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AZ CORP COMMISSION
DOCKET CONTROL

February 10, 2010

DOCKET CONTROL SUPERVISOR
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ. 85007

**RE: SW-01428A-09-0103 Litchfield Park Service, Liberty Water Co. (LPSCO)
Public Comment from the City of Goodyear to the ACC
W-01427A-09-0104, W-01427A-09-0116, W-01427A-09-0120**

Dear Commissioners:

This letter constitutes the formal public comment by the City of Goodyear, Maricopa County, Arizona, for the above cited rate case and it supplements the verbal comments presented before Judge Nodes on January 4, 2010.

Goodyear has a vested interest in the outcome of this rate case as both a bulk water delivery customer and a consumer of water and wastewater services for City owned and operated facilities, easements and rights-of-way within the private utility's CC&N.

ISSUE 1: Design, Construction and Operation of the Palm Valley Water Reclamation Facility.

Extensive testimony was provided to Judge Nodes by all the parties during the Evidentiary hearing regarding the City's position as to construction and inspection of the Palm Valley Water Reclamation Facility ("PVWRF"). The veiled references that the City may have been less than diligent during the design and construction of the facility and during its initial phases of operation were misleading.

Between July of 2000 and March/April of 2002 when the PVWRF became operational, the City worked with LPSCO to ensure that all zoning requirements were met and that operational expectations as to noise and odor control were achieved. The City conducted all of the appropriate inspections associated with electrical and fire code requirements for obtaining a certificate of occupancy; which were the only inspections it had authority to conduct. The City did not have authority or jurisdiction to conduct inspections of the treatment process or plant operations. Inspections of the treatment process and plant operations are conducted by the State and County.

Arizona Corporation Commission
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ISSUE 2: Cost of Increased Water and Sewer Rates.

During calendar year 2009, the Goodyear Parks and Recreation Department paid almost \$200,000 for purposes of supplying irrigation water, potable water and wastewater services to the City's Parks, medians and rights of way within the LPSCO's CC&N. Additional payment for these same services at other City facilities, primarily Public Safety buildings, is estimated to be another \$35,000 annually at the current rates. For calendar year 2010, the City plans to add another 49 acres of parks and approximately 500,000 square feet of medians and rights of way irrigation commitments. This figure does not include any new landscape demand required for the portion of Interstate 10 that runs through Goodyear.

The City has already implemented significant conservation technologies and strategies to drastically reduce water consumption leaving the City limited options for future cost savings. Authorizing LPSCO to double their rates in this economic climate would pose a substantial financial hardship to the City's budget and ability to provide reliable service.

ISSUE 3: The cost of increase in bulk water delivery rates would adversely impact the ability to negotiate value for contributions made directly by the City for PGA North and PGA South Superfund cleanup.

The City respectfully requests that Administrative Law Judge Nodes and the members of the Corporation Commission allow for negotiations to dictate bulk water delivery rates between public and private utilities and not set pricing as part of this specific rate case.

The City of Goodyear makes substantial direct contributions to LPSCO, which to date have not been adequately valued nor given consideration, as part of Superfund cleanup activities. Plume migration is happening at an accelerated rate and puts LPSCO drinking water supplies at risk. The City has donated its property, easements and rights-of-way for the drilling of monitoring and extraction wells and construction of main treatment systems, without the legal requirements to provide these assets. In addition, the City has adopted a policy to expedite permit approvals resulting in increased staffing costs. These costs over and above the set permit fees are not charged. The City's contributions enable quicker cleanup response by expediting permitting and avoiding land acquisition negotiations and expenditures.

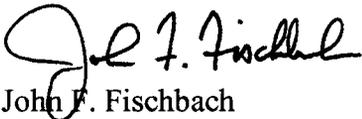
The cumulative value of Goodyear property and professional services in mitigating plume migration is a direct financial benefit to LPSCO. The Parties should have the ability to negotiate a bulk water delivery agreement price, which takes into account all valuation related factors. In this case, those factors include the City's contributions for superfund cleanup which directly benefit LPSCO's potable water supplies.

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CONCLUSION: The City respectfully requests these comments be made part of the formal deliberations. The City is appreciative of this opportunity to submit public comments.

Sincerely,

CITY OF GOODYEAR



John F. Fischbach
City Manager

c: Mayor & Councilmembers
Mark Gaillard, Interim Deputy City Manager
Brian Dalke, Deputy City Manager
Roric Massey, City Attorney
Charles McDowell, Interim Public Works Director
David Iwanski, Water Resources Manager
Greg Sorenson, Liberty Water Co.
Bill Sullivan, Esq., Litchfield Park Attorney
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