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BEFORE THE ARIZONA CORPORATION COMMISSION

8 IN THE MATTER OF THE APPLICATION
9 OF ARIZONA-AMERICAN WATER
10 COMPANY, AN ARIZONA CORPORATION,
11 FOR A DETERMINATION OF THE
12 CURRENT FAIR VALUE OF ITS UTILITY
13 PLANT AND PROPERTY AND FOR
14 INCREASES IN ITS RATES AND CHARGES
15 BASED THEREON FOR UTILITY SERVICE
16 BY ITS ANTHEM WATER DISTRICT AND
17 ITS SUN CITY WATER DISTRICT, AND
18 POSSIBLE RATE CONSOLIDATION FOR
19 ALL OF ARIZONA-AMERICAN
20 COMPANY'S DISTRICTS.

DOCKET NO. W-01303A-09-0343

Arizona Corporation Commission

DOCKETED

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15 OF ARIZONA-AMERICAN WATER
16 COMPANY, AN ARIZONA CORPORATION,
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21 BASED THEREON FOR UTILITY SERVICE
22 BY ITS ANTHEM/AGUA FRIA
23 WASTEWATER DISTRICT, ITS SUN CITY
24 WASTEWATER DISTRICT AND ITS SUN
25 CITY WEST WASTEWATER DISTRICT,
26 AND POSSIBLE RATE CONSOLIDATION
FOR ALL OF ARIZONA-AMERICAN
COMPANY'S DISTRICTS.

DOCKET NO. SW-01303A-09-0343

DMB WHITE TANK, LLC'S
REPLY BRIEF

DMB White Tank, LLC ("DMB") hereby submits its reply brief in the above entitled matter.

In its closing brief, filed on July 16, 2010, DMB argued, first, that Arizona-American Water Company's ("AAWC") Anthem/Agua Fria Wastewater District ("the

1 Wastewater District”) should have a specific rate for sewage effluent in its tariff.¹ DMB’s
2 position is supported by the evidence in the record, including the testimony of the Utilities
3 Division’s engineering witness, Dorothy Haines, who testified that the effluent is
4 produced by and belongs to the Wastewater District, and that the Wastewater District is
5 responsible for its disposal.² Indeed, it would violate fundamental rate-making principles
6 to have another district collect revenue based on the Wastewater District’s production and
7 delivery of effluent to turf facilities, effectively forcing the Wastewater District’s
8 customers to pay higher rates.

9 Second, DMB demonstrated that a fair and reasonable rate for effluent produced by
10 the Wastewater District is \$250 per acre-foot.³ As DMB’s witness explained, a rate of
11 \$250 an acre-foot is consistent with the rate charged by other private sewer companies
12 regulated by the Commission, and is less than the cost to use groundwater, thereby
13 encouraging the use of effluent for turf irrigation. A higher effluent rate will result in the
14 substitution of lower cost groundwater, which conflicts with state water policy while
15 depriving the Wastewater District and its customers of a revenue source.

16 Aside from DMB, the only party to address the rate for sewage effluent in its
17 closing brief is Mashie LLC, doing business as Corte Bella Golf Club. Corte Bella’s well
18 reasoned brief further supports DMB’s arguments on this issue. The remaining parties –
19 including AAWC – did not address the appropriate rate for effluent and whether the
20 Wastewater District should be billing and collecting that rate in their closing briefs.
21 Therefore, those parties have either accepted DMB’s position or have waived their right to
22 oppose DMB’s requested relief, which, as stated, is amply supported by the record.

23 In short, the relief sought by DMB (and by Corte Bella) is unopposed. Therefore,

24 ¹ See DMB Closing Br. at 3-7.

25 ² Tr., Phase I, at 784-86. See also Hains Dt., Ex. DMH-4 (describing the Wastewater District’s
facilities and operations).

26 ³ See DMB Closing Br. at 7-13.

1 DMB respectfully urges the Commission to authorize the Wastewater District to collect a
2 rate of \$250 an acre-foot for the effluent that it produces.

3 RESPECTFULLY SUBMITTED this 6th day of August, 2010.

4

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10 An original and 13 copies
11 of the foregoing was delivered this 6th
day of August, 2010, to:

12 Docket Control
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15 A copy of the foregoing
was delivered/mailed this 6th day of
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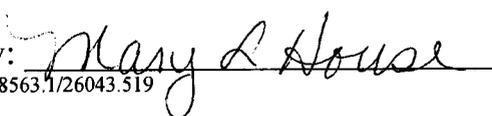
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