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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS 2008 MAR 17 P 12: 15

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Arizona Corporation Commission
DOCKETED
MAR 17 2008

DOCKETED BY [Signature]

IN THE MATTER OF RULEMAKING TO AMEND EXISTING RULES AND/OR ESTABLISH NEW RULES REGARDING THE COMMISSION'S REQUIREMENTS FOR APPLICATIONS REQUESTING APPROVAL TO OBTAIN A NEW CERTIFICATE OF CONVEINENCE AND NECESSITY OR EXTEND AN EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER AND SEWER UTILITIES

DOC KET NO. : RW-00000B-07-0051
(Water Rulemaking)

DOCKET NO.: RSW-00000A-07-0051
(Sewer Rulemaking)

COMMENTS ON PROPOSED RULES

Arizona Water Company's comments on the proposed water rules contained in the January 24, 2008 procedural order entered on January 24, 2008 in the above-captioned matter are attached.

RESPECTFULLY SUBMITTED this 17th day of March, 2008.

ARIZONA WATER COMPANY

By: [Signature]
Robert W. Geake
Vice President and General Counsel
ARIZONA WATER COMPANY
Post Office Box 29006
Phoenix, Arizona 85038-9006

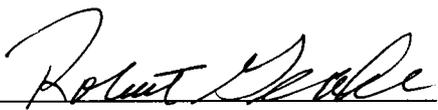
1 Original and thirteen (13) copies of the foregoing filed the 17th day of March, 2008 with:

2
3 Docket Control Division
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 A copy of the foregoing was hand-delivered this 17th day of March, 2008 to:

8 Christopher Kempley, Chief Counsel
9 Legal Division
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007

13 Ernest G. Johnson, Director
14 Utilities Division
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 By: 

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ARIZONA WATER COMPANY

3805 N. BLACK CANYON HIGHWAY, PHOENIX, ARIZONA 85015-5351 • P.O. BOX 29006, PHOENIX, ARIZONA 85038-9006
PHONE: (602) 240-6860 • FAX: (602) 240-6878 • WWW.AZWATER.COM

March 17, 2008

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

Re: Docket No. RW-00000B-07-0051 - IN THE MATTER OF
RULEMAKING TO AMEND EXISTING RULES AND/OR ESTABLISH
NEW RULES REGARDING THE COMMISSION'S REQUIREMENTS
FOR APPLICATIONS REQUESTING APPROVAL TO OBTAIN A NEW
CERTIFICATE OF CONVENIENCE AND NECESSITY OR EXTEND AN
EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY FOR
WATER AND SEWER UTILITIES

Dear Mr. Johnson:

Arizona Water Company (the "Company") provides the following additional comments on the proposed changes to Arizona Administrative Code Section R14-2-402 (the "Water Rules") in accordance with an Arizona Corporation Commission (the "Commission") procedural order dated January 24, 2008.

The Company is concerned about the lack of positive changes in the Water Rules. Despite the detailed comments by the Company and other water providers, no positive changes were made.

For these reasons, the Company reiterates many of the specific comments it presented on January 10, 2008 and comments on the additional changes that appear for the first time in the Water Rules.

1. Section 14-2-402.D is still inconsistent with A.R.S. §40-281.B, which provides for extensions into *non-contiguous* territory within a City, County or Town within which a utility has lawfully commenced operations. Is it the Commission's intent to not require prior notification to the Commission for such extensions? Also, inserting the definition of "contiguous" at the beginning of Article 4 is out of place and is not germane to the sections that follow. That definition should remain at the end of Article 4.

E-MAIL: mail@azwater.com

2. a. The current procedures for providing public notice of the initial filing of an application for a Certificate of Convenience and Necessity ("CCN") or an extension of an existing CCN are adequate. There is simply no evidence that landowners or other interested persons are not already receiving adequate notice under the Commission's current procedures. Apart from a minor "exception" added to exclude notices to landowners who have requested service, the proposed changes represent no substantive change at all to Staff's initial proposal in new Section 14-2-402.B.2.k. The revised notice provisions would significantly burden the CCN application process without any showing that a change in current procedures is necessary.

b. New section 14-2-402.B.2.k, would require the applicant to include with its application a copy of a notice to the municipal manager or administrator of each municipality located within five miles of the area under application (the five-mile distance also being part of a new mapping requirement; see 6, below). But none of the comments recommended or show a necessity for this new requirement; it is simply an unnecessary layer of regulation. The Commission's E-Docket service provides more than adequate information about CCN applications that any interested party, including an interested municipality, can track. This change is burdensome and is not necessary.

3. Section 14-2-402.B.2.n, would require the applicant for a water CCN to again contact landowners who did not respond to the Company's notice, and ask them to respond in writing. This extraordinary requirement (which is not required for applicants of sewer CCNs) is not warranted and would significantly burden the CCN application process. No evidence has been provided to show any change in current procedures is necessary.

4. The Water Rules will require the same information from applicants for extensions of existing CCNs, as for new CCNs. The Company and other water utilities have previously commented that for Class A utilities, which often file applications for CCN extensions, it is simply not necessary that identical and redundant information be filed with every extension application.

5. Revised Section 14-2-402.B.2.i now requires that any request for service identify the requested water service provider. The problem is that it implies that someone other than the Commission selects which water service provider should serve in a particular case. This conflicts with the Commission's lawful role. It is the Commission, not a landowner or developer that must determine what is in the public interest, and who is a fit and proper water service provider. The Company urges the Commission to reject this needless and misguided revision.

6. New Section 14-2-402.B.2.j, which would require that detailed maps be filed with new extension applications is unduly burdensome, unnecessary, and practically impossible to comply with. That new section requires the maps to identify, among other things:

"ii. Land ownership boundaries indicating *the acreage of each parcel* within the area under application if the area under

application is comprised of two or more parcels that are owned by different parties.”

The better practice is the current practice, i.e., for Staff to request, on a case by case basis, that additional information be added to the detailed maps that most applicants, like the Company, already file. Also, instead of continuing with the current practice, the proposed changes would require the maps to identify the municipal limits of cities or towns that are within five miles instead of one mile of the area under application. Like some of the other requirements discussed above, this will substantially increase rather than lessen the burden of furnishing information even though there has been no showing that it is relevant, needed, or useful. Again, a case-by-case basis would be the better practice.

7. Section 14-2-B.2.q and 14-2-B.2.s have been dramatically worsened by the additional proposed changes. These new Sections would now require an applicant to obtain a letter from the wastewater provider (often there are two or more wastewater providers) confirming the provision of such service and a description of how the applicant will “work with” the wastewater provider to encourage water conservation, including promoting the use of reclaimed water; and, per subsection s., detailed water conservation plans, including describing water conservation measures or information provided to customers *and* the general public, a description of sources of water to turf areas, such as golf courses and greenbelts, a description of plans to use reclaimed water, surface water, and recharge wells, and a description of any other plans for promoting water conservation. The summary of this information alone demonstrates just how burdensome it is.

Comments from the Company and other water providers show that the Department of Water Resources already adequately addresses these issues without the need to be repeated in a CCN application.

There are better ways of addressing these issues. One is to allow utilities that wish to include this sort of information to do so on a voluntary basis. The Commission could easily require additional information from an applicant if necessary, depending on issues in the specific case. An alternative would be for an applicant to file, where available and applicable, copies of plans or information about water conservation filed, with the Department of Water Resources. This would be better than blindly requiring the same information from every applicant in every case, regardless of the circumstances in each case.

Thank you for the opportunity to amplify our previous comments. Also, the Company supports the Commission’s decision to have additional public comment sessions concerning changes to the Water Rules and the opportunity to comment on other utilities’ comments.

To: Mr. Ernest G. Johnson
Re: Docket No. RW-00000B-07-0051

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Please feel free to contact me to discuss the Company's comments or any question about them that you may have.

Very truly yours,



William M. Garfield
President

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