 VII. RATE DESIGN

### 7 A. A FLAT FEE CHARGE FOR RESIDENTIAL CUSTOMERS IS 8 INAPPROPRIATE.

9 Citizens proposes that residential ratepayers be billed based on a flat rate  
10 per household. SCTA disagrees with this proposal. CAP costs should be recovered  
11 primarily from customers entering the system. Any charge on existing customers  
12 should be based on water used. This way all residential ratepayers will be billed  
13 directly proportionate to the amount of water they consume, rather than having  
14 consumers who use limited water subsidize ratepayers who consume large amounts of  
15 water. This is fair.

16 SCTA also finds merit in RUCO's proposal that those customers whose  
17 usage exceeds the GPCD limits should pay the incremental cost of using CAP water.  
18 (RUCO, Marylee Diaz Cortez, Direct Testimony, p. 15-16). Under RUCO's proposal,  
19 there would be a surcharge per 1,000 gallons of consumption designed to recover CAP  
20 costs from those customers that cause the cost. The surcharge would be applicable to  
21 all commercial consumption, and to Sun City residential consumption above 15,000  
22 gallons and Sun City West consumption above 11,000 gallons, along with all  
23 commercial consumption for both Sun. (RUCO, Marylee Diaz Cortez, Direct  
24 Testimony, p. 16). Importantly, this approach also protects persons on fixed incomes  
25 by allowing avoidance of the charge by limiting water use. Accordingly, the  
26

1 Commission should reject Citizens' residential flat fee rate design proposal and adopt  
2 a rate design based upon usage that rewards conservation.

3 **VIII. PROTECTION OF GROUNDWATER AND RECHARGE CREDITS**

4  
5 A. NEW DEVELOPMENT'S RELIANCE ON GROUNDWATER WILL  
6 RENDER POTENTIAL BENEFITS ILLUSORY.

7 The foundation of Citizens' proposed plan is the presumed need to  
8 preserve groundwater to avoid the potential harms associated with overdrafting an  
9 aquifer. Yet Citizens continues to encourage development within its certificated areas  
10 without any requirement that renewable resources are actually provided to the  
11 certificated areas. The law, and Citizens, allow developers to secure a certificate of  
12 assured water supply by joining the Central Arizona Groundwater Replenishment  
13 District. See generally, A.R.S. §§ 48-3771 et seq.; A.R.S. § 45-576.01.B.  
14 Unfortunately, the law does not require the CAGRDR to bring CAP water to the area  
15 being developed. CAGRDR meets its statutory obligation by delivering CAP water  
16 anywhere within the Phoenix AMA. Further the law and ADWR allow developers to  
17 rely on CAGRDR membership while still relying on groundwater so long as  
18 groundwater is physically available. A.A.C. R12-15-703. Thus, it is likely additional  
19 new developments will be able to satisfy the physical availability criteria if the Sun  
20 Cities use less groundwater. However, the end result for the aquifer underlying the  
21 Sun Cities, even after burdening the ratepayers with millions of dollars of CAP related  
22 expense, is the same as if no CAP water is imported at all. The only difference is that  
23 there would be more development allowed.  
24

25 ///

26 ///

1                    Obviously, allowing on-going development to rely on the groundwater  
2 resource supposedly being saved by importation of CAP water negates the potential  
3 benefits derived from using CAP water on the golf courses. Therefore, it is critical  
4 that the water provider, independently, require the developer to pay for the  
5 infrastructure necessary to bring renewable resources into the certificated area.  
6 Citizens does not impose such a requirement and has never requested the Commission  
7 for authority to impose such a requirement. As a condition of allowing Citizens to  
8 impose CAP costs on the ratepayers of Sun City, the Commission should also require  
9 Citizens to collect the cost of building CAP infrastructure to bring water to all new  
10 subdivisions. The Commission imposed a similar requirement on all new subdivisions  
11 served by Cave Creek Water Company in 1987. A copy of Cave Creek's tariff is  
12 attached and the Hearing Officer should take official notice thereof.  
13

14                    B.    RECHARGE CREDITS CAN ALSO BE USED TO DEplete THE  
15                    GROUNDWATER UNDERLYING THE SUN CITIES.

16                    Citizens plans to have each golf course designated as a Recharge Facility  
17 to accept CAP water in lieu of groundwater. Not only does this approach avoid the  
18 potential issues with gallons per capita per day conservation requirements, it also  
19 makes Citizens eligible to receive recharge credits. Citizens is already receiving  
20 recharge credits associated with the effluent recharge facility it recently acquired from  
21 Del Webb. Recharge credits allow the Storer of CAP water (or it s assignee) to  
22 recover the water at a later time. Thus the volume of water recharged into the aquifer,  
23 less a potential 5% cut to the aquifer, can be recovered and treated as if it were still  
24 CAP water. To the extent Citizens, or anyone else, accrues storage credits as a result  
25 of the use of CAP water on the golf courses it has the ability to withdraw the same  
26

1 amount later. Thus, recharge credits create the potential for the entire benefit assumed  
2 to by Citizens in support of its plan to be consumed at a later date if they are later  
3 recovered.  
4

5 Citizens claims it will earn no such credits under the present state of  
6 facts and the law, but acknowledges it is accruing credits in connection with its  
7 effluent recharge facility. Further, if the proposed plan is implemented, CAP water  
8 will be delivered to the golf courses for 42 years or more. Certainly, it is possible for  
9 Citizens to become eligible for recharge credits in the future. In order to protect the  
10 groundwater underlying the Sun Cities, the fundamental basis for even considering  
11 implementation of the proposed plan, the Commission must restrict Citizens right to  
12 dispose of or recover such credits, including the credits earned at its existing effluent  
13 recharge facility, without express authority of the Commission. This is the only way  
14 to ensure the investment made by Citizens' ratepayers is not later unilaterally negated.  
15

#### 16 **IX. CONCLUSION**

17 Firstly, Citizens' proposed long-term CAP water utilization plan ("proposed  
18 plan") is too expensive and will result in "rate shock" for Sun City and Sun City West  
19 consumers. The Commission should order Citizens to return with a lower cost plan to  
20 put its CAP water allocation to use and for Commission review within eight (8)  
21 months of the date of the Order in this proceeding. Any such plan must include a  
22 cost/benefit study examining the hydrologic impacts of the plan and benefits must be  
23 quantified and compared to the costs over the remaining life of the CAP subcontract  
24 and examination of the options presented by Mr. Husted. Until that time, ratepayers  
25 should not pay one cent of the CAP related costs incurred by Citizens.  
26

1           Secondly, in the event that the Commission ever approves a long-term CAP  
2 utilization plan that involves delivering water to the golf courses, the Commission  
3 should ensure that the Private Golf Courses also have the opportunity to participate in  
4 the CAP water delivery plan.  
5

6           Thirdly, the use of recharge sites outside of Citizens' service areas provides no  
7 real direct benefits to the ratepayers in the Sun Cities. Accordingly, the Commission  
8 should not impose the cost of an interim recharge plan (at least \$328,000 per year) on  
9 the Sun City and Sun City West ratepayers.

10           Fourthly, Citizens' shareholders should be responsible for all of the deferred  
11 CAP holding costs. Citizens' management made a series of deliberate decisions to  
12 preserve the shareholders' future options, rather than move forward with a long-term  
13 plan to put its CAP allocation to use. Furthermore, Citizens did not exercise  
14 reasonable diligence by applying to the ADWR for an exemption from its GPCD  
15 limits to move forward with a golf course plan then years ago. Citizens' shareholders  
16 should bear the responsibility for these accumulated deferred costs.  
17

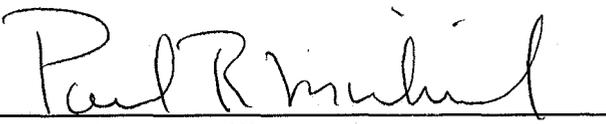
18           Fifthly, Citizens should not earn a return on the deferral balance. Citizens'  
19 deferral balance was created by deliberate management decision and Commission  
20 precedent does not allow a utility to earn a return on deferred CAP costs.

21           Lastly, CAP related costs, to the extent ultimately recoverable from  
22 ratepayers, should be recovered primarily from those entering the system today. A  
23 connection fee on new customers could be used, as a contribution, to pay for the new  
24 CAP infrastructure. Ongoing CAP costs should be recovered based on water used.  
25 This way all residential ratepayers will be billed directly proportionate to the amount  
26

1 of water they consume, rather than having consumers who use limited water subsidize  
2 ratepayers who consume large amounts of water. Accordingly, the Commission  
3 should reject Citizens' residential flat fee rate design proposal and adopt a proposal  
4 that designs residential rates based upon usage that rewards conservation.  
5

6 RESPECTFULLY SUBMITTED this 5th day of November, 1999.

7 MARTINEZ & CURTIS, P.C.

8  
9 By: 

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15 Association

16 The original and ten (10) copies of  
17 the foregoing are filed this  
18 5<sup>th</sup> day of November, 1999 with:

19 Docket Control  
20 Arizona Corporation Commission  
21 1200 West Washington Street  
22 Phoenix, Arizona 85007  
23  
24  
25  
26

1 A copy of the foregoing is hand-delivered  
2 this 5th day of November, 1999 to:

3 Jerry Rudibaugh  
4 Chief Hearing Officer  
5 Arizona Corporation Commission  
6 1200 West Washington  
7 Phoenix, Arizona 85007

7 Lyn Farmer  
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17 A copy of the foregoing is mailed  
18 this 5th day of November, 1999 to:

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