

**INTERVENTION
ORIGINAL**



0000063315

**BEFORE THE ARIZONA CORPORATION
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COMMISSIONERS

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AZ CORP COMMISSION
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Arizona Corporation Commission
DOCKETED

NOV -3 2006

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In the Matter of the Application of Arizona
Water Company for Approvals Associated
with a Transaction with the Maricopa
County Municipal Water Conservation
District Number One

DOCKET NO. W-01303A-05-0718

**APPLICATION OF CHI
CONSTRUCTION COMPANY
FOR LEAVE TO INTERVENE**

CHI Construction Company, an Arizona corporation (“CHI”) through its undersigned counsel, and pursuant to Arizona Administrative Code sections R14-3-101(B) and R14-3-105, hereby applies for an order granting it leave to intervene in the above-captioned proceeding.

In support of its Application, CHI states as follows:

1. On October 11, 2005, Arizona-American Water Company (“Arizona-American”) filed with the Commission an application (“Initial Application”) in this matter in which it requested the Commission’s approval of several actions related to a proposed joint project with Maricopa County Municipal Water Conservation District Number One (“MWD”) to build a water treatment facility known as the White Tanks Regional Water Treatment Facility (“White Tanks Plant”) in Arizona-American’s Agua Fria Water District (“Agua Fria District”).

2. The Initial Application indicated that Arizona-American and MWD executed a Memorandum of Understanding (“MOU”) under which the White Tanks Plant was to be financed, built and owned by MWD. *See, Initial Application* at 1. Arizona-American was to obtain treatment services for its Agua Fria District under a long-term capital lease with MWD, and an Arizona-American affiliate was to operate the White Tanks Plant under an Operation and Maintenance Agreement with MWD. *Id.*

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1 3. To reduce the rate impact from the MWD capital lease, Arizona-American
2 proposed to increase Central Arizona Project (“CAP”) Hook-Up Fees for new customers
3 while discontinuing water facilities hook-up fees (“Hook-Up Fees”). *See, Report of*
4 *Arizona-American Water Company: White Tanks Plant – Capital Lease with Maricopa*
5 *Water District* at 22, attached to Initial Application. The net result would have been a
6 total increase in overall hook-up fees of approximately 38%. *Id.* The Commission’s
7 Utilities Division Staff (“Staff”) later recommended retaining the Hook-Up Fees and
8 increasing those fees by a reduced amount. *See, Staff Report* filed February 10, 2006
9 (“*Initial Staff Report*”) at 10-11.

10 4. On December 19, 2005, a procedural order was issued setting dates and
11 deadlines for hearings and other matters in these proceedings. It was ordered that
12 applications for leave to intervene be filed on or before January 23, 2006. In addition, a
13 hearing was set for March 7, 2006, and a pre-hearing conference for March 2, 2006.

14 5. An application for leave to intervene was filed by the Residential Utility
15 Consumer Office (“RUCO”). *See, RUCO’s Application to Intervene* filed January 4,
16 2006.

17 6. On March 2, 2006, at the request of Arizona-American, a procedural order
18 was issued continuing the hearing set for March 7, 2006, to allow Arizona-American
19 additional time to finalize its deal with MWD. However, by June, 2006, it became
20 apparent that Arizona-American and MWD would not reach an agreement regarding
21 construction of the White Tanks Plan. *See, Arizona-American’s Notice of Filing May*
22 *Report*, filed June 1, 2006.

23 7. On September 1, 2006, Arizona-American filed a substantially revised
24 application with the Commission requesting approval of certain actions it asserts are
25 needed to allow Arizona-American to proceed with the White Tanks Plan on its own
26 (“Revised Application”). The Revised Application abandons the previous requests for
27 approval asserted under the Initial Application, and proposes an entirely different means
28 of financing the White Tanks Plant. Arizona-American proposed two options that, under

1 either option, would increase the Hook-Up Fees by substantial amounts.

2 8. Pursuant to a procedural order dated October 6, 2006, Staff filed its Staff
3 Report on the Revised Application. The Staff Report recommends, in part, that the
4 Hook-Up Fees be increased significantly.

5 9. On October 23, 2006, Pulte Home Corporation (“Pulte”) filed an
6 Application for Leave to Intervene. On November 2, 2006, a procedural order was issued
7 granting Pulte’s intervention request, but required Pulte to abide by the existing
8 procedural schedule. Pulte was ordered to file any response to the Staff Report and Staff
9 Recommended Order on or before November 6, 2006.

10 10. CHI is developing Sarah Ann Ranch which contains approximately 838
11 lots. Sarah Ann Ranch is in Arizona-American’s Agua Fria District. Thus, CHI is
12 directly and substantially impacted by the proposed Hook-Up Fee increase in this matter.

13 11 There is good cause to allow CHI to intervene in these proceedings after the
14 intervention deadline because the requests in the Revised Application have changed
15 dramatically since January, and CHI is directly impacted by the changed requests. No
16 other party to this matter represents the same interests as CHI.

17 12. CHI’s intervention will not expand the issues presented, nor is it intended
18 that CHI’s intervention will unduly broaden or delay the proceedings. Moreover,
19 consistent with the procedural order granting Pulte’s intervention, CHI will abide by the
20 existing procedural schedule and file any responses it may have to the Staff Report and
21 Staff Recommended Order by November 6, 2006. Therefore, no party to this proceeding
22 will be prejudiced by CHI’s intervention.

23 13 Communications regarding these proceedings can be sent to CHI addressed
24 to its attorneys as follows:

25 Jeffrey W. Crockett
26 Bradley S. Carroll
27 Snell & Wilmer LLP
28 400 East Van Buren
Phoenix AZ 85004-2202
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jcrockett@swlaw.com
bcarroll@swlaw.com

14. A copy of this motion to intervene is being sent via first class mail and electronic mail to the attorneys for Arizona-American at the address below.

WHEREFORE, CHI respectfully requests that the Commission grant its motion to intervene in the above-captioned proceeding.

DATED this 3rd day of November, 2006.

SNELL & WILMER L.L.P.

By



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1 ORIGINAL and thirteen (13) copies filed with
2 Docket Control November 3, 2006.

3 COPY of the foregoing hand-delivered
4 November 3, 2006, to:

5 Teena Wolfe
6 Administrative Law Judge
7 Hearing Division
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9 1200 West Washington Street
10 Phoenix AZ 85007

11 Christopher Kempley, Chief Counsel
12 Keith Layton
13 Legal Division
14 Arizona Corporation Commission
15 1200 West Washington Street
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17 Ernest G. Johnson, Director
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19 James J. Dorf
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24 Scott S. Wakefield, Chief Counsel
25 Residential Utility Consumer Office
26 1110 West Washington Street
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28 COPY of the foregoing sent via first class mail
and electronic mail November 3, 2006, to:

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By: 