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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Utility Investors Association

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Arizona Corporation Commission

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COMMISSIONER

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AZ CORP COMMISSION  
DOCUMENT CONTROL

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

RESPONSE  
OF THE ARIZONA UTILITY INVESTORS ASSOCIATION  
TO THE COMMENTS OF RUCO AND SCTA REGARDING  
CITIZENS' RECOMMENDED PLAN AND RELATED WATER  
DELIVERY AGREEMENTS

1. Introduction

The Arizona Corporation Commission's order in this matter, Decision No. 62293, effectively embraced the recommendations of the local community in utilizing surface water from the Central Arizona Project.

The community-based CAP Task Force concluded that the public interest would be served best if Citizens Utilities retained its CAP allocation and deployed the resource in a manner that delivers the most direct benefit to the community.

The Task Force concluded further that the costs of holding and utilizing CAP water should be borne by ratepayers in Citizens' Sun City and Sun City West service areas.

For the most part, the Commission's order accepts the priorities and solutions of the CAP Task Force and the cost recovery methods put forward by Citizens. The order also made provision for some items of unfinished business.

Citizens was required to file a preliminary engineering design and updated cost estimates, including: its assessment of the feasibility of a joint project with the Agua Fria Division; the need for the major elements of its proposed plan; and binding agreements with area golf courses.

While there were delays in Citizens' filing and there are ongoing negotiations with two golf courses, Citizens has substantially met its obligations under Decision No. 62293. Yet, two parties, the Residential Utility Consumers Office (RUCO) and the Sun City Taxpayers Association (SCTA), have reacted as if the evidentiary hearing in this matter never took place and seem determined to relitigate the issues that were settled in the Commission's order.

## **2. RUCO's Position**

RUCO's response to Citizens' engineering report is to deny authority to proceed with the long term golf course utilization plan. RUCO argues that is cheaper to perpetuate the interim plan which exchanges Citizens' Sun City and Sun City West CAP allocation with the Maricopa Water District (MWD) for use on farms within MWD's service area.

RUCO's proposal was considered and rejected by the CAP Task Force as a long term solution because it does not appropriately address groundwater consumption in the Sun City and Sun City West areas. This proposal was also disposed of at hearing.

RUCO also argues that it "would not be in the public's best interests" for Citizens to proceed with this project when the sale of its water business to Arizona American Water Works is pending. RUCO offers no basis for its concern and we see no difference between this project and any other system improvement or service obligation for which Citizens is responsible during the pendency of a sale.

Finally, RUCO complains that Citizens intends to offer its Agua Fria Division customers a different and potentially less costly CAP recovery program through hookup charges. Never mind that the Agua Fria division is largely undeveloped while the Sun Cities are almost completely built out, Citizens' Agua Fria filing is irrelevant to this decision.

### **3. SCTA's Arguments**

AUIA will not burden the Commission with the mass of verbiage that would be required to respond to every argument put forward by counsel for the Sun City Taxpayers Association (SCTA) in opposition to Citizens' engineering plan and the golf course agreements.

SCTA's lawyers are pursuing a strategy of throwing legal spaghetti at the wall in hopes that something will stick. In the process, they have recycled every argument that they presented without success at hearing. Such as:

- Their insistence that Citizens should quantify the benefits of utilizing Sun City's CAP allocation, contrary to Decision No. 60172.
- Their assertion that Citizens' plan doesn't "maximize" Sun City West's distribution system. This is simply code for their position that Sun City doesn't want to pay for CAP water, a position that was rejected by Decision No. 62293.
- Their continued demand that ratepayers be allowed to vote on the Commission's decisions in this matter, which is a part of the hearing record and was rejected by the Commission.

In addition, SCTA's lawyers have dissected Citizens' contracts with the Sun City and Sun City West golf courses as if they were nuclear proliferation agreements and have determined that they are deficient.

These agreements may not meet the toughness standard of SCTA's lawyers, but they accomplish their essential purpose: Citizens agrees to provide CAP water and the golf courses agree to accept it.

SCTA also wants the golf courses to pay more for CAP water than their current cost of pumping groundwater. The reality is that the golf courses are independent parties who may be willing to subscribe to a water policy that serves the greater good, but they can't be expected to sign contracts that are adverse to their interests.

SCTA's lawyers argue at length that Citizens has fashioned an exchange agreement with the golf courses rather than a savings facility. We submit that SCTA has uncovered a distinction without a difference.

**4. Staff's Position**

Commission Staff examined the Preliminary Engineering Report and the recommended plan for the Groundwater Savings Project and determined that the plan and the associated costs are reasonable.

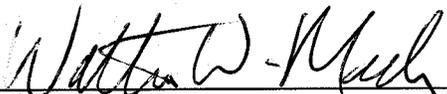
However, Staff expressed concern that binding agreements were not included for private golf courses, particularly in Sun City West, and Staff withheld its recommendation for approval of the binding agreements.

AUIA understands that negotiations are ongoing with the Hillcrest and Briarwood golf courses. However, we believe that the CAP distribution plan is workable in Sun City West with or without the participation of the private courses and this is not a sufficient reason to stall the project.

**5. Conclusion**

AUIA contends that Citizens has met its obligations under Decision No. 62293. There is no justification for acceding to the positions of RUCO and SCTA by relitigating the issues in this case. Citizens should be allowed to proceed with its Groundwater Savings Project in Sun City and Sun City West.

RESPECTFULLY SUBMITTED,  
This 18th day of December, 2000

  
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WALTER W. MEEK, PRESIDENT

## CERTIFICATE OF SERVICE

Original and ten (10) copies of this Response were filed this 18th day of December, 2000, with:

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Copies of this Response were hand-delivered this 18th day of December, 2000, to:

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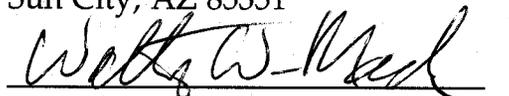
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