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BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE WATER
RULEMAKING

DOCKET NO. : RW00000B-07-0051
(Water Rulemaking)

COMMENTS ON RULEMAKING

Arizona Water Company's initial comments in the above-captioned matter are attached.

RESPECTFULLY SUBMITTED this 13th day of April, 2007.

ARIZONA WATER COMPANY

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Arizona Corporation Commission
DOCKETED
APR 13 2007

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1 Original and thirteen (13) copies of the foregoing filed the 13th day of April, 2007 with:

2
3 Docket Control Division
4 Arizona Corporation Commission
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6 Phoenix, Arizona 85007

7 A copy of the foregoing was mailed this 13th day of April, 2007 to:

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ARIZONA WATER COMPANY

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April 13, 2007

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: Docket No. RW00000B-07-0051 Water Rulemaking

Dear Mr. Johnson:

Arizona Water Company provides the following comments to the proposed revisions to A.A.C. R14-2-402, the Arizona Corporation Commission (the "Commission") rule governing applications for Certificates of Convenience and Necessity ("CCN") for water utilities, dated March 6, 2007.

1. The proposed changes to the rules are unnecessary for the majority of CCN applications. The exception would be where more than one water provider has filed an application to extend a CCN or to establish an initial CCN. In such contested cases, Commission Staff often requires all applicants to provide more detailed information than would otherwise be required for uncontested and routine CCN applications. Rather than burdening all CCN applications with expanded requirements, Staff can request the parties in contested cases to submit more detailed information. For example, Staff's usual practice is to either request additional detailed information from the applicant through an insufficiency letter or through a data request. This sort of information would be specific to a particular application and works well for Staff and the applicant. In contrast, the proposed revisions would require submission of additional information in every case whether it is needed or not, and would not necessarily provide Staff the specific detailed information it might still need from an applicant in a particular case. For these reasons existing data gathering procedures already give Staff the ability to obtain the specific information it requires.

2. A Class A utility should not be required to provide the information required by proposed revisions A.2.c. and A.2.d., since the utility's past performance – in the case of Arizona Water Company, for example, fifty-two years of successful water utility operations and demonstrated financial, managerial and technical capabilities – shows it is ready, willing, and able to provide the required water facilities and service. In contrast, CCN applications filed by a new water provider should include detailed information about the new water provider's ability to provide such service and the projected cost of such service.

E-MAIL: mail@azwater.com

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3. Applicants should continue to provide public notice through public newspaper notices and direct mailings to property owners. These methods have proven to be very effective in reaching affected property owners. Actively soliciting responses from individual property owners, as the proposed revisions would require, would place an applicant in the position of gathering supporting signatures and would likely expand CCN proceedings unnecessarily. The vast majority of private property owners and public entities support the inclusion of their property within a service provider's CCN, and those who oppose already receive ample notice and have the opportunity to state their concerns. Therefore, these extraordinary additional measures are not warranted.

4. A requirement in Section A.2.j.ii that maps of the proposed service area identify the land ownership boundaries and the acreage of each parcel if the area in the application is comprised of two or more parcels owned by different parties would be unduly burdensome and practically impossible to comply with. Depending on the size of the area in the application, there may be hundreds of parcels. Separate maps, rather than the standard township, range and section map, would be required, and would have to depend upon assessor's office maps and records, which are not always accurate and which may be out of date. The Staff has not normally required this information. A better way of handling this would be for the Staff to request additional information of this type from the applicant when the Staff finds it necessary, rather than requiring it for every application in every case.

Arizona Water Company appreciates the opportunity to submit these comments. Because the Commission's rules governing CCN applications will have a profound effect on economic development and the corresponding growth of public service corporations that provide water service, the Commission needs to schedule and conduct stakeholder meetings with the affected utilities and the general public to gain a better understanding of how it can best handle CCN applications.

Please contact me, or have your staff contact me, at your convenience to discuss these comments or any questions you might have about them.

Very truly yours,



William M. Garfield
President

jrc