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September 21, 2010

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Arizona Corporation Commission

DOCKETED

SEP 24 2010

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

DOCKETED BY 

Re: Application of Litchfield Park Service Company for Rate Increase  
Docket Nos. SW-01428A-09-0103; W-01427A-09-0104; W-01427A-09-0116  
W-01427A-09-0120

Dear Commission:

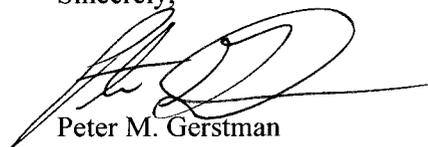
I am writing this letter on behalf of PebbleCreek Properties Limited Partnership, the developer of the PebbleCreek Resort Community in the City of Goodyear. PebbleCreek Properties Limited Partnership manages PebbleCreek Golf Resort Homeowners Association No. 1, Inc. (the "HOA"). It has come to our attention that the Residential Utility Consumer Office ("RUCO") is recommending an increase in the acre-foot cost of effluent sold by Litchfield Park Service Company to approximately \$489. This rate is almost four times the amount that the HOA currently pays for LPSCO's effluent. The effluent received by the HOA from LPSCO is used on the HOA's golf courses. If the Commission were to adopt RUCO's recommendation, then the HOA will be forced to use water sources other than LPSCO effluent to serve the golf courses.

When PebbleCreek Properties Limited Partnership planned the development of the PebbleCreek Resort Community, it made arrangements to receive an annual amount of effluent from LPSCO equal to the effluent produced from wastewater from PebbleCreek homes. This made sense all around. As effluent was priced lower than groundwater, the arrangement benefited the HOA and the homeowners. By giving LPSCO a place to use, and market for, the effluent, the arrangement benefited the utility company. Of course, by using effluent instead of groundwater, the arrangement benefited the public in general. However, the HOA has alternatives available that are significantly less expensive than effluent at \$489 per acre-foot.

We ask that the Commission consider the benefits of effluent use in lieu of groundwater, and recognize that the proposed pricing will result in an increase in groundwater use. Moreover, if the market for high-cost effluent is as limited as one would expect, then there is the possibility that LPSCO may have trouble disposing of the effluent.

PebbleCreek Properties Limited Partnership, on its own behalf and on behalf of the HOA, respectfully requests that the Commission reject RUCO's recommendation to increase the per acre-foot charge of effluent to \$489..

Sincerely,

  
Peter M. Gerstman