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BEFORE THE ARIZONA CORPORATION COMMISSION

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2 COMMISSIONERS

Arizona Corporation Commission

3 JEFF HATCH-MILLER, Chairman
4 WILLIAM A. MUNDELL
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7 BARRY WONG

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AZ CORP COMMISSION
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8 IN THE MATTER OF THE APPLICATION OF
9 ARIZONA WATER COMPANY FOR AN
10 EXTENSION OF THE SERVICE AREA
11 UNDER ITS EXISTING CERTIFICATE OF
12 CONVENIENCE AND NECESSITY TO
13 PROVIDE WATER UTILITY SERVICES

DOCKET NO. W-01445A-03-0559

STAFF'S OPENING BRIEF

11 I. INTRODUCTION

12 In Decision No. 66893 (April 6, 2004), the Arizona Corporation Commission ("Commission")
13 granted Arizona Water Company's ("Arizona Water" or "AWC") application for an extension of its
14 Certificate of Convenience and Necessity ("CC&N") for its Casa Grande system, subject to certain
15 conditions.

16 AWC was ordered to file (1) a copy of the Developers' Assured Water Supply for each
17 respective development with the Commission within 365 days of the Decision and (2) a main
18 extension agreement associated with the extension area within 365 days of the Decision.

19 On March 30, 2005, AWC filed a Request for Additional Time to Comply with the Filing
20 Requirement ("Request"). In its request, AWC said it needed the additional time because the
21 developers for the expansion areas, Harvard Investments ("Harvard") and Core Group Consultants,
22 Ltd. ("Core") "have informed the Company that development in the areas they propose to develop
23 will be delayed for another year."

24 By Procedural Order issued November 14, 2005, Cornman Tweedy 560, LLC ("Cornman
25 Tweedy") was granted intervention. A hearing was held in this case on July 10th and 11th, 2006.

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1 **II. REASONS FOR GRANTING TIME EXTENSION**

2 There are several reasons why the time extension should be granted in this case. Staff
3 witness, Steve Olea, testified that Arizona Water is “a fit and proper entity to serve the area.” (Tr. at
4 310). The Commission concluded that AWC is a “fit and proper entity to receive an extension of its
5 water Certificate” when it approved the extension in this case in Decision 66893. Staff also pointed
6 out that AWC is capable and willing to serve the area. (Tr. at 310).

7 The time extension should be granted because the water quantity for the area has been proven.
8 Steve Olea noted that he “believed there was an analysis of assured water supply done that showed
9 that there was enough water to serve that area, which is always one of the major concerns for Staff is
10 to make sure that there’s enough water for the area to be served.” (Tr. at 310).

11 The time extension should be granted since the configuration of AWC’s system would benefit
12 customers. Steve Olea testified that an exhibit presented by AWC “showed [AWC’s] master water
13 distribution plan shows that the way that the area is configured that it pretty much runs along major
14 roads, which would make it easy for customers to know who serves them.” (Tr. at 310).

15 **III. REASONS AGAINST GRANTING TIME EXTENSION**

16 There are several reasons why the time extension should not be granted in this case. First, at
17 the time of Decision 66893, AWC received a request from Core Group Consultants Ltd. (“Core”) to
18 provide water service to a development to be known as Florence County Estates. Florence County
19 Estates is now owned by Cornman Tweedy. Steve Olea testified that a reason for not granting the
20 time extension is because “the current property owner [Cornman Tweedy] does not want to be served
21 by Arizona Water.” (Tr. at 309).

22 Another reason to not grant the time extension is the plan for development in this particular
23 case. Steve Olea noted in his testimony that “the basic reason to require a time limit for the
24 submission of both the developer’s certificate of assured water supply and the . . . main extension
25 agreement, is to help ensure that there is truly a necessity for the service being requested.” (Tr. at
26 339). In this case, the time limit for both of Staff’s conditions was “within 365 days of this
27 Decision.” The development plan in this case appears to extend well beyond the one year
28 requirement. Steve Olea testified that “there’s no planned development for what’s been now termed

1 the Cornman Tweedy property for the next five years.” (Tr. at 309-10).

2 Another reason against granting the time extension is because there is another provider in the
3 area. Steve Olea pointed out that “if there ever is development in that area, that property can be
4 served by someone other than Arizona Water, and that would be the Picacho Water Company.” (Tr. at
5 310). Cornman Tweedy’s witness, Jim Poulos, testified that “when the demand for service arises,
6 when that occurs five years or so from now or longer, I think that there will be a request for service
7 made, and I think the Commission needs to go through and figure out who the fit and proper entity is
8 and the best provider for the development.” (Tr. at 291).

9 **IV. CONCLUSION**

10 If the Commission grants AWC a time extension in this case, it is Staff’s position that the time
11 extension should not include the Cornman Tweedy property. Bill Garfield, a witness for Arizona
12 Water, noted that “[w]hether or not the Cornman Tweedy ownership within [AWC’s] CC&N with
13 conditions can be met, it may be met or may not be met depending on their development schedule,
14 but it doesn’t mean that the other developments that are already relying upon [AWC’s] CC&N, why
15 that right should be taken away from them to have a provider in front of them who can provide that
16 service and to start from scratch for them. That would not make sense.” (Tr. at 145-46). Staff
17 supports the idea of not assuming that Cornman Tweedy represents the views of all the developers in
18 the extension area. Thus, in Staff’s view, “the one recommendation that Staff does have is that if the
19 time extension is not granted, the only thing that would be removed from Arizona Water’s CC&N
20 would be the Cornman Tweedy property. The rest of the property Staff believes should remain within
21 the CC&N of Arizona Water.” (Tr. at 315).

22 RESPECTFULLY SUBMITTED this 15th day of September, 2006.

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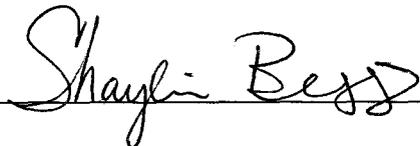
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