

ORIGINAL NEW APPLICATION



0000065090

RECEIVED

Arizona Corporation Commission

2006 DEC 28 P 3:13

DOCKETED

DEC 28 2006

AZ CORP COMMISSION
DOCUMENT CONTROL

DOCKETED BY

NW

1 FENNEMORE CRAIG
Jay L. Shapiro (014650)
2 Patrick J. Black (017141)
3003 N. Central Ave.
3 Suite 2600
Phoenix, Arizona 85012
4 Attorneys for Litchfield Park Service Company

BEFORE THE ARIZONA CORPORATION COMMISSION

W-01427A-06-0807

7 IN THE MATTER OF THE APPLICATION
OF LITCHFIELD PARK SERVICE
8 COMPANY FOR AN ACCOUNTING
ORDER AUTHORIZING THE DEFERRAL
9 OF COSTS ASSOCIATED WITH EFFORTS
TO ADDRESS THE POTENTIAL
10 CONTAMINATION OF WATER SUPPLY
LOCATED IN MARICOPA COUNTY,
11 ARIZONA

DOCKET NO. W-0142⁷A-06-_____

**APPLICATION FOR AN ACCOUNTING
ORDER AUTHORIZING DEFERRAL OF
COSTS**

13 Pursuant to A.R.S. §40-221, Litchfield Park Water Company ("LPSCO" or
14 "Company") hereby submits this Application to the Arizona Corporation Commission
15 ("Commission") for an accounting order authorizing the deferral of costs associated with
16 efforts to address the potential contamination of the Company's water supply located in
17 Maricopa County, Arizona. In support of this Application, LPSCO states as follows:

18 1. LPSCO is a public service corporation engaged in providing water and
19 wastewater utility services in portions of Maricopa County, Arizona, pursuant to a
20 certificate of public convenience and necessity granted by the Commission in Decision
21 No. 28660 (January 14, 1955) and extended by the Commission in Decision No. 38250
22 (December 21, 1965), Decision No. 38987 (June 19, 1967), Decision No. 56362
23 (February 22, 1989), Decision No. 63151 (November 16, 2000), Decision No. 64358
24 (January 15, 2002), and Decision No. 65913 (May 16, 2003). At the present time, the
25 Company provides water and wastewater utility service to approximately 14,700 and
26

1 15,700 customers, respectively, in Arizona.

2 2. LPSCO's present rates and charges for utility service were approved by the
3 Commission in Decision No. 65436 (December 9, 2002) based on a test year ending
4 December 31, 2000.

5 3. The Company's central business office is located at 12725 W. Indian School
6 Road, Suite D-101, Avondale, Arizona 85323, and its telephone number is (623) 935-
7 9367. The Company's President and primary management contact is Robert Dodds.

8 4. In 1981, the Arizona Department of Health Services ("ADHS") discovered
9 that groundwater in the Phoenix-Goodyear Airport ("PGA") area was contaminated with
10 solvents and chromium. Additional sampling of wells in 1982 and 1983 by ADHS and
11 USEPA revealed eighteen wells contaminated with trichloroethylene ("TCE"). Six of
12 these wells exceeded ADHS' drinking water action level of 5.0 parts per billion. As a
13 result, the USEPA added the PGA area to the National Priorities List on September 8,
14 1983, making it a superfund site.

15 5. The site was eventually divided into the PGA South and PGA North sites
16 due to different contamination sources and different potentially responsible parties.

17 6. In March 2006, Unidynamics/Crane Company, under the oversight of the
18 USEPA, began installation of numerous groundwater monitoring wells and an extraction
19 well. The purpose of these monitoring wells was and is to assist USEPA in determining
20 the extent of TCE and percholate contamination in groundwater at the PGA North site.

21 7. In July 2006, LPSCO representatives learned that the TCE plume emanating
22 from the PGA North site has the potential to contaminate between 2 and 5 wells owned
23 and operated by the Company to provide domestic water service to its customers.

24 8. In response to the potential contamination of water supplies, LPSCO has
25 taken the following steps:

26

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

- A. Increased water sampling frequency at 2 wells nearest the Plume to once per week.
- B. Decreased pumping, as allowable by customer demand, at 2 wells nearest the Plume.
- C. Located sites for and permit/construction of 2 replacement wells to ensure ability to meet customer demand in the event of contamination of 2 wells nearest the Plume.

9. The requested accounting order would authorize deferral of LPSCO's costs incurred in connection with the Company's response to the potential groundwater contamination including, but not limited to:

- 1) litigation costs related to defending the Company against lawsuits;
- 2) litigation costs related to seeking restitution from polluters/contaminators;
- 3) increases in operation and maintenance costs from alternative (replacement) water sources;
- 4) capital costs of acquiring and/or constructing alternative (replacement) sources of water;
- 5) capital costs and/or operating expenses to treat contaminated water supplies;
- 6) settlement costs and/or amounts received as a result of settlements with polluters/contaminators; and
- 7) punitive damages received as the result of litigation against polluters/contaminators.

Deferral of these costs will allow for but not yet authorize future recovery and/or other necessary ratemaking treatment as determined to be appropriate by the Commission in future ratemaking proceedings. LPSCO seeks the authority to record all incurred costs as deferred debits in LPSCO Account No. 8600-2-0100-10-1910-0000 (NARUC Account No. 186.2 – Other Deferred Debits).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

10. All correspondence regarding this Application should be sent to:

Litchfield Park Sewer Company
Attn: Greg Sorensen
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85323
Telephone: (623) 935-9367

and

Jay L. Shapiro
Fennemore Craig, P.C.
3003 N. Central Ave., Suite 2600
Phoenix, Arizona 85012-2913
(602) 916-5366

WHEREFORE, based on the foregoing, LPSCO respectfully requests that the Commission:

A. Issue an Order that grants this application for approval of an accounting order to defer costs associated with the potential contamination of water supplies in Maricopa County, Arizona as requested herein; and

B. For such other and further relief as this Commission deems appropriate.

DATED this 28th day of December, 2006.

FENNEMORE CRAIG

By  _____

Jay L. Shapiro
Patrick J. Black
3003 N. Central Avenue, Suite 2600
Phoenix, AZ 85012
(602) 916-5346
Attorneys for Litchfield Park Water Company

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

An original and 13 copies of the foregoing was hand-delivered this 28th day of December, 2006, to:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

By: *Maria Smjic*
1858715.1/60199.004