

**INTERVENTION
ORIGINAL**



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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

DOCKETED

AUG 1 2011

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COMMISSIONERS

GARY PIERCE, Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

2011 AUG -1 P 4: 31

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC. FOR ESTABLISHMENT OF
RATES FOR WATER SERVICE

DOCKET NO. W-02350A-10-0163

IN THE MATTER OF THE APPLICATION OF
ANASAZI WATER CO., LLC FOR
ADJUDICATION "NOT A PUBLIC SERVICE
CORPORATION."

DOCKET NO. W-20765A-10-0432

IN THE MATTER OF THE APPLICATION OF
HYDRO-RESOURCES, INC. FOR
ADJUDICATION "NOT A PUBLIC SERVICE
CORPORATION."

DOCKET NO. W-20770A-10-0473

Application to Intervene by

Squire Motor Inns, Incorporated

and

Conditional Motion for Extension of Time

Pursuant to A.A.C. R14-3-105, Squire Motor Inns, Incorporated ("Squire") respectfully moves to intervene in these consolidated dockets. Squire is "directly and substantially affected by the proceedings" (A.A.C. R14-3-105.A) because: (1) This docket will significantly impact the future of water service in Tusayan; (2) Squire is an essential source for water in Tusayan; (3) Squire has a "Water System Agreement" with Hydro-Resources, Inc. ("Hydro")(one of the applicants in this case), and pursuant to this agreement, Squire sells water to Hydro. Squire is therefore directly and substantially affected by the proceedings. Indeed, as acknowledged in the Direct Testimony of Staff and the Town of Tusayan, Squire's involvement is critical to resolving Tusayan's water issues. Accordingly, Squire should be granted intervention. However, Squire is a new party, and Squire has only recently retained counsel. Thus, if Squire is granted intervention, it would be

1 appropriate to extend the filing dates in this proceeding, and to continue the hearing currently
2 scheduled to begin on September 9, 2011. However, Squire suggests that the September 9 date be
3 preserved to conduct a settlement conference between the parties.

4 Squire's importance to this proceeding is shown in both Staff's and the Town's Direct
5 Testimony. For example, the Engineering Report attached to Mr. Scott's Direct Testimony notes
6 that:

- 7 ● Anasazi has no operating wells, and it relies on hauled water
- 8 ● Hydro relies on two wells, one of which is owned by Squire
- 9 ● Hydro relies on 2.0 MGD of storage from Squire's 3.0 MGD storage tank.

10 (Staff Engineering Report at 1-2). The Engineering Report also notes that "Common ownership of
11 the distribution system facilities is desirable and would allow for improved planning, maintenance
12 and operation of the system...." (Staff Engineering Report at 4). Therefore, Staff recommends
13 that as "a matter of public policy... it is in the best long-term interest of the Town for the Mayor
14 and Council to establish a single municipal water system for the community." (Id.) But Staff
15 notes that Squires' cooperation would be critical to any long-term solution, explaining that "such
16 an effort is not without significant risks, since the assets of HR and Anasazi alone are not sufficient
17 to operate the present municipal system. The assets owned by others as identified in this report
18 are essential to the operations, and need to be addressed and resolved in the long-term for the
19 entire community." (Id.).

20 Likewise, the testimony submitted by Mr. Jones on behalf of the Town of Tusayan shows
21 the importance of Squire's involvement. Mr. Jones's report makes many of the same findings
22 made by Staff. Mr. Jones notes that Hydro's own well is "not adequate to provide service to the
23 Hydro customers without being supplemented by Squire # 1." (Jones Direct, Exhibit B, p. 16).
24 Mr. Jones recommends that the Town "establish a single municipal water system for the
25 community." (Jones Direct at 4). In addition, Mr. Jones explained that "If the Town of Tusayan
26 does not purchase the distribution facilities used, but not owned by Hydro, the Town of Tusayan
27 will need to obtain operating agreements with Squire and other private entities to use the well

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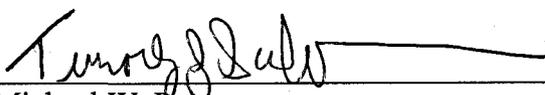
capacity, reservoir storage and water mains in order to be able to operate the system in its present configuration.” (Id. at 5-6).

In addition, Squire has an agreement with Hydro to sell water to Hydro. (See Exhibit A, “Water System Agreement Modification”, dated December 14, 2010). Due to this contractual relationship, Squire has an interest Hydro’s ability to pay for the water, and thus is concerned with the terms and conditions of any Commission regulation of Hydro.

In sum, Squire’s well, mains and storage tank are essential to Hydro’s ability to serve Tusayan. Both Staff and the Town acknowledge the importance of Squire in the direct testimony they submitted. For these reasons, Squire has a direct and substantial interest in the proceedings, and indeed is a critical party. Thus, the Commission should grant intervention to Squire. If Squire is granted intervention, the Commission should also continue the hearing in this case, in order to allow Squire adequate time to prepare. However, Squire suggests that the hearing date be retained for the purposes of a settlement conference between the parties.

RESPECTFULLY SUBMITTED this 19 day of August, 2011.

Roshka DeWulf & Patten, PLC

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1 Original + 13 copies of the foregoing
2 filed this 15th day of August 2011, with:

3 Docket Control
4 ARIZONA CORPORATION COMMISSION
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6 Copies of the foregoing hand-delivered/mailed
7 this 15th day of August 2011, to:

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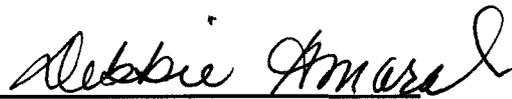
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12 Enrique Ochoa, Town Manager
13 TOWN OF TUSAYAN
14 P.O. Box 709
15 Tusayan, AZ 86023

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Exhibit

"A"

WATER SYSTEM AGREEMENT MODIFICATION

DATE: January 1, 2011

PARTIES: Squire Motor Inns, Inc., a Washington Corporation, dba Best Western Grand Canyon Squire Inn, Post Office Box 130, Grand Canyon, AZ 86023 ("Squire"), and Hydro Resources, Inc., an Arizona Corporation, PO Box 3246, Grand Canyon, AZ 86023 ("Hydro")

RECITALS:

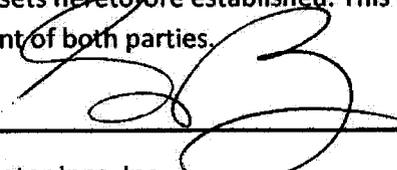
Squire is the owner of land located at Tusayan, AZ, Parcel #502-17-8A on which is located a water well (Squire #1 ADWR #55-523284) developed and owned by Squire for its internal supply of potable water. Squire also owns a 3 million gallon potable storage tank and a supply/delivery line from its well. This tank and line are located on Forest service land under lease agreements with the USDA Forest Service.

Hydro is the owner of a water well located on parcel #502-17-010F (Tusayan #2 ADWR #55-54298), water distribution lines throughout Tusayan, a 525 thousand potable storage tank located on the Forest Service leased parcel next to the Squire tank and a diesel fire pump adjacent to the two potable storage tanks.

Squire Motor Inns, Inc. hereby agrees to provide excess potable water produced from its water well, the use of its water line for the transportation of water from and to the storage tanks and the use of 2 million gallons of storage in its 3 million gallon tank. The current 2011 rate established for the above uses is a rate of \$.01772 per gallon or \$17.72/1000 gallons of water provided by the Squire well. Said rate shall be reviewed annually.

Hydro Resources will reimburse Squire Motor Inns, Inc. monthly for the volume of water produced by the Squire well and transferred to Hydro.

This agreement shall modify the July 18, 2000 Agreement between the Squire and Hydro to define the rate Hydro pays to the Squire for potable water and shall not alter the ownership of any assets heretofore established. This agreement may not be assigned without the mutual agreement of both parties.

Signed: 

Date: 12/14/10

Squire Motor Inns, Inc.



Date: 12-14-2010

Hydro Resources, Inc.