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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF
GLOBAL WATER – PALO VERDE UTILITIES
COMPANY FOR THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES FOR UTILITY
SERVICE DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE OF ITS
PROPERTY THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. SW-20445A-09-0077

IN THE MATTER OF THE APPLICATION OF
VALENCIA WATER COMPANY – GREATER
BUCKEYE DIVISION FOR THE ESTABLISHMENT OF
JUST AND REASONABLE RATES AND CHARGES FOR
UTILITY SERVICE DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON THE FAIR
VALUE OF ITS PROPERTY THROUGHOUT THE
STATE OF ARIZONA

DOCKET NO. W-02451A-09-0078

IN THE MATTER OF THE APPLICATION OF
WILLOW VALLEY WATER CO. FOR THE
ESTABLISHMENT OF JUST AND REASONABLE
RATES AND CHARGES FOR UTILITY SERVICE
DESIGNED TO REALIZE A REASONABLE RATE OF
RETURN ON THE FAIR VALUE OF ITS PROPERTY
THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-01732A-09-0079

IN THE MATTER OF THE APPLICATION OF
GLOBAL WATER – SANTA CRUZ WATER COMPANY
FOR THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES FOR UTILITY
SERVICE DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE OF ITS
PROPERTY THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-20446A-09-0080

IN THE MATTER OF THE APPLICATION OF
WATER UTILITY OF GREATER TONOPAH FOR
THE ESTABLISHMENT OF JUST AND REASONABLE
RATES AND CHARGES FOR UTILITY SERVICE
DESIGNED TO REALIZE A REASONABLE RATE OF
RETURN ON THE FAIR VALUE OF ITS PROPERTY
THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-02450A-09-0081

**NOTICE OF FILING
ERRATA TO
REBUTTAL TESTIMONY**

Arizona Corporation Commission

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NOV 24 2009

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1 IN THE MATTER OF THE APPLICATION OF
2 VALENCIA WATER COMPANY – TOWN DIVISION
3 FOR THE ESTABLISHMENT OF JUST AND
4 REASONABLE RATES AND CHARGES FOR UTILITY
5 SERVICE DESIGNED TO REALIZE A REASONABLE
6 RATE OF RETURN ON THE FAIR VALUE OF ITS
7 PROPERTY THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-01212A-09-0082

**NOTICE OF FILING
ERRATA TO
REBUTTAL TESTIMONY**

8 Global Water – Palo Verde Utilities Company, Global Water – Santa Cruz Water
9 Company, Valencia Water Company – Town Division, Valencia Water Company – Greater
10 Buckeye Division, Water Utility of Greater Tonopah and Willow Valley Water Co. (collectively,
11 the “Global Utilities”) files a Notice of Errata to the Rebuttal Testimony of Trevor T. Hill. On
12 Page 14, line 10 of the Rebuttal Testimony of Mr. Hill, “Schopenhauer” should be “Schumpeter.”
13 A corrected page 14 is attached.

14 RESPECTFULLY SUBMITTED this 24th day of November 2009.

15 ROSHKA DEWULF & PATTEN, PLC

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23
24 Original +13 copies of the foregoing
25 filed this 24th day of November 2009, with:

26 Docket Control
27 Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

1 Copies of the foregoing hand-delivered/mailed
2 this ~~2nd~~ day of November 2009, to:

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By Rebbie Arnold

1 the arsenic, we had CAP water for blending, and we had federal funding – and it was still a
2 virtual crisis.

3
4 So, no, I don't believe that saying CIAC destroys utilities is an exaggeration. The CIAC
5 policy puts infrastructure decisions into the hands of homebuilders, it puts system planning
6 into the hands of accountants, and it results in companies that have no ability to earn on a
7 third, one-half, and in some cases even more, of their plant. As a result, when they need to
8 secure financing to deal with an external event (e.g., arsenic rule changes) they cannot.

9
10 Normally, if companies cannot adapt to external changes, they perish – Schumpeter's
11 “creative destruction” at work. In the utility world, they don't die; they get “emergency
12 rates” and/or an endless series of general rate cases. At the root of this problem one finds
13 inattentive management that has been too long sheltered by monopoly status. Using CIAC,
14 and not pointing out the effects on capital structure, liquidity, and financeability is
15 emblematic of that sort of “management”.

16
17 When it comes to sustainable water management, Arizona is nowhere. California is
18 spending tens of billions on next-generation water solutions. The State of South Australia
19 survived and continues to survive a horrific drought, despite a 75% decline in water from
20 their Murray-Darling River system.¹⁰ Florida is building cutting-edge water reuse
21 infrastructure. Asia is spending billions of dollars to reclaim and reuse water. And in
22 Arizona, where drought is a fact of life and not an anomaly, where the Colorado River is
23 running at one-half what we thought it would, where we burn coal to pump water (and are
24 only just beginning to face the economics of that choice), we have well over 400 utility
25 companies “managing” our most precious resource by kowtowing to developers, by failing
26

27

¹⁰ Murray System Drought Update, November 2008.