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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

KRISTIN K. MAYES, Chairman  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

2009 NOV -4 P 12: 29

AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.

DOCKET NO. SW-01428A-09-0103

IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.

DOCKET NO. W-01427A-09-0104

Notice of Filing

Direct Testimony of Garrett Newland

In accordance with the May 21, 2009, Procedural Order in this docket, Westcor/Goodyear, L.L.C., and Globe Land Investors, L.L.C., hereby file the Direct Testimony of Garrett Newland.

RESPECTFULLY SUBMITTED on November 4, 2009.

Arizona Corporation Commission

DOCKETED

NOV - 4 2009

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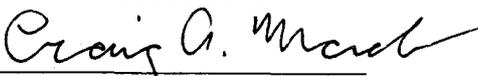
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DOCKET NO. W-01427A-09-0104

**DIRECT TESTIMONY  
OF  
GARRETT NEWLAND**

1 **I INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND TELEPHONE**  
3 **NUMBER.**

4 A. My name is Garrett Newland. My business address is 11411 N Tatum Blvd., Phoenix,  
5 AZ 85028, and my business phone is (602) 953-6200.

6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 A. I am employed by Westcor as Vice President, Development.

8 **Q. WHAT ARE YOUR RESPONSIBILITIES AS WESTCOR'S VICE PRESIDENT,**  
9 **DEVELOPMENT?**

10 A. I manage regional retail development and redevelopment projects for Westcor in the  
11 Phoenix Metropolitan area. My recent projects include development of San Tan Village,  
12 a ground up, more than 2-million-square-foot, super-regional retail destination in Gilbert,  
13 Arizona, and Estrella Falls, a new super-regional retail center in Goodyear, Arizona.

14 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL EXPERIENCE.**

15 A. I received Master of Business Administration and Bachelor of Arts in Government  
16 degrees from New Mexico State University in Las Cruces, New Mexico.

17 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

18 A. Before joining Westcor, I served as Economic Development Director for the City of  
19 Chandler, Arizona and as Vice President of Business Development for the Greater  
20 Phoenix Economic Council. Overall, I have more than 18 years experience in real estate,  
21 economic development and project management in Arizona and New Mexico.

22 **Q. DO YOU HAVE ANY PROFESSIONAL AFFILIATIONS?**

1 A. Yes. I am an active member of the International Council of Shopping Centers and the  
2 Valley Partnership, and serve on the Board of Director's for the East Valley Partnership.  
3 I am also the Immediate-Past President of the Board of the Arizona Association for  
4 Economic Development.

5 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?**

6 A. I am testifying on behalf of Westcor/Goodyear, L.L.C. ("Westcor") and Globe Land  
7 Investors, L.L.C. ("Globe"). For simplicity I will refer to Westcor and Globe together as  
8 the "Developers."

9 **II PURPOSE OF TESTIMONY**

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CASE?**

11 A. Litchfield Park Service Company ("LPSCO") proposes to implement a new water  
12 facilities hook-up fee and a revised wastewater facilities hook-up fee. In accordance with  
13 a number of agreements with LPSCO, Developers have already constructed facilities and  
14 pre-paid water and wastewater capacity fees for existing and planned residential and  
15 commercial construction known as Estrella Falls. LPSCO's proposed new water and  
16 revised wastewater hook-up fees should not require Developers or their successors to pay  
17 LPSCO any additional funds for development within the Estrella Falls Master Plan.

18 **III THE ESTRELLA FALLS DEVELOPMENT**

19 **Q. WHAT IS THE ESTRELLA FALLS DEVELOPMENT?**

20 A. Developers are working together to develop a project known as "Estrella Falls." Estrella  
21 Falls is a 330-acre master-planned, mixed-use, land development north of Interstate 10  
22 between Pebble Creek Parkway and Bullard Avenue in the City of Goodyear. I have  
23 attached a copy of the Conceptual Master Plan for Estrella Falls to my testimony as  
24 Exhibit GN-1.

1 **Q. IS ESTRELLA FALLS WITHIN LPSCO'S CERTIFICATED SERVICE**  
2 **TERRITORY?**

3 A. Yes. Three hundred of the 330 acres are located north of McDowell Road and within  
4 LPSCO's certificated water and wastewater service area.

5 **Q. WHAT IS THE STATUS OF THE RESIDENTIAL PORTION OF THE**  
6 **ESTRELLA FALLS DEVELOPMENT?**

7 A. Globe has sold all of the single family, court home and townhouse residential parcels in  
8 the Estrella Fall master plan. Currently, Globe and Trammell Crow Residential are joint  
9 venturing a multifamily site within the Estrella Fall master plan. This 328-unit project is  
10 complete and leasing stands at 70% occupied. The only remaining residential site owned  
11 by GLI is another multifamily parcel that is not yet under construction.

12 **Q. HOW IS THE COMMERCIAL PORTION OF ESTRELLA FALLS BEING**  
13 **DEVELOPED?**

14 A. Estrella Falls is being developed in phases. Phase I of Estrella Falls is a portion of a 66-  
15 acre retail "power center" on the northeast corner of McDowell Road and Pebble Creek  
16 Parkway (the "Power Center"). The Power Center will include major tenants, shops and  
17 pad buildings, plus hotels. Phase II of the Estrella Falls project involves the remainder of  
18 the Power Center, development of a regional center known as the Estrella Falls Mall on  
19 the northwest corner of McDowell Road and Bullard Avenue, and additional commercial  
20 development. Phase I of the Power Center has opened and tenants are entering leases.  
21 Westcor expects to continue development, including of the mall, as economic and market  
22 conditions warrant.

23 **Q. HOW WILL LPSCO PROVIDE WATER AND WASTEWATER SERVICE TO**  
24 **ESTRELLA FALLS?**

1 A. Because this is a large development, Developers and LPSCO in 2001 entered into four  
2 master agreements concerning, among other things, what off-site facilities LPSCO would  
3 need to construct to serve Estrella Falls and the amount of funds that Developers would  
4 be required to advance or contribute for those off-site facilities. The following table lists  
5 each agreement, any off-site facilities for which Developers would be responsible, and  
6 any additional funds payable by Developers.

<b>Agreement</b>	<b>Developer-Funding</b>
Residential Water Agreement	Developers paid for two wells each costing \$400,000 (total of \$800,000). Developers or successors constructed and advanced multiple transmission mains, including lines in McDowell Road, Virginia Avenue, Encanto Avenue, and Bullard Road costing hundreds of thousands of dollars.
Residential Wastewater Agreement	Developers paid LPSCO \$2.5 million for wastewater capacity. Developers or successors constructed and advanced multiple transmission mains, including lines in McDowell Road, Virginia Avenue, Encanto Avenue, and Bullard Road costing hundreds of thousands of dollars.
Commercial Water Agreement	Developers advanced \$400,000 to pay LPSCO for a new well. Developers constructed and advanced multiple transmission mains, including lines in Pebble Creek Parkway, McDowell Road, 150th Avenue, Monte Vista and Bullard Roads costing hundreds of thousands of dollars.

<b>Agreement</b>	<b>Developer-Funding</b>
Commercial Wastewater Agreement	For wastewater treatment capacity, Developers paid the following amounts: Phase I Capacity – \$287,640 Phase II Capacity – \$4,844,623 Developers constructed and advanced multiple transmission mains, including lines in Pebble Creek Parkway, McDowell Road, 150th Avenue, Monte Vista and Bullard Roads costing hundreds of thousands of dollars.

1 Developers and LPSCO have also entered into numerous line extension agreements in  
2 furtherance of the four master agreements.

3 **Q. I SEE THE PHASE II CAPACITY PAYMENT OF \$4,844,623 FOR**  
4 **COMMERCIAL WASTEWATER; IS THIS THE AMOUNT STIPULATED IN**  
5 **THE COMMERCIAL WASTEWATER AGREEMENT?**

6 A. No. The parties could not agree on the amount required to be paid in the Commercial  
7 Wastewater Agreement for Phase II Capacity. The \$4,844,623 payment was ultimately  
8 agreed to in a settlement agreement filed in Complaint Docket No. SW-01428A-08-0234.  
9 Developers tendered this amount to LPSCO on November 3, 2008.

10 **IV REQUESTED RELIEF**

11 **Q. WHAT ARE DEVELOPERS ASKING THE COMMISSION TO DO?**

12 A. Simply put, Developers are asking the Commission to honor the existing agreements  
13 between them and LPSCO. Developers have constructed or funded almost all required  
14 off-site facilities required for LPSCO to provide water and wastewater service to the  
15 Estrella Falls Development. LPSCO's proposed new water and revised wastewater hook-  
16 up fees should not require Developers or their successors to pay LPSCO any additional  
17 funds for development within the Estrella Falls Master Plan.

1 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

2 A. Yes.

Decker No. SW-01-028A-08-024  
 Westco Goodwyn L.L.C.  
 Tentative of General Newland  
 Bullard 03-1



# ESTRELLA FALLS

**Estrella Falls Site Data**

The Market at Estrella Falls 500,000 sq.ft. Opening Fall 2008	63 acres
Estrella Falls Regional Center 1,200,000 sq.ft.	105 acres
Peripheral Retail/Mixed Use	162 acres
<b>TOTAL</b>	<b>330 acres</b>

**Key Legend**

-  Retail
-  Estrella Falls Regional Center
-  Office/ Commercial
-  Multifamily/Condominium Residential
-  Hotel

