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# INTERVENTION

1 WILLIAM A. MUNDELL  
 Chairman  
 2 JIM IRVIN  
 Commissioner  
 3 MARC SPITZER  
 Commissioner

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4 BEFORE THE ARIZONA CORPORATION COMMISSION  
 AZ CORP COMMISSION DOCUMENT CONTROL

6 IN THE MATTER OF THE FILING OF THE  
 7 APPLICATION OF ARIZONA WATER  
 8 COMPANY, AN ARIZONA CORPORATION,  
 9 FOR ADJUSTMENTS TO ITS RATES AND  
 10 CHARGES FOR UTILITY SERVICE  
 FURNISHED BY ITS NORTHERN GROUP AND  
 FOR CERTAIN RELATED APPROVALS.

Case No.: DOCKET NO. W-01445A-00-0962

APPLICATION/MOTION TO INTERVENE

11 COMES NOW the undersigned attorney, by and for the City of Casa Grande, and applies/moves  
 12 to intervene in the above-referenced matter in accordance with A.A.C. R14-3-105 as set forth in the  
 13 attached Memorandum of Points and Authorities.

14 Intervener's Name:	City of Casa Grande through its attorney, Kay Bigelow
15	
16 Intervener's Address:	510 East Florence Boulevard Casa Grande 85222
17	
18 Intervener's Telephone:	520-421-8600
19	
20 Intervener's Fax:	520-421-8604

20 RESPECTFULLY SUBMITTED this 16th day of September, 2002.

21 CASA GRANDE CITY ATTORNEY'S OFFICE

22   
 23 Kay Bigelow, State Bar #12058  
 24 510 East Florence Boulevard  
 25 Casa Grande, AZ 85222

25 Arizona Corporation Commission  
 26 DOCKETED  
 27 SEP 16 2002  
 28 

DOCKETED BY	
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CERTIFICATE OF SERVICE

I hereby certify that I have hereby serve this day the City of Casa Grande's Application/Motion to Intervene with its accompanying Memorandum or Points and Authorities in Docket No. W-01445A-00-0962 on all parties of record in this proceeding by mailing a copy thereof properly addressed with first class postage prepaid to:

Christopher Kempley, Chief Counsel  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ernest G. Johnson, Director  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Norman James  
Fennemore Craig  
3003 N. Central Avenue, Suite 2600  
Phoenix, Arizona 85012  
Attorneys for Arizona Water Company

Scott Wakefield  
RUCO  
1110 West Washington, Suite 220  
Phoenix, AZ 85007

Dated at 510 East Florence Boulevard, Casa Grande, Arizona, this 17<sup>th</sup> day of September, 2002.

By   
Sandra Apodaca, Secretary to Kay Bigelow

1 MEMORANDUM OF POINTS AND AUTHORITIES

2 Arizona Water has renewed its requests for resolution of some issues in the instant rate filing.  
3 The issues at bar are the recovery of costs resulting from the new MCL for arsenic. Arizona Water  
4 Company (the "Company") has outlined its proposed procedure for the recovery of costs relating to  
5 arsenic treatment for its Northern Group and to address the issue of rate consolidation of the Company's  
6 systems within that Group.

7 Arizona Water Company is the potable water provider for most of the City of Casa Grande (the  
8 "City"). The Company's Casa Grande system is part of the Company's Western Group of water  
9 systems. The Company primarily serves the City with groundwater that is over the MCL for arsenic that  
10 is effective in 2006. The Company will need to implement treatment procedures and install/construct  
11 treatment mechanisms for the potable water being served to the City and the majority of its residents. It  
12 is highly unlikely that the Company will choose to absorb, without requesting a rate increase, such  
13 treatment expenses. The City is a customer of the Company as well as the local representative for the  
14 majority of the Company's customers in the Company's Casa Grande system. The issues of rate  
15 increase determinations for arsenic treatment and consolidation of rates for the Arizona Water  
16 Company's Northern Group directly and substantially affects the City because:

17 1. It is likely that the Company will seek to use the same methodology it proposes for cost  
18 recovery in the Northern Group for arsenic treatment when it seeks a rate increase for its Western Group  
19 of which Casa Grande is a part.

20 2. It is likely that the Company will seek to use the same methodology it proposes for rate  
21 consolidation in the Northern Group when it seeks a rate increase for its Western Group.

22 3. The Company has not been to the Arizona Corporation Commission (ACC) for a rate review of  
23 the Casa Grande system for over a decade and the increase was done as part of a Company-wide rate  
24 increase procedure, making it more difficult to determine where cross-subsidization among systems, if  
25 any, may be in place for issues such as universal service in smaller and unprofitable systems. As the  
26 first one of the Company's divisions to take on the issue of arsenic treatment cost recovery and a request  
27 for rate consolidation on that issue, it is incumbent on the ACC to allow other customers in the  
28 Company's Groups other than the Northern Group to inquire in how cross-subsidies exist and are to  
effected by the current Company requests in the Northern Group.

1 4. Customers of the systems other than the Northern Group should have the right to understand and  
2 assure themselves that the methodology suggested by the Company and approved by the ACC uphold  
3 the constitutional and statutory requirements for cost recovery. Intervenor status grants the City the  
4 ability to gather information and question the practices proposed by the Company such that the City is  
5 better able to interpret how that methodology may be imposed when the Company requests it in a rate  
6 increase for its Western Group of which the City is a part.

7 RESPECTFULLY SUBMITTED this 16th day of September, 2002.

8 CASA GRANDE CITY ATTORNEY'S OFFICE

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12 510 East Florence Boulevard  
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