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BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE APPLICATION OF WATER UTILITY OF GREATER TONOPAH, INC. FOR APPROVAL OF AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER UTILITY SERVICE IN MARICOPA COUNTY, ARIZONA

Docket No. W-02450A-06-0626

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IN THE MATTER OF THE APPLICATION OF HASSYAMPA UTILITY COMPANY, INC., FOR APPROVAL OF AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WASTEWATER UTILITY SERVICE IN MARICOPA COUNTY, ARIZONA

Docket No. SW-20422A-06-0566

Arizona Corporation Commission

DOCKETED

OCT 12 2007

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RESPONSE TO STAFF REPORT

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Water Utility of Greater Tonopah, Inc. ("WUGT" or "Tonopah") and Hassayampa Utility Company ("HUC" or "Hassayampa")(collectively, the "Global Utilities") respectfully submit these responses to the September 28, 2008 Staff Report in this matter regarding Hassayampa.

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I. Condition No. 2 (Franchise).

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This condition is not necessary because Hassayampa will have a franchise by the time of the hearing. Accordingly, this condition should be deleted once evidence of the franchise is submitted at the hearing.

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II. Condition No. 3 (Water Reclamation Facility ATC).

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This condition requires Hassayampa to obtain an "Approval to Construct" or "ATC" for the planned Campus 1 Water Reclamation Facility ("WRF"). Hassayampa suggests that the condition not specify the exact facility to be constructed. Instead, HUC suggests that the condition be modified to require Hassayampa to file an ATC for a WRF with capacity sufficient to meet the

1 requirements of the initial phase of development. The key point is that sufficient capacity be
2 available to serve customers, not the identity or location of the WRF. Hassayampa's master plan
3 for the region includes several WRFs. Although at this time, Hassayampa plans to construct the
4 Campus 1 WRF first, those plans may change. Depending on where development occurs first, it
5 may be prudent to construct one of the other WRF first. In addition, Hassayampa's parent
6 company, Global Water, Inc., recently signed an agreement to acquire a neighboring wastewater
7 utility, Balterra Sewer Corp. The Balterra transaction will not close without an approval or waiver
8 from the Commission. If the Commission allows the Balterra transaction to go forward,
9 Hassayampa's regional plans could change. It may be more efficient and economical for HUC to
10 purchase capacity from Balterra, or to construct a shared facility with Balterra. Or it may be better
11 for Hassayampa to construct one of the other WRFs first. Hassayampa should follow the most
12 practical and efficient method of obtaining the needed capacity – an approach that will benefit the
13 ratepayers in the long run. The alternative approach of specifying the exact facility and its location
14 is too rigid and therefore may result in less-than-optimal facilities being constructed simply to
15 comply with the requirement. Hassayampa believes that the public interest requires that sufficient
16 capacity be available, but does not require that specific plants be constructed in a specific
17 sequence. The same Maricopa County Environmental Services Department and Arizona
18 Department of Environmental Quality approvals are required regardless of the location associated
19 with the initial treatment site.

20 In addition, based on current estimates of development activity and permitting process
21 times, Hassayampa recommends that this requirement be due in two years from the effective date
22 of the Commission's order.

23 Therefore, Hassayampa proposes the following alternative condition: "To require
24 Hassayampa to file with Docket Control, as a compliance item in this docket, a copy of the ATC
25 issued by MCESD for a WRF with sufficient capacity to serve the initial phase of development of
26 the extension area."
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1 **III. Condition No. 4 (ATC for sewer tie-in).**

2 The proposed Campus 1 WRF is not located in the extension area. Thus, this condition
3 requires an ATC for a sewer tie-in between Campus 1 WRF and the extension area. However, as
4 noted above, constructing Campus 1 first may or may not be the best approach. HUC requests
5 flexibility as to this condition. If a WRF is constructed within this extension area, then no tie-in is
6 necessary. And if one of the other WRFs is constructed first, or a WRF is built in the Balterra
7 area, then the tie-in would be with a different facility. In addition, as with condition 3,
8 Hassayampa believes that two years is a better deadline for this condition. Thus, Hassayampa
9 proposes that this condition be modified as follows: "To require Hassayampa to file with Docket
10 Control, as a compliance item in this docket, a copy of the ATC issued by MCESD for the sewer
11 tie-in between the extension area and the WRF specified in condition 3 within two years of the
12 effective date of this decision, unless the WRF is constructed within the extension area, in which
13 case Hassayampa shall file a notice to that effect with Docket Control, as a compliance item in this
14 docket, within two years of the effective date of this decision."

15 **IV. Condition No. 5 (APP or AZPDES).**

16 This condition requires Hassayamapa to file an APP and/or AZPDES "for the WRF
17 Campus No. 1." As discussed above, Hassayamapa requests the flexibility to not proceed with
18 Campus 1 right away if other alternatives prove more economical and are better suited to the
19 regional plan. Therefore, Hassayampa requests that this condition be modified as follows: "to
20 require Hassayampa to file with Docket Control as a compliance item in this docket, copies of the
21 APP and/or AZPDES issued by the Arizona Department of Environmental Quality for the WRF
22 specified in Condition No. 3."

23 **V. Condition No. 6 (previous decisions).**

24 This condition requires that Hassayampa follow the requirements and conditions in
25 Decision No. 68922 (August 29, 2006), as modified by the Commission's Procedural Order dated
26 June 18, 2007 in that docket. This is an unusual condition. Staff has not specified any unusual
27 circumstances which would require this condition. The previous decision can stand on its own

1 feet, and there is therefore no need to incorporate it by reference in this case. Moreover, it may
2 create unnecessary complexity and confusion. For example, will Hassayamapa be required to file
3 proof of compliance in both dockets?

4 **VI. Additional comments regarding July 23, 2007 Staff Report.**

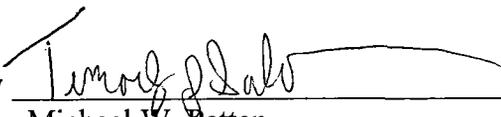
5 WUGT makes the following additional points regarding the July 23, 2007 Staff Report.
6 Regarding the first condition, the concept is fine, but the wording does have a minor technical
7 problem. The phrase “stating that there is adequate water for the area being requested” does not
8 match the wording used by ADWR in its DAWS. The DAWS will instead mention a specific
9 quantity of water. However, the DAWS will typically include a reference to the Commission
10 Decision Number(s) that it applies to. The quoted language should be replaced with “relating to
11 this CC&N extension.” In addition, WUGT requests the flexibility to submit either a DAWS or a
12 Certificate of Assured Water Supply (“CAWS”).

13 Regarding Condition 3, as noted in WUGT’s August 6 response, WUGT requests that the
14 deadline be set at three years. In addition, WUGT has discovered a potential ambiguity in this
15 condition regarding the definition of “Phase I”. Staff’s engineering memorandum refers to Phase I
16 on page 4, and notes that certain facilities are anticipated to be operational in 2009, and other
17 facilities in Phase I are expected to be operational by 2012 (e.g. the surface water treatment plant).
18 The 2009 facilities may be referred to as “Phase I.A” and the 2012 facilities as “Phase I.B.” The
19 staff report recommends that an AOC be filed for Phase I within two years. WUGT believes that
20 Staff is referring to Phase I.A, because Phase I.B will not be operational until 2012. Thus, this
21 condition should be clarified. And again, WUGT requests that the deadline for AOC for Phase I.A
22 be three years, not two years.

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1 RESPECTFULLY SUBMITTED this 12th day of October 2006.

2 ROSKA DEWULF & PATTEN, PLC

3
4 By 

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9 filed this 12th day of October 2007, with:

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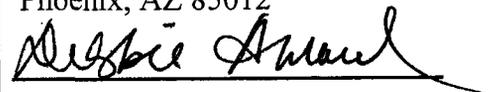
13 Copies of the foregoing hand-delivered/mailed
14 This 12th day of October 2007, to:

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