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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARK SPITZER
Commissioner

IN THE MATTER OF THE APPLICATION)
OF SUN CITY WATER COMPANY AND)
SUN CITY WEST UTILITIES COMPANY)
FOR APPROVAL OF CENTRAL ARIZONA)
PROJECT WATER UTILIZATION PLAN)
AND FOR AN ACCOUNTING ORDER)
AUTHORIZING A GROUNDWATER)
SAVINGS FEE AND RECOVERY OF)
DEFERRED CENTRAL ARIZONA PROJECT)
EXPENSES)

DOCKET NOS. W-01656A-98-0577
SW-02334A-98-0577

STAFF'S NOTICE OF FILING
TESTIMONY

Staff of the Arizona Corporation Commission hereby files the responsive testimony of
Claudio M. Fernandez and Marlin Scott, Jr., of the Utilities Division, in the above-referenced matter.

RESPECTFULLY SUBMITTED this 31 day of July, 2001.

for Christopher C. Kennedy
Janet Wagner, Attorney
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

The original and ten copies of the
foregoing filed this 31st day of
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Phoenix, Arizona 85007

Arizona Corporation Commission
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JUL 31 2001

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- 1 COPIES of the foregoing
- 2 mailed this ~~31st~~ day of
- 3 July, 2001 to:

- 4 Michael Grant
- 5 Gallagher & Kennedy, PA
- 6 2576 East Camelback Road
- 7 Phoenix, Arizona 85016-9225
- 8 Attorneys for Citizens Communications Company

- 9 William Sullivan
- 10 Martinez & Curtis, P.C.
- 11 2712 North Seventh Street
- 12 Phoenix, Arizona 85006-1090
- 13 Attorneys for Sun City Taxpayers Association

- 14 Scott S. Wake field
- 15 RUCO
- 16 2828 N. Central Avenue, Suite 1200
- 17 Phoenix, Arizona 85004

- 18 Barbara Goldberg
- 19 Steptoe & Johnson, LLP
- 20 Two Renaissance Square
- 21 40 North Central Avenue, 24th Fl.
- 22 Phoenix, Arizona 85004-4453

- 23 Walter W. Meek, President
- 24 Arizona Utility Investors Association
- 25 2100 N. Central Avenue, Suite 210
- 26 Phoenix, Arizona 85004

- 27 William G. Beyer
- 28 BEYER, McMAHON & LaRUE
- 10448 W. Coggins, Suite C
- Sun City, Arizona 85351
- Attorneys for CAP Task Force

- Ray Jones
- General Manager
- Sun City Water Company
- P.O. Box 1687
- Sun City, Arizona 85372

23
24 Loney Martinez

28

RESPONSIVE TESTIMONY

OF

**CLAUDIO M. FERNANDEZ
MARLIN SCOTT, JR.**

**DOCKET NOS. W-01656-98-0577
& WS-02334A-98-0577**

July 31, 2001

BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL

Chairman

JIM IRVIN

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MARC SPITZER

Commissioner

IN THE MATTER OF THE JOINT)
APPLICATION OF SUN CITY WATER)
COMPANY AND SUN CITY WEST)
UTILITIES COMPANY FOR APPROVAL OF)
CENTRAL ARIZONA PROJECT WATER)
UTILIZATION PLAN AND FOR AN)
ACCOUNTING ORDER AUTHORIZING)
A GROUNDWATER SAVINGS FEE AND)
RECOVERY OF DEFERRED CENTRAL)
ARIZONA PROJECT EXPENSES)
_____)

DOCKET NOS. W-01656A-98-0577
WS-02334A-98-0577

RESPONSIVE TESTIMONY

OF

CLAUDIO M. FERNANDEZ

MANAGER, REVENUE REQUIREMENTS ANALYSIS

UTILITIES DIVISION

JULY 31, 2001

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EXECUTIVE SUMMARY
RESPONSIVE TESTIMONY OF CLAUDIO M. FERNANDEZ
IN THE MATTER OF THE JOINT APPLICATION OF
SUN CITY WATER COMPANY
AND
SUN CITY WEST UTILITIES COMPANY
DOCKET NOS. W-01656A-98-0577 & WS-02334A-98-0577

Mr. Fernandez' responsive testimony addresses the expected effects of the Groundwater Savings Project (GSP) on Sun City Water Company's and Sun Cities West Utilities Company's revenue requirements.

Mr. Fernandez finds that the GSP can be expected to increase Sun City Water Company's revenue requirement by 25 percent, or \$0.39 per thousand gallons if the increase were completely attributed to the per gallon charge.

Mr. Fernandez finds that the GSP can be expected to increase Sun Cities West Utilities Company's revenue requirement by 13 percent, or \$0.26 per thousand gallons if the increase were completely attributed to the per gallon charge.

Finally, Mr. Fernandez addresses the status of certain binding agreements between the two water companies and their client golf courses. The binding agreements face a legal challenge.

Mr. Fernandez observes that it would be imprudent for the Company to begin this project before it know the status of the binding agreement and the SCTA's lawsuit.

1 **INTRODUCTION**

2 Q. Please state your name, occupation, and business address.

3 A. My name is Claudio M. Fernandez. I am a Manager of Revenue Requirements Analysis
4 employed by the Arizona Corporation Commission (“ACC” or “Commission”) in the
5 Utilities Division (“Staff”). My business address is 1200 West Washington Street,
6 Phoenix, Arizona 85007.

7

8 Q. Why are you submitting responsive testimony in this proceeding?

9 A. On June 5, 2001, the Commission issued a Procedural Order requesting Staff’s responsive
10 testimony to the issues and comments submitted by the Sun City Taxpayers Association
11 (“SCTA”) and any other party who opposes the approval or has issues or comments
12 regarding the Preliminary Engineering Report.

13

14 Q. Who submitted opposition to or otherwise had issues or comments regarding the GSP?

15 A. The Sun City Taxpayers Association and the Residential Utility Consumer Office
16 (“RUCO”) filed testimonies opposing the Groundwater Savings Project (“GSP”).

17

18 Q. What is the purpose of your testimony in this proceeding?

19 A. I will address the financial impact of the GSP. In particular, I address the increase in gross
20 revenue requirements to Sun City Water Company (“Sun City”) and Sun City West
21 Utilities Company (“Sun City West”).

22

23 **REVENUE REQUIREMENTS EFFECT OF THE GSP**

24 Q. Are Sun City and Sun City West earning their authorized rate of return?

25 A. No. Sun City and Sun City West are not earning their authorized rate of return of 8.73
26 percent, according to the data obtained from the Utilities Annual Report for calendar year

1 ended December 31, 2000. Schedule CMF-1 shows the required increase in gross
2 revenues with and without the implementation of the GSP.

3

4 Q. Has Staff audited the data obtained from the above mentioned Utilities Annual Reports?

5 A. No. Staff did not audit the Utilities Annual Reports.

6

7 Q. What impact would the GSP have on Sun City's revenue requirement?

8 A. The GSP would require an increase in gross revenues of approximately 25 percent.

9

10 Q. What impact would the GSP have in Sun City West's revenue requirement?

11 A. Sun City West would require an increase in gross revenues of approximately 19 percent.

12

13 Q. Please explain the schedule CMF-2.

14 A. Schedule CMF-2 represents Sun City's and Sun City West's Original Cost Rate Base
15 ("OCRB") without the implementation of the GSP as of December 31, 2000. This
16 schedule also reflects the addition of the GSP on a pro forma basis. However, it should be
17 noted that overheads and Allowance for Funds Used During Construction ("AFUDC")
18 that could increase the cost of the GSP were not included in the pro forma OCRBs.

19

20 Q. Does the increase in Sun City's gross revenue requirements constitute "rate shock"?

21 A. The term rate shock is subjective and highly susceptible to professional interpretation. To
22 illustrate; due to the combination of the apparent revenue deficiency and the
23 implementation of the GSP, Sun City could potentially require a 50 percent increase in
24 gross revenue requirements. The 50 percent increase in revenues might be perceived as
25 rate shock by some.

26 ...

27 ...

1 However, the implementation of the GSP would only require a 25 percent increase in
2 revenues or approximately \$1.8 million. This translates to an increase of \$4.95 per
3 connection if the increase is evenly distributed among 31,000 connections, and completely
4 absorbed by the monthly minimum charge. This would result in a monthly minimum
5 charge of \$9.50 based on the current monthly minimum charge of \$5.00. It is Staff's
6 opinion that the required increase to implement the GSP in Sun City is not rate shock

7
8 The commodity rate would increase by \$0.39 per thousand gallons if all the increase was
9 evenly divided by approximately 4.7 billion gallons sold and incorporated into the
10 commodity rate. This increase would produce a first tier rate of \$1.12 per thousand
11 gallons.

12
13 Q. In a typical rate design, is it customary to incorporate all of the revenue increase in either
14 the monthly minimum charge or commodity rate?

15 A. No. Usually the resulting increase in revenue requirements is incorporated into a
16 combination of monthly minimum and commodity charges. In Staff's opinion, the
17 implementation of the GSP in Sun City, consistent with the scenarios described above,
18 would not create rate shock.

19
20 Q. What would be the impact on the monthly minimum charge and commodity rates for Sun
21 City West?

22 A. The impact of the required increase in revenues of \$543,721, if placed strictly in the
23 monthly minimum charge and divided equally between 17,129 connections, would be
24 \$2.65 per connection per month for a total residential monthly minimum charge of \$7.65.
25 The commodity rate would increase by approximately \$0.26 per thousand gallons, from
26 the current first tier rate of \$0.93 to \$1.19 per thousand gallons.

27 ...

1 Q. Does the above described increase in revenues create rate shock?

2 A. No. In Staff's opinion, the implementation of the GSP would not create rate shock in Sun
3 City West.

4
5 Q. Does approval of the Preliminary Engineering Report ("PER") imply that all costs
6 incurred by Sun City and Sun City West will be automatically passed on to the ratepayers?

7 A. No. The Company's rate increase application will be audited and examined for accuracy
8 and reasonableness of the costs incurred in the implementation of the GSP.

9

10 **BINDING AGREEMENTS**

11 Q. Please describe the status of the binding agreements with the golf courses.

12 A. The Companies filed agreements with the Recreation Centers on December 18, 2000.
13 However, these agreements are missing a portion of the contract referred to as the
14 Operating Agreement. In addition, the SCTA filed a complaint in the Superior Court of
15 the State of Arizona, challenging the validity of the binding agreements. Subsequently,
16 Sun City and Sun City West Recreation Centers filed a motion to dismiss the complaint.
17 Oral arguments on both motions are scheduled to commence on September 10, 2001.

18

19 Q. What is Staff's recommendation regarding approving the PER at this time?

20 A. Clearly, the Companies have executed contracts with the recreation centers. The question
21 now becomes whether those agreements were validly executed. This question is beyond
22 the scope of this proceeding and certainly beyond the extent of my expertise. Nonetheless,
23 I would note that it would be imprudent for the Company to begin this project before it
24 knows the status of those contracts and the status of the SCTA's lawsuit.

25

26 Q. Does this conclude your responsive testimony?

27 A. Yes, it does.

COMPUTATION OF INCREASE IN GROSS REVENUE REQUIREMENTS

LINE NO.	DESCRIPTION	[A] SUN CITY		[B] PRO FORMA		[C] SUN CITY WEST		[D] PRO FORMA	
		DEC. 31, 2000	PRO FORMA	DEC. 31, 2000	PRO FORMA	DEC. 31, 2000	PRO FORMA	DEC. 31, 2000	PRO FORMA
1	Original Cost Rate Base	\$ 19,204,985	\$ 30,337,587	\$ 8,345,901	\$ 11,861,459				
2	Operating Income	628,742	511,534	296,064	281,244				
3	Rate of Return	3.27%	1.69%	3.55%	2.37%				
4	Required Operating Income	\$ 1,676,595	\$ 2,648,471	\$ 728,597	\$ 1,035,505				
5	Required Rate of Return	8.73%	8.73%	8.73%	8.73%				
6	Operating Income Deficiency	\$ 1,047,853	\$ 2,136,937	\$ 432,533	\$ 754,262				
7	Gross Revenue Conversion Factor	1.69	1.69	1.69	1.69				
8	Increase in Gross Revenue Requirements	\$ 1,770,872	\$ 3,611,424	\$ 730,981	\$ 1,274,702				
9	Operating Revenues	7,139,309	7,294,637	3,903,820	4,024,104				
10	Percentage Increase in Gross Revenue Requirements	24.80%	49.51%	18.72%	31.68%				
11	GSP - 14,993,000		\$ 11,394,680		\$ 3,598,320				
12	OPERATING INCOME		\$ 628,742		\$ 296,064				
13	GSP REVENUE		155,328		120,284				
14	DEPRECIATION EXPENSE- 2.3%		(262,078)		(82,761)				
15	GSP - OPERATION AND MAINTENANCE		(65,563)		(21,512)				
16	CAP WATER EXPENSE		(423,089)		(239,572)				
17	INCOME TAXES - NET EFFECT		478,194		208,741				
18	PRO FORMA OPERATING INCOME		\$ 511,534		\$ 281,244				

ORIGINAL COST RATE BASE

LINE NO.	DESCRIPTION	[A]		[B]		[C]		[D]	
		SUN CITY		SUN CITY WEST		SUN CITY WEST		SUN CITY WEST	
		DEC. 31, 2000	PRO FORMA	DEC. 31, 2000	PRO FORMA	DEC. 31, 2000	PRO FORMA	DEC. 31, 2000	PRO FORMA
1	Gross Utility Plant in Service	\$ 37,647,764	\$ 49,042,444	\$ 29,128,878	\$ 32,727,198				
2	Less:								
3	Accumulated Depreciation	(13,054,352)	(13,316,430)	(5,251,450)	(5,334,211)				
4	Net Plant in Service	\$ 24,593,412	\$ 35,726,014	\$ 23,877,428	\$ 27,392,987				
	Less:								
5	Contributions in Aid of Construction	1,042,786	1,042,786	434,456	434,456				
6	Advances in Aid of Construction	2,195,311	2,195,311	13,675,226	13,675,226				
7	Deferred Investment Tax Credit	410,525	410,525	513,663	513,663				
8	Deferred Income Tax	1,794,889	1,794,889	908,182	908,182				
9	Total Deductions	5,443,511	5,443,511	15,531,527	15,531,527				
	Plus:								
10	Materials and Supplies Inventory	55,084	55,084	-	-				
	ORIGINAL COST RATE BASE	\$ 19,204,985	\$ 30,337,587	\$ 8,345,901	\$ 11,861,459				

BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL

Chairman

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MARC SPITZER

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IN THE MATTER OF THE JOINT)
APPLICATION OF SUN CITY WATER)
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_____)

DOCKET NOS. W-01656A-98-0577

WS-02334A-98-0577

RESPONSIVE TESTIMONY

OF

MARLIN SCOTT, JR.

UTILITIES ENGINEER

UTILITIES DIVISION

JULY 31, 2001

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• Summary of Operation & Maintenance Costs	
• Summary of 50 Year Life Cycle Costs	

**EXECUTIVE SUMMARY
FOR
SUN CITY WATER COMPANY
DOCKET NO. W-01656A-98-0577
&
SUN CITY WEST UTILITIES COMPANY
DOCKET NO. WS-02334A-98-0577**

I, Marlin Scott, Jr., will appear on behalf of the Utilities Division Staff and will testify concerning Staff's position and recommendation regarding Sun City Water Company and Sun City West Utilities Company's cost estimates of the Groundwater Savings Project.

The conclusions of my findings are:

1. The Preliminary Engineering Report (PER) and its recommended plan for the Groundwater Savings Project (GSP) and the associated plant costs are reasonable.
2. The PER confirmed the updated cost estimate of the GSP.
3. The PER adequately addressed the feasibility of the joint facility with the Agua Fria Division.
4. The PER addressed the need for all major elements for the approved GSP concept.
5. The conclusions stated in the Supplemental Engineering Report are reasonable and should be accepted.

1 **INTRODUCTION**

2 Q. Please state your name, occupation, and business address.

3 A. My name is Marlin Scott, Jr. I am a Utilities Engineer employed by the Arizona
4 Corporation Commission ("Commission") in the Utilities Division ("Staff"). My business
5 address is 1200 West Washington Street, Phoenix, Arizona 85007.

6
7 Q. Have you previously testified in this docket?

8 A. Yes. I testified at the hearing on October 18, 1999, and filed comments to the Preliminary
9 Engineering Report ("PER") on November 1, 2000.

10
11 Q. Why is Staff submitting responsive testimony in this proceeding?

12 A. On June 5, 2001, the Commission ordered the Hearing Division to schedule an evidentiary
13 hearing to resolve issues concerning the PER and Supplemental Engineering Report
14 ("SER") and to determine whether the PER complied with Decision No. 62293.

15
16 Q. What is the purpose of your testimony in this proceeding?

17 A. I will address the construction costs of the Alternatives in the PER and the conclusions to
18 the SER for their reasonableness. I will also address the Sun City Taxpayers
19 Association's ("SCTA") comments regarding the PER and the SER.

20
21 **PRELIMINARY ENGINEERING REPORT**

22 Q. Have you reviewed the PER filed by Sun City Water Company and Sun City West
23 Utilities Company ("Companies")?

24 A. Yes. I filed comments to the PER on November 1, 2000, and stated that the PER and its
25 recommended plan for the Groundwater Savings Project ("GSP") and the associated plant
26 costs are reasonable.

27 ...

1 Q. Do your comments remain the same?

2 A. Yes. My comments remain the same. However, after further review of the PER's
3 Summary tables on pages E-3 and E-4, I found some errors with certain components
4 within the tables.

5
6 Q. Could you please discuss these errors?

7 A. Yes. First, under the "Summary of Construction Costs" on page E-3, the Totals for
8 Alternatives C, D, Joint Facility with Agua Fria Division, Joint Facility with Agua Fria
9 Division & City of Surprise, and Joint Facility with City of Surprise were all \$46,000 too
10 low. I added \$46,000 to each of these Totals. Second, under "Summary of Operation &
11 Maintenance Costs", the stated Booster Pump Station cost was not correct. The correct
12 cost should have been \$1,157,073 instead of \$1,114,527, a difference of \$42,546. Third,
13 the stated SCADA cost of \$525,858 was not correct. The correct cost should be \$527,531,
14 a difference of \$1,673. Fourth, with the second and third corrections made under
15 "Summary of Operation & Maintenance Costs", all the Totals have changed.

16
17 Fifth, under "Summary of 50 Year Life Cycle Costs" on page E-4, the CAP Trunk cost for
18 Alternative C of \$7,287,338 was stated incorrectly. The corrected cost should be
19 \$7,819,325, a difference of \$531,987. Finally, with all the corrections made above, the
20 "Summary of 50 Year Life Cycle Costs" costs for the Booster Pump Station, SCADA and
21 Totals would change. I have provided Attachment MSJ-1 showing my changes, as shown
22 shaded, in the three tables.

23
24 Q. After your modification to the summary tables, has your position changed?

25 A. No. The recommended plan for the GSP (Alternative A – Lake Pleasant Road) and its
26 associated plant costs are still the least cost compared to the other alternatives and its plant
27 costs are still reasonable.

1 **SUPPLEMENTAL ENGINEERING REPORT**

2 Q. Have you reviewed the Supplemental Engineering Report filed by the Companies?

3 A. Yes.

4
5 Q. What were the conclusions in the SER?

6 A. The Companies filed the SER to address the nonparticipation of the Hillcrest Golf Course
7 (“Hillcrest”) located in the Sun City West with the GSP. Previously, in the PER, the
8 Companies stated, “...without the participation of the two private courses (Hillcrest Golf
9 Club and Briarwood Country Club) in the Sun City West, the GSP will not be
10 operationally feasible.” In the SER, the Companies concluded that, 1) the implementation
11 of the GSP in Sun City West will be possible should Hillcrest decide to not participate and
12 although the participation of Hillcrest would lend overall flexibility to the system, it is not
13 necessary for the operation of the GSP, 2) the entire annual CAP allocation to the Sun City
14 West (2,372 acre-feet) can be consumed by the Recreation Centers of Sun City West and
15 Briarwood golf courses (3,735 acre-feet), and 3) the Sun City West conveyance system
16 will be provided with adequate volumetric flexibility through lake volume to allow for
17 safe and continuous operation.

18
19 Q. Do you accept the SER conclusions?

20 A. Yes. I would accept these conclusions.

21
22 Q. Given the apparent contradiction between the PER and the SER on this issue, why do you
23 believe that the SER is reasonable?

24 A. First, the annual CAP allocation for Sun City West is 2,372 acre-feet. The average annual
25 consumption of all Recreation Centers of Sun City West and Briarwood golf courses is
26 3,735 acre-feet. This would indicate a short fall of 1,363 acre-feet. Now, if Hillcrest were
27 to participate, the average annual consumption of all Recreation Centers of Sun City West,

1 Briarwood and Hillcrest golf courses would be 4,504 acre-feet, leaving a larger short fall
2 of 2,132 acre-feet. Therefore, Sun City West does not have enough CAP allocation for all
3 the nine listed golf courses (5,519 acre-feet) listed on page B-10 of the PER and even for
4 the six participating golf courses (3,735 acre-feet), without Hillcrest, as shown on page E-
5 2.

6
7 Second, the lakes in the Recreation Centers of Sun City West golf courses have a total
8 surface area of 51.61 acres and the Briarwood lakes have a surface area of 4.10 acres, for a
9 total of 55.71 acres. Assuming that no water were used for a one-day period and that the
10 maximum amount of water that the Sun City West piping system can convey in one day
11 (10.91 acre-feet) must be stored within all the participating golf course lakes, that storage
12 would result in a lake surface elevation rise of 2.35 inches in all of the lakes. This
13 magnitude of rise is considered tolerable, as stated by the Companies.

14
15 For these reasons, the implementation of the GSP in Sun City West would still be possible
16 should Hillcrest decide not to participate.

17
18 **COMMENTS TO SCTA**

19 Q. Have you reviewed Dennis Hustead's direct testimony filed by the SCTA?

20 A. Yes.

21
22 Q. What is your general comment about the SCTA's filing?

23 A. I believe the SCTA's filing went beyond the focus and scope of the PER.

24
25 Q. What was the primary focus of the PER?

26 A. In my opinion, the primary focus of the PER, was to: 1) confirm and update the cost
27 estimate of the GSP; 2) address the feasibility of a joint facility with the Agua Fria

1 Division; and 3) address the need for all major elements for the approved GSP concept.
2 My conclusion is based upon the Commission's direction in Decision No. 62293.

3
4 Q. Could you provide some examples of the SCTA filing that go beyond these three issues?

5 A. Yes. The SCTA's testimony discusses recharge, hydrologic analysis, and an alternative
6 using CAP water with the operation of a sewer treatment plant and underground storage
7 facility. Clearly, these subjects fall outside the Commission's directions as set forth in
8 Decision No. 62293.

9
10 Q. Is it reasonable and/or necessary for the PER to address alternatives?

11 A. The only alternative that the PER was to address was the feasibility of a joint facility with
12 the Agua Fria Division.

13
14 Q. Does the PER adequately address this alternative?

15 A. Yes. The PER provides cost breakdowns of the major construction elements of each
16 segment of the GSP construction, plus a proposed five mile route with cost estimates, for
17 this joint facility alternative.

18
19 Q. Do you disagree with the SCTA that the PER does not adequately address the feasibility
20 of a joint facility with the Agua Fria Division?

21 A. I disagree with the SCTA. The Summary of Construction Costs, page E-3 of the PER,
22 shows a complete breakdown of the GSP and the joint facility with the Agua Fria
23 Division. As shown in the summary table, all construction components of the GSP remain
24 the same, except for the CAP Trunk column. If a joint facility were added to the GSP,
25 then the GSP with a joint facility with the Agua Fria Division would cost more than the
26 GSP itself.

27 ...

- 1 Q. Does the SCTA accurately state the goals and objectives of the PER?
- 2 A. No. Instead of accurately stating the goals and objectives, the SCTA attempts to persuade
3 the Commission to reconsider items already decided.
4
- 5 Q. Do you agree with the SCTA's statement as to the primary focus of the PER?
- 6 A. No, I disagree. The SCTA wants the Commission to re-evaluate the GSP as a concept.
7 The Commission has already approved the concept of the GSP. The primary focus of the
8 PER, as I stated earlier, was to: 1) confirm and update the cost estimate of the GSP; 2)
9 address the feasibility of a joint facility with the Agua Fria Division; and 3) address the
10 need for all major elements for the approved GSP concept.
11
- 12 Q. Is it appropriate for the parties to be addressing other alternatives?
- 13 A. Other alternatives, besides a Joint Facility with the Agua Fria Division, are not relevant in
14 this stage of this proceeding. The other alternatives were sufficiently addressed in the
15 initial filing of the CAP Task Force – Final Report in October 1998.
16
- 17 Q. The SCTA complains that the PER assumes that the project must be designed to deliver
18 2,372 acre-feet of CAP water to Sun City West golf courses and 4,189 acre-feet of CAP
19 water to Sun City golf courses and to all golf courses expressing a willingness to
20 participate. Does the PER contain this assumption?
- 21 A. Yes, the PER states that 2,372 acre-feet and 4,189 acre-feet of CAP water allocation will
22 be transported to Sun City West and Sun City, respectively.
23
- 24 Q. Under the circumstances, is it a reasonable assumption?
- 25 A. Yes. Each CAP water amount is the actual CAP allocation. Using CAP water replaces
26 the use of groundwater. The benefit of the GSP lies in the reduction of the pumping of
27 groundwater by the golf courses. The Sun Cities' areas receive the most benefit by

1 turning off as many groundwater pumps as possible. This means that it is in the public
2 interest to deliver the full allocation to the golf courses.

3

4 Q. Is it reasonable for the SCTA to contend that the Companies could use existing facilities to
5 complete this GSP?

6 A. In general, it is reasonable to try to use existing facilities if they are adequate to the
7 purpose. Here they are not. Existing plant facilities like the existing Sun City West
8 distribution system are constructed to pump in one direction (east to west). This existing
9 distribution system will not operate sufficiently, if at all, if it must pump from west to east.

10

11 Q. Has this issue been addressed before?

12 A. Yes. The operation of the existing Sun City West distribution system and its direction of
13 flow was addressed at the October 18, 1999 hearing and again, in the PER.

14

15 **CONCLUSIONS**

16 Q. What are your conclusions to the PER and SER?

17 A. The PER: 1) updated the cost estimate of the GSP; 2) adequately addressed the feasibility
18 of a joint facility with the Agua Fria Division; and 3) addressed the need for all major
19 elements for the approved GSP concept. The PER and its recommended plan for the GSP
20 and the associated plant costs are reasonable. The conclusions stated in the SER are
21 reasonable and should be accepted.

22

23 Q. Does this conclude your testimony?

24 A. Yes it does.

Summary of Construction Costs

Alternative	Joint Facility		CAP Trunk		Booster Pump Station		Storage	Treatment	Distribution	SCADA	Total
	Joint Facility		CAP Trunk		Booster Pump Station						
A - Lake Pleasant Road (Recommended plan)	-		\$7,014,653		-		-	-	\$6,803,639	\$1,218,399	\$15,036,691
B - 115th Avenue	-		\$3,494,155		\$476,873		-	-	\$6,803,639	\$1,218,399	\$11,993,066
C - El Mirage Road	-		\$4,589,471		\$476,873		-	-	\$6,803,639	\$1,218,399	\$13,088,382
D - Deer Valley Road	-		\$6,211,796		\$476,873		-	-	\$6,803,639	\$1,218,399	\$14,710,707
E - Through SCW	-		-		-		-	-	-	-	-
Joint Facility w/ Agua Fria Division	2,629,723		\$5,991,302		\$476,873		-	-	\$6,803,639	\$1,218,399	\$17,119,936
Joint Facility w/ Agua Fria Division & City of Surprise	2,170,815		\$5,991,302		\$476,873		-	-	\$6,803,639	\$1,218,399	\$16,661,028
Joint Facility w/ City of Surprise	2,806,500		\$5,991,302		\$476,873		-	-	\$6,803,639	\$1,218,399	\$17,296,713
Cost Estimate Presented to CAP Task Force	-		\$6,826,132		\$540,945		\$1,774,732	-	\$5,851,191	-	\$14,993,000

Summary of Operation & Maintenance Costs

Alternative	Joint Facility		CAP Trunk		Booster Pump Station		Storage	Treatment	Distribution	SCADA	Total
	Joint Facility	Joint Facility	CAP Trunk	CAP Trunk	Booster Pump Station	Booster Pump Station					
A - Lake Pleasant Road (Recommended plan)	-	-	\$375,135	-	-	-	-	-	\$523,245	\$527,531	\$1,425,911
B - 115th Avenue	-	-	\$179,289	\$1,157,073	-	-	-	-	\$523,245	\$527,531	\$2,387,138
C - El Mirage Road	-	-	\$231,381	\$1,157,073	-	-	-	-	\$523,245	\$527,531	\$2,439,230
D - Deer Valley Road	-	-	\$320,464	\$1,157,073	-	-	-	-	\$523,245	\$527,531	\$2,528,313
E - Through SCW	-	-	-	-	-	-	-	-	-	-	-
Joint Facility w/ Agua Fria Division	80,334	-	\$320,464	\$1,157,073	-	-	-	-	\$523,245	\$527,531	\$2,608,647
Joint Facility w/ Agua Fria Division & City of Surprise	51,320	-	\$320,464	\$1,157,073	-	-	-	-	\$523,245	\$527,531	\$2,579,633
Joint Facility w/ City of Surprise	85,734	-	\$320,464	\$1,157,073	-	-	-	-	\$523,245	\$527,531	\$2,614,047
Cost Estimate Presented to CAP Task Force	-	-	\$308,797	\$1,312,398	\$1,441,062	-	-	-	-	-	\$3,062,257

Summary of 50 Year Life Cycle Costs

Alternative	Booster Pump Station										Total
	Joint Facility	CAP Trunk	Booster Pump Station	Storage	Treatment	Distribution	SCADA				
A - Lake Pleasant Road (Recommended plan)	-	\$7,389,787	-	-	-	\$7,326,884	\$1,745,930				\$16,462,601
B - 115th Avenue	-	\$6,616,371	\$1,633,946	-	-	\$7,326,884	\$1,745,930				\$17,323,131
C - El Mirage Road	-	\$7,819,325	\$1,633,946	-	-	\$7,326,884	\$1,745,930				\$18,526,085
D - Deer Valley Road	-	\$9,909,143	\$1,633,946	-	-	\$7,326,884	\$1,745,930				\$20,615,903
E - Through SCW	-	-	-	-	-	-	-				-
Joint Facility w/ Agua Fria Division	2,710,057	\$6,311,766	\$1,633,946	-	-	\$7,326,884	\$1,745,930				\$19,728,583
Joint Facility w/ Agua Fria Division & City of Surprise	2,222,135	\$6,311,766	\$1,633,946	-	-	\$7,326,884	\$1,745,930				\$19,240,661
Joint Facility w/ City of Surprise	2,892,234	\$6,311,766	\$1,633,946	-	-	\$7,326,884	\$1,745,930				\$19,910,760
Cost Estimate Presented to CAP Task Force	-	\$7,134,929	\$1,853,343	\$3,215,794	-	\$5,851,191	-				\$18,055,257