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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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COMMISSIONERS

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

2011 SEP -1 P 3:48  
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

**NOTICE OF FILING  
DIRECT TESTIMONY**

Squire Motor Inns, Incorporated ("Squire") files the Direct Testimony of Greg Bryan.

RESPECTFULLY SUBMITTED this 1<sup>st</sup> day of September, 2011.

Roshka DeWulf & Patten, PLC

By   
Michael W. Patten  
Timothy J. Sabo  
One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004

*Attorneys for Squire Motor Inns, Incorporated*

**ROSHKA DEWULF & PATTEN, PLC**  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1 Original + 13 copies of the foregoing  
2 filed this 1<sup>st</sup> day of September, 2011, with:

3 Docket Control  
4 ARIZONA CORPORATION COMMISSION  
5 1200 West Washington  
6 Phoenix, Arizona 85007

6 Copies of the foregoing hand-delivered/mailed  
7 this 1<sup>st</sup> day of September, 2011, to:

7 Lyn Farmer, Esq.  
8 Chief Administrative Law Judge  
9 Hearing Division  
10 Arizona Corporation Commission  
11 1200 West Washington  
12 Phoenix, Arizona 85007

11 Janice Alward, Esq.  
12 Chief Counsel, Legal Division  
13 Arizona Corporation Commission  
14 1200 West Washington  
15 Phoenix, Arizona 85007

14 Steve Olea  
15 Director, Utilities Division  
16 Arizona Corporation Commission  
17 1200 West Washington  
18 Phoenix, Arizona 85007

17 Russell A. Kolsrud, Esq.  
18 Ryan J. Lorenz, Esq.  
19 CLARK HILL PLC  
20 14850 North Scottsdale Road  
21 Suite 500 Scottsdale, AZ 85254  
22 *Attorneys for Tusayan Water Development Association, Inc.*

21 Garry D. Hays, Esq.  
22 THE LAW OFFICES OF GARRY D. HAYS, PC  
23 1702 East Highland Avenue, Suite 204  
24 Phoenix, AZ 85016  
25 *Attorney for Tusayan Ventures LLC*

24 Paul L. Brinkmann, Esq.  
25 SHORALL MCGOLDRICK BRINKMANN  
26 702 North Beaver  
27 Flagstaff, AZ 86001  
*Attorney for Anasazi Water Co., LLC*

**ROSHKA DEWULF & PATTEN, PLC**  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1 Steven A. Hirsch, Esq.  
2 Rodney W. Ott, Esq.  
3 BRYAN CAVE LLP  
4 Two North Central Avenue, Suite 2200  
5 Phoenix, AZ 85004-4406  
6 *Attorneys for Hydro-Resources, Inc.*

7 William J. Sims III, Esq.  
8 LASOTA & PETERS, PLC  
9 722 East Osborn, Suite 100  
10 Phoenix, AZ 85014  
11 *Attorney for the Town of Tusayan*

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

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

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- BOB STUMP
- SANDRA D. KENNEDY
- PAUL NEWMAN
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DOCKET NO. W-20770A-10-0473

**DIRECT TESTIMONY**

of

**GREG BRYAN**

on behalf of

**SQUIRE MOTOR INNS, INCORPORATED**

September 1, 2011

1 **Q. Please state your name, title, employer, and business address.**

2 A. Greg Bryan, General Manager, Squire Motor Inns, Incorporated (Squire), PO Box 130,  
3 Grand Canyon, AZ 86023. I am also a corporate officer of Squire. In addition, I am the  
4 Mayor of the Town of Tusayan, Arizona (Town), but this testimony is not presented in my  
5 official capacity as Mayor, but solely in my private capacity as General Manager of Squire.

6  
7 **Q. What is the nature of Squire's business?**

8 A. Squire operates a hotel in Tusayan, Arizona primarily serving visitors to the Grand  
9 Canyon.

10  
11 **Q. How does Squire obtain its water?**

12 A. Squire obtains its own water through a well, storage tank and water mains owned by  
13 Squire. Squire does not obtain water from, or rely in any way on the water facilities of, the  
14 Tusayan Water Development Association (TWDA), Hydro-Resources, Inc. (Hydro) or  
15 Anasazi Water Co., LLC (Anasazi). Squire sells excess water from its well to one  
16 customer, Hydro. Hydro also leases a portion of Squire's storage tank.

17  
18 **Q. Why did Squire intervene in this case?**

19 A. For three reasons: (1) This docket will significantly impact the future of water service in  
20 Tusayan; (2) Squire is an essential source for water in Tusayan; (3) Squire has an "Water  
21 System Agreement" with Hydro, and pursuant to this agreement, Squire sells water to  
22 Hydro.

23  
24 **Q. What is the current agreement governing water sales from Squire to Hydro?**

25 A. The "Water System Agreement Modification" between Squire and Hydro, dated December  
26 14, 2010. A copy of this Agreement is included as Attachment 1 to this testimony.

27

1 **Q. Did Staff comment on Squire in Staff's Testimony?**

2 A. Yes. Squire was mentioned in the Staff Engineering Report attached to Mr. Scott's Direct  
3 Testimony. Mr. Scott's Report notes that:

- 4 • Anasazi has no operating wells, and it relies on hauled water;
- 5 • Hydro relies on two wells, one of which is owned by Squire; and
- 6 • Hyrdo relies on 2.0 MGD of storage from Squire's 3.0 MGD storage tank.

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

18  
19 **Q. Do you agree with the above-quoted remarks of Staff witness Mr. Scott?**

20 A. Yes.

21  
22 **Q. Did Mr. Jones (the witness for the Town) make similar comments?**

23 A. Yes. Mr. Jones's report makes many of the same findings made by Staff. Mr. Jones notes  
24 that Hydro's own well is "not adequate to provide service to the Hydro customers without  
25 being supplemented by Squire # 1." (Jones Direct, Exhibit B, p. 16). Mr. Jones  
26 recommends that the Town "establish a single municipal water system for the community."  
27 (Jones Direct at 4). In addition, Mr. Jones explained that "If the Town of Tusayan does not

1 purchase the distribution facilities used, but not owned by Hydro, the Town of Tusayan  
2 will need to obtain operating agreements with Squire and other private entities to use the  
3 well capacity, reservoir storage and water mains in order to be able to operate the system in  
4 its present configuration.” (Id. at 5-6).

5  
6 **Q. Do you agree with the above-quoted remarks of the Town’s witness Mr. Jones?**

7 A. Yes.

8  
9 **Q. Did Hydro’s witness Mr. Rueter also discuss Squire?**

10 A. Yes. Mr. Rueter testifies that “[t]he involvement of Squire is central to any long term  
11 solution of water related issues in the Tusayan area. Any decision by the Commission  
12 would impact Squire to some degree because Hydro relies on Squire’s assets to provide  
13 water service. Likewise, any decision by the Town to establish a municipal water service  
14 would affect Squire.” (Rebuttal Testimony of John W. Reuter at p. 4).

15  
16 **Q. Do you agree with these statements by Mr. Rueter?**

17 A. Yes.

18  
19 **Q. Did Ms. Fain’s testimony for Anasazi discuss Squire?**

20 A. No.

21  
22 **Q. Did TWDA’s testimony discuss Squire?**

23 A. No.

24  
25 **Q. Please comment on the water issues facing Tusayan.**

26 A. Water service in Tusayan is fragmented, with TWDA acting as the water utility and billing  
27 agent, and Hydro and Anasazi owning and operating water facilities. In addition, as noted

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above, Squire provides an important source of water and storage to Hydro. Mr. Scott (for Staff), Mr. Jones (for the Town), and Mr. Reuter (for Hydro) have all stated in testimony that the best solution is for Town to establish a single municipal water system. I agree; a single municipal water system is clearly the best solution. Ideally, the system should be owned and operated by the Town. However, if the Town will not be ready to proceed in the near future, as an interim measure Hydro could establish a single potable water system. To do so, Hydro would have to reach an agreement with Anasazi to acquire any needed facilities from Anasazi. In addition, Anasazi and TWDA would have to cease operations and relinquish any service rights, if any.

**Q. Does Squire take a position regarding whether Hydro, Anasazi or TWDA are “public service corporations”?**

A. No, we are not taking a position on that issue. However, I will comment that to the extent the Commission asserts jurisdiction over Hydro, the Commission should ensure that Hydro has adequate rates to meet its obligations, including Hydro’s obligation to pay for the water it purchases from Squire and the storage Hydro leases from Squire.

**Q. Does this conclude your prepared testimony?**

A. Yes.

# Attachment

"1"

## 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:

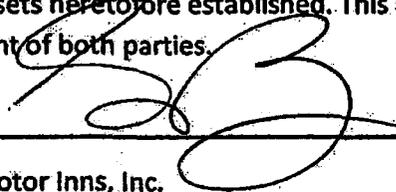
Squire is the owner of land located at Tusayan, AZ, Parcel #502-17-8A on which is located a water well (Squire #1 ADWR #55-523284) developed and owned by Squire for its internal supply of potable water. Squire also owns a 3 million gallon potable storage tank and a supply/delivery line from its well.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