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BEFORE THE ARIZONA CORPORATION C

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Arizona Corporation Commission

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DEC 26 2006

COMMISSIONERS

JEFF HATCH-MILLER – Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

2006 DEC 26 P 4: 39

AZ CORP COMMISSION
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<i>JK</i>	<i>NR</i>

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, TO EXTEND ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY IN THE CITY OF CASA GRANDE AND IN PINAL COUNTY, ARIZONA

DOCKET NO. W-01445A-06-0199

IN THE MATTER OF THE APPLICATION OF PALO VERDE UTILITIES COMPANY FOR AN EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY.

DOCKET NO. SW-03575A-05-0926

IN THE MATTER OF THE APPLICATION OF SANTA CRUZ WATER COMPANY FOR AN EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY.

DOCKET NO. W-03576A-05-0926

NOTICE OF FILING PRE-FILED DIRECT TESTIMONY OF ADRAIN TAYLOR ON BEHALF OF INTERVENOR CMR/CASA GRANDE LLC

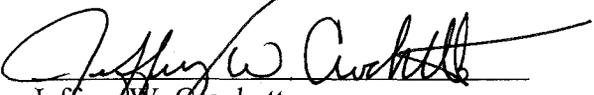
On December 6, 2006, CMR/Casa Grande LLC ("CMR") filed its Motion to Extend the Intervention Deadline and For Leave to Intervene (the "Motion") in the above-captioned proceeding. In a Procedural Order dated December 18, 2006, the administrative law judge ("ALJ") set a deadline of December 29, 2006, for parties to file responses, if any, to CMR's Motion. In a prior Procedural Order dated November 29, 2006, the ALJ ordered that intervenors pre-file their direct testimony on or before December 26, 2006. While CMR's Motion has not been granted, CMR desires to comply with the filing deadline for intervenor testimony so as not to delay the case in the event that CMR is granted leave to intervene. Accordingly, submitted herewith is the pre-filed direct testimony of CMR witness Adrain Taylor. CMR reserves the right to supplement Mr. Taylor's testimony after CMR is granted intervention.

Snell & Wilmer

LAW OFFICES
One Arizona Center, 400 E. Van Buren
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1 DATED this 26th day of December, 2006.

2 SNELL & WILMER

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4 
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10 Attorneys for CMR/Casa Grande LLC

9 ORIGINAL and seventeen (17) copies
10 filed with Docket Control this 26th
11 day of December, 2006.

11 COPY of the foregoing hand-delivered
12 this 26th day of December, 2006, to:

13 Yvette B. Kinsey
14 Administrative Law Judge, Hearing Division
15 ARIZONA CORPORATION COMMISSION
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 COPY of the foregoing sent via first class
19 mail this 26th day of December, 2006, to:

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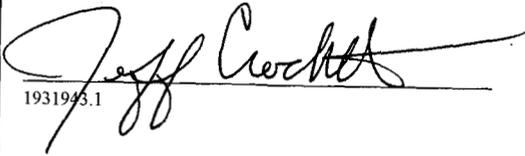
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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER – Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

IN THE MATTER OF THE APPLICATION OF
ARIZONA WATER COMPANY, AN ARIZONA
CORPORATION, TO EXTEND ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY IN THE CITY OF CASA GRANDE
AND IN PINAL COUNTY, ARIZONA

DOCKET NO. W-01445A-06-0199

IN THE MATTER OF THE APPLICATION OF
PALO VERDE UTILITIES COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

DOCKET NO. SW-03575A-05-0926

IN THE MATTER OF THE APPLICATION OF
SANTA CRUZ WATER COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

DOCKET NO. W-03576A-05-0926

PRE-FILED DIRECT TESTIMONY OF ADRAIN TAYLOR

ON BEHALF OF CMR/CASA GRANDE LLC

DECEMBER 26, 2006

1 **Q. PLEASE STATE YOUR NAME AND EMPLOYER.**

2 A. My name is Adrain Taylor. I am employed as Senior Vice President for CMR/Casa
3 Grande, LLC ("CMR").

4 **Q. PLEASE STATE YOUR BUSINESS ADDRESS.**

5 A. My business address is 6263 North Scottsdale Road, Suite 205, Scottsdale, Arizona,
6 85250.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK
8 EXPERIENCE.**

9 A. I have a master's degree in finance and I spent nearly 20 years in real estate with The
10 Prudential where, among other duties, I headed all real estate development for The
11 Prudential in the southeastern United States. I have been employed with CMR for the past
12 6 years.

13 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?**

14 A. I am testifying on behalf of intervenor CMR.

15 **Q. ARE YOU AUTHORIZED TO TESTIFY ON BEHALF OF CMR?**

16 A. Yes. I am authorized as an officer of CMR to testify on behalf of CMR.

17 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE ARIZONA
18 CORPORATION COMMISSION ("COMMISSION")?**

19 A. No. This is my first time.

20 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS CASE?**

21 A. The purpose of my direct testimony is to oppose the request of Arizona Water Company
22 ("AWC") in this docket for an extension of its certificate of convenience and necessity
23 ("CC&N") within Pinal County (the "Extension Area") to include any portion of the
24 property owned by CMR that is part of its planned master planned community known as
25 Copper Mountain Ranch.
26

1 **Q. PLEASE DESCRIBE CMR AND ITS BUSINESS.**

2 A. CMR is an owner and developer of master planned communities in Arizona. CMR
3 purchases, rezones and engineers large parcels of raw land to sell to individual builders.

4 **Q. PLEASE DESCRIBE CMR'S COPPER MOUNTAIN RANCH.**

5 A. Copper Mountain Ranch is a contiguous tract of approximately 8,700 acres in Pinal
6 County, Arizona, which will be developed as a master planned community. Copper
7 Mountain Ranch covers all or parts of Sections 13, 14, 15, 16, 21, 22, 23, 24, 25, 26, 27,
8 28, 33, 34 and 36, Township 5 South, Range 5 East, and parts of Sections 17 and 18,
9 Township 5 South, Range 6 East, as depicted on the map attached hereto as Exhibit
10 CMR/Casa Grande 1. That portion of Copper Mountain Ranch which lies within AWC's
11 requested Extension Area in this docket is all or parts of Sections 25, 26, 27, 28, 33, 34,
12 and 36, Township 5 South, Range 5 East. The remaining portion of Copper Mountain
13 Ranch to the north is subject to a separate application by AWC to extend its CC&N in
14 Docket W-01445A-04-0743. That portion of Copper Mountain Ranch covered in Docket
15 W-01445A-04-0743 is all or parts of Sections 13, 14, 15, 16, 21, 22, 23, and 24, Township
16 5 South, Range 5 East, and parts of Sections 17 and 18, Township 5 South, Range 6 East.

17 **Q. AT THIS TIME, IS COPPER MOUNTAIN RANCH WITHIN THE EXISTING**
18 **CC&N FOR WATER OR WASTEWATER SERVICE OF ANY PUBLIC SERVICE**
19 **CORPORATION?**

20 A. No. However, parts of Copper Mountain Ranch are located within the corporate
21 boundaries of the City of Casa Grande.

22 **Q. DOES CMR HAVE A PLAN FOR THE PROVISION OF WATER AND**
23 **WASTEWATER SERVICES FOR COPPER MOUNTAIN RANCH?**

24 A. CMR is working on a comprehensive strategy for the provision of integrated water and
25 wastewater services for Copper Mountain Ranch. CMR is working toward a specific
26 objective, which is to have an integrated water and wastewater provider that can serve all

1 (or substantially all) of Copper Mountain Ranch. Approving AWC's request to serve any
2 portion of Copper Mountain Ranch at this time will frustrate CMR's planning for an
3 integrated water and wastewater provider for the entire development. It is neither efficient
4 nor desirable for a single master-planned community to be served by two or more
5 different water providers. Further, CMR supports the provision of water and wastewater
6 services in an integrated fashion so that water resources can be most efficiently utilized
7 within Copper Mountain Ranch. As of this date, CMR has not finalized a plan for the
8 provision of water and wastewater services for Copper Mountain Ranch.

9 **Q. WHAT FACTORS IS CMR CONSIDERING IN PLANNING FOR WATER AND**
10 **WASTEWATER SERVICES FOR COPPER MOUNTAIN RANCH?**

11 A. CMR is considering a variety of important factors such as: (i) which utility provider can
12 deliver the best service to the future residents of Copper Mountain Ranch at reasonable
13 rates; (ii) which provider has the ability to serve all of Copper Mountain Ranch, as
14 opposed to only a portion of the development; (iii) which provider can work best with
15 CMR in planning, permitting and constructing the necessary utility infrastructure to serve
16 Copper Mountain Ranch; and (iv) which provider can integrate the provision of water and
17 wastewater services so as to maximize the efficient use of water and reclaimed water
18 within Copper Mountain Ranch. CMR believes that a prudent developer must address
19 these factors in forming a thoughtful plan for the utility services that will be required
20 within Copper Mountain Ranch. Until CMR has evaluated these factors in the context of
21 the options for providers, it is premature and unwise to certificate a water provider for
22 Copper Mountain Ranch.

23 **Q. WOULD CERTIFICATION OF AWC AT THIS TIME TO SERVE ONLY A**
24 **PORTION OF COPPER MOUNTAIN RANCH THWART CMR'S**
25 **DEVELOPMENT OF A COMPREHENSIVE PLAN TO PROVIDE INTEGRATED**
26 **WATER AND WASTEWATER SERVICES TO COPPER MOUNTAIN RANCH?**

1 A. Yes. The certification of AWC at this time would almost certainly prevent CMR from
2 developing a plan to provide integrated water and wastewater service within Copper
3 Mountain Ranch. As I have stated, it is premature at this time to certificate a water
4 provider for Copper Mountain Ranch, and there is no public interest reason to do so. For
5 these reasons, the Commission should deny AWC's request to include Copper Mountain
6 Ranch in its requested Extension Area in this docket.

7 **Q. HAS CMR HAD DISCUSSIONS WITH AWC REGARDING PROVIDING**
8 **WATER SERVICE TO COPPER MOUNTAIN RANCH?**

9 A. CMR had discussions with AWC in 2004 or earlier regarding water service to Copper
10 Mountain Ranch. At that time, Copper Mountain Ranch included only the real property
11 addressed in Docket W-01445A-04-0743 and located in Sections 13, 14, 15, 16, 21, 22,
12 23, and 24, Township 5 South, Range 5 East, and Sections 17 and 18, Township 5 South,
13 Range 6 East. CMR requested service from AWC at that time in letters dated August 3,
14 2004, and August 23, 2004. However, nothing has happened in that docket in nearly two
15 years, and in a letter dated November 22, 2006, I formally withdrew CMR's request for
16 service to AWC. CMR never requested service from AWC for that portion of Copper
17 Mountain Ranch which lies within the Extension Area in this docket. I would note,
18 however, that CMR continues to have discussions regarding the provision of utility
19 services with several providers, including AWC.

20 **Q. IN ADDITION TO THE IMPORTANCE OF OBTAINING AN INTEGRATED**
21 **WATER AND WASTEWATER PROVIDER, IS THERE ANY OTHER FACTOR**
22 **THE COMMISSION SHOULD CONSIDER?**

23 A. Yes, as a matter of property rights, the Commission should consider the expressed desire
24 of the landowner in certificating a utility provider. If AWC succeeds in this case, it will
25 be granted a monopoly to provide water service to the southern portion of CMR's Copper
26 Mountain Ranch development. A monopoly should not be granted without the

1 landowner's support. CMR does not request water service from AWC, and as I have
2 stated, it is premature to certificate a water provider for Copper Mountain Ranch at this
3 time. As CMR's planning proceeds, CMR will decide on a water and wastewater provider
4 which will best serve the needs of the customers who will reside in Copper Mountain
5 Ranch. That utility will then request Commission approval for any CC&Ns, extensions or
6 transfers that are needed, and the Commission will have full oversight throughout that
7 application process.

8 **Q. IN SUMMARY, WHAT IS CMR ASKING THE COMMISSION TO DO IN THIS**
9 **DOCKET?**

10 A. CMR asks that the Commission deny AWC's request to include any part of Copper
11 Mountain Ranch in AWC's requested CC&N extension in this docket. Any such
12 extension at this time would be contrary to CMR's plan to develop an integrated strategy
13 for water and wastewater services for Copper Mountain Ranch.

14 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

15 A. Yes, thank you.

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EXHIBIT CMR/CASA GRANDE 1

COPPER MOUNTAIN RANCH
 PLANNED AREA DEVELOPMENT
 County Assessor's Parcel Map

