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7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8 IN THE MATTER OF DESERT HILLS
9 WATER COMPANY'S APPLICATION
10 FOR APPROVAL OF TRANSFER OF
11 ASSETS TO THE TOWN OF CAVE
12 CREEK, PURSUANT TO ARIZONA
13 REVISED STATUTES 40-285

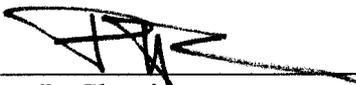
DOCKET NO: W-02124A-06-0717

**NOTICE OF FILING DIRECT
TESTIMONY**

12 Desert Hills Water Co., Inc. hereby submits this Notice of Filing Direct Testimony
13 in the above-referenced matter. Specifically, filed herewith is the Direct Testimony of
14 Usama Abujbarah.

15 RESPECTFULLY SUBMITTED this 5th day of January, 2007.

16 FENNEMORE CRAIG, P.C.

17 By: 

18 Jay L. Shapiro
19 Patrick J. Black
20 3003 North Central Avenue, Suite 2600
21 Phoenix, Arizona 85012
22 Attorneys for Desert Hills Water Company,
23 Inc.

Arizona Corporation Commission

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1 ORIGINAL and thirteen (13) copies of the
2 foregoing were delivered
3 this 5th day of January, 2007 to:

4 Docket Control
5 Arizona Corporation Commission
6 1200 W. Washington St.
7 Phoenix, AZ 85007

8 Copy of the foregoing **hand delivered**
9 this 5th day of January, 2007 to:

10 Lyn Farmer
11 Chief Administrative Law Judge
12 Arizona Corporation Commission
13 1200 W. Washington Street
14 Phoenix, AZ 85007

15 Linda Jaress
16 Utilities Division
17 Arizona Corporation Commission
18 1200 W. Washington Street
19 Phoenix, AZ 85007

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22 Arizona Corporation Commission
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24 Phoenix, AZ 85007

25 Robin Mitchell
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1200 W. Washington Street
Phoenix, AZ 85007

1 Copy of the foregoing **mailed**
2 this 5th day of January, 2007 to:

3 Court Rich Esq.
4 Rose Law Group
5 6613 N. Scottsdale Road
6 Suite 200
7 Scottsdale, AZ 85250

8 By: *Marin San Jose*
9 1866052.1/18332.007

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Exhibit 1

1 FENNEMORE CRAIG, P.C.
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7
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15 **TESTIMONY OF**
16 **USAMA ABUJBARAH**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Usama Abujbarah. My office is located at 37622 North Cave Creek
3 Road, Cave Creek, AZ 85331.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A. I am employed by the Town of Cave Creek ("Town") as the Town Manager.

6 **Q. PLEASE SUMMARIZE YOUR RESPONSIBILITIES WITH RESPECT TO**
7 **DESERT HILLS WATER COMPANY?**

8 A. Since the Town purchased the stock of Desert Hills Water Company ("DHWC"),
9 my responsibilities associated with DHWC have included managing the day to day
10 operation and supervision over the business and the operation of the corporation,
11 subject to the control of the Board of Directors. These responsibilities include
12 signing, executing, and acknowledging, in the name of the corporation, deeds,
13 mortgages, bonds, contracts and other instruments authorized by the Board of
14 Directors. More specifically, I have been working with American Water Company
15 to negotiate a permanent connection between the Anthem System and DHWC
16 working to ensure short and long term water supplies, and authorizing needed
17 capital improvements for DHWC.

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
19 **PROCEEDING?**

20 A. To identify an additional safeguard the Town intends to implement to protect
21 DHWC's current ratepayers once the assets have been transferred to the Town.

22 **Q. WOULD YOU PLEASE IDENTIFY THIS SAFEGUARD?**

23 A. Certainly. After the transfer, the Town will take no action to change the rates
24 charged to customers in the DHWC system until the Town has provided notice and
25 held public meetings providing the customers and opportunity to be heard. In
26 addition, in an effort to ensure that customers in the DHWC system are fairly

1 heard, at least one such meeting will be held in the current CC&N area for DHWC.

2 **Q. WHY IS THE TOWN AGREEING TO HOLD PUBLIC MEETINGS ON**
3 **RATES FOR CURRENT DHWC CUSTOMERS OUTSIDE OF THE**
4 **TOWN?**

5 A. We recognize that the customers of DHWC are not residents of the Town and we
6 wish to ensure that these customers have a fair and reasonable opportunity to voice
7 their concerns over any decision that would impact the charges for water utility
8 service. By agreeing to hold public meetings in their area, we feel that the Town
9 can better ensure that it hears from those customers who are currently on the
10 DHWC water system.

11 **Q. HOW WILL RATES FOR WATER UTILITY SERVICE BE SET BY THE**
12 **TOWN AFTER THE ACQUISITION IS COMPLETE?**

13 A. This is something we are still considering and something we have discussed with
14 Commission Staff. We must also consider that the Town is in the process of
15 acquiring the Cave Creek Water Company water system and that it will likely have
16 some impact on our ratemaking decisions in the future. For now, the Town has no
17 plans to increase the rates in the DHWC service area. In the meantime, I can
18 assure the Commission that the Town is committed to ensuring that DHWC's
19 ratepayers pay just and reasonable rates following the transfer of assets, and we
20 remain open to suggestions of the Commission and its Staff on additional
21 safeguards.

22 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

23 A. Yes.

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