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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission

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

DOCKET NO. W-01303A-05-0718

**TREND HOMES, INC.'S
POST-HEARING REPLY BRIEF**

Defendants.

Trend Homes, Inc. ("Trend") through its undersigned attorneys, hereby submits this Post-Hearing Reply Brief.

On or about April 17, 2007, Maricopa County Water District ("MWD") filed its Brief in this matter. As part of its argument in objection to Arizona American's request for increased hook up fees, MWD claimed that the stipulation between the developers and Arizona American will only worsen Arizona American's financial situation, because "it will result in hook up fees not being collected from many properties- the same properties that will be the first to develop."¹ However, this is a mischaracterization of the facts presented by the developers, including Trend, and the nature of the stipulation.

Facts Presented

As stated in the testimony of David Prescott, Trend has paid approximately \$227,000 in Water Facility Hook Up Fees and CAP Hook Up Fees ("Hook Up Fees") in connection with its

¹ See MWD Brief, Page 14, Lines 10-12.

1 Trend at Cortessa development (the "Development"), said amount being 100% of the total
2 amount of Hook Up Fees owed by Trend for the Development.² The Development is located in
3 Arizona American's Agua Fria District, which is the subject of this dispute. MWD's brief
4 appears to indicate that Trend will not be paying *any* Hook Up Fees for the Development.
5 However, from the testimony submitted by David Prescott, this is clearly not the case.

6 **The Stipulation**

7 Many developers, including Trend, entered into a Stipulation with Arizona American
8 which acknowledged that the parties to the Stipulation had paid 100% of the Hook Up Fees for
9 the respective projects and were deemed at operational acceptance for purposes of the relevant
10 Line Extension Agreements.³

11 The Stipulation provides that Arizona-American will not impose or seek to impose
12 higher Hook Up Fees on the projects if the Arizona Corporation Commission subsequently
13 approves an increase to Arizona-American's tariff.⁴ Additionally, the Stipulation provides that
14 any true-ups to the Hook Up Fees that may arise in the future relating to the Hook Up Fees
15 already paid for the Projects will be based on the ACC approved tariff that existed at the time the
16 payment was made.⁵ Therefore, the result of the Stipulation is not to waive collection of hook up
17 fees for the projects named therein, as claimed by MWD. Rather, the Stipulation provides
18 clarification for developers who have already paid 100% of the required hook up fees.
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25 ² See Exhibit T-1.

26 ³ See Exhibit A-1.

⁴ See Exhibit A-1.

⁵ See Exhibit A-1.

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RESPECTFULLY SUBMITTED this 27th day of April, 2007

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