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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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AZ CORP COMMISSION
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IN THE MATTER OF THE COMMISSION'S) DOCKET NO. W00000C-06-0149
 GENERIC EVALUATION OF THE)
 REGULATORY IMPACT FROM THE USE OF)
 NON-TRADITIONAL FINANCING) **COMMENTS FOR UPCOMING**
 ARRANGEMENTS BY WATER UTILITIES) **WORKSHOPS**
 AND THEIR AFFILIATES.

In accordance with the memorandum Staff filed in this docket on October 15, 2010, New World Properties ("NWP") hereby submits the following comments to be discussed at the workshop on November 1, 2010.

As was discussed in the above mentioned Staff Memorandum, Decision No. 71878 ordered an investigation into how best to achieve the Arizona Corporation Commission's ("Commission") objectives regarding utilities acquisition of troubled water companies and development of regional infrastructure. The Decision, among other things, specifically ordered stakeholders to discuss Infrastructure Coordination and Financing Agreement ("ICFA") and how these agreements could be utilized to acquire troubled water companies.

This generic investigation came about as a result of long discussions in Docket No. SW-20445A-09-0077 ("Global Rate Case") regarding ICFAs and other financing mechanisms. NWP filed for intervention in the Global Rate Case on the basis of NWP owning a large parcel of land in Global's service territory and having a signed ICFA with Global. Although the deadline for filing for intervention had passed, the Administrative Law Judge ("ALJ") granted intervention with the caveat that NWP could not put on witnesses or introduce new evidence. NWP, in its

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1 closing brief, brought up the issue of ensuring developers are treated in a uniform manner under
2 ICFAs. As was discussed in the Decision, Staff did note that the amount charged to developers
3 differed by when the contract was entered into. Global, in response to NWP's concern, asserted
4 that developers always have the option to enter into main and line extension agreements where
5 they can be assured of equal treatment.

6 ICFAs are an interesting tool that Global has decided to utilize. As was demonstrated in
7 the hearing, Global used the money received under the NWP ICFA to acquire troubled water
8 utilities. This would not have occurred but for NWP entering into this agreement and providing
9 money for the acquisition. It stands to reason that the Commission should institute measures that
10 will ensure that developers who provide money to acquire these assets are treated uniformly.

11 ICFAs can also be used to solve regional infrastructure issues. In the NWP ICFA, NWP
12 is required to give land to Global for regional infrastructure needs (i.e. WWTP site and water
13 treatment site). The Commission should ensure all developers are treated uniformly, not only in
14 relation to money received under an ICFA, but also as it relates to real estate or any other
15 consideration received by a utility under an ICFA.

16 This Commission has a long standing history of supporting the consolidation of smaller
17 water companies and the regionalization of infrastructure. Not ensuring that entities who provide
18 the funding for these types of activities are treated equal will have a chilling effect on those
19 goals. This docket allows the stakeholders to address this very important issue.

20
21 RESPECTFULLY SUBMITTED this 29th day of October, 2010.



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By 