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BEFORE THE ARIZONA CORPORATION COMMISSION
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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF)
 GOODMAN WATER COMPANY, AN ARIZONA)
 CORPORATION, FOR (i) A DETERMINATION)
 OF THE FAIR VALUE OF ITS UTILITY PLANT)
 AND PROPERTY AND (ii) AN INCREASE IN)
 ITS WATER RATES AND CHARGES FOR)
UTILITY SERVICE BASED THEREON.)

DOCKET NO: W-02500A-10-0382

NOTICE OF SUBMITTAL OF
SETTLEMENT AGREEMENT
TESTIMONY BY AN
INTERVENOR

By means of this filing, Lawrence Wawrzyniak hereby is submitting copies of Testimony in support of the Settlement Agreement in the above referenced matter

RESPECTFULLY SUBMITTED this 4th day of October, 2011.

Lawrence Wawrzyniak

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ORIGINAL and Thirteen (13) copies of the foregoing to be Filed the 4th day of October, 2011 with Docket Control.

Docket Control
 Arizona Corporation Commission
 1200 West Washington Street
 Phoenix, AZ 85007

1 A copy of the foregoing Notice will be emailed or mailed this same date:

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AZ CORP COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

**IN THE MATTER OF THE
APPLICATION OF GOODMAN WATER
CORPORATION, FOR (i) A
DETERMINATION OF THE FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND (ii) AN INCREASE IN
ITS WATER RATES AND CHARGES
FOR UTILITY SERVICE BASED
THEREON.**

DOCKET NO: W-02500A-10-0382

**DIRECT TESTIMONY IN SUPPORT OF
SETTLEMENT AGREEMENT**

From

Lawrence Wawrzyniak

(RATE BASE, INCOME STATEMENT AND RATE DESIGN)

October 4, 2011

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I. INTRODUCTION, QUALIFICATIONS AND PURPOSE

Q1. PLEASE STATE YOUR NAME AND ADDRESS.

A1. My name is Lawrence Wawrzyniak. My home address is 39485 S. Mountain Shadow Dr. Tucson, AZ 85739

Q2. DO YOU LIVE IN THE EAGLE CREST RANCH SUBDIVISION?

A2. Yes

Q3. WHAT IS THE PURPOSE OF THIS TESTIMONY?

A3. The purpose of this testimony is to support the settlement agreement between Goodman Water Company, the Residential Utility Consumer Office (RUCO) and Intervenors Lawrence Wawrzyniak and James Schoemperlen.

Q4. PLEASE TELL US WHY YOU ARE SUPPORTING THIS AGREEMENT.

A4. This Rate Case's basic issues revolve around the final build out of the Goodman Water Company's (GWC) plant to support the entire planned community of both Homes and Commercial Business. GWC is the sole provider of water to Eagle Crest Ranch and other than the commercial property; they have no other source of new customers. It has been testified by GWC that they have capacity to support 1,327 connections; 959 homes and 368 equivalent commercial connections. The ACC Staff has testified that their calculations show GWC can support 933 connections. Based on their five year forecast of 875 connections, they have determined that almost all of GWC's plant is used and useful. They elected to exclude

sections of future underground hook up pipes devoted mostly to the commercial property. The issue that there will be approximately 700 connections by year end 2011 leaves open the concern over $1,327 - 700 = 627$ available connections. What happened was, the economy stopped and what may have been a reasonable business decision at one point became a questionable business decision. If the development had built out during the time from the last Rate Case in 2006, GWC would be earning more than sufficient revenue to meet the original ACC approved business plan. GWC's willingness to freeze the Fair Value Rate Base at today's current values helps to remove the tension over the business decision altogether.

The Owners of GWC are the Owners of EC Development, the developers of Eagle Crest Ranch and prior business partners with DR Horton the major Builder of the development. There is inherent distrust among the ratepayers towards the Owners as the ratepayers felt deceived when they purchased their homes because of the many hats the GWC Owners were wearing.

Friction is also generated from the rules used by the ACC Staff that if you can use pre-built plant within five years it is ok for ratepayers to pay for it now. With the economy stalled, the only gleaming hope for improvement is time.

Our community is already hampered by the high water rates compared to surrounding communities. To experience the sudden and sharp increase in rates as originally requested by GWC and slightly modified by the ACC Staff would trigger immediate hate and resentment by the ratepayers. This could result in both radical and potential harmful counter reactions that may lead to a boycott of any future home sales or attempts to further develop Eagle Crest Ranch. The ripple effect on water costs to support the community's common areas would put added pressure on HOA Assessments, again that could lead to adverse reactions (i.e. Turn off the park water and let the land return to a natural environment).

The Owners of GWC have come forward to recognize that a total win at this time would really be nothing more than a loss. From an Intervenor's perspective, it's like battling cancer. Do nothing and you're sure to die or seek therapy, prolong death and hope for a remission and maybe a cure. I would tend to seek therapy and hope for a better tomorrow. Perhaps a miracle would happen, but miracles are risky at best. Unless we attempt to work together there will be no progress. This settlement is a negotiation of likes and dislikes. Some wish the Water Plant to magically transform itself to a lesser state. Some wish it to go away entirely and be rescued by another suitor. Others wish for a smooth transition that doesn't create a shock to the quality of life. We are stuck with property values hindered by the cost of water and a depressed economy. The prospect of still higher costs a tough pill to accept. GWC has stepped up to adsorb the Legal Costs and provide a reasonable time delay to allow the community to grow. The phase in of an increase without recovery of interest helps to lessen the impact while compensating GWC for some the plant being used since the last rate case but short of the plant built for the future. The Owners of GWC also want to put forth a willingness to work together going forward and put the adversarial attitudes aside. This will help towards mending the community relationships.

I support this settlement with guarded reservation based on a better tomorrow that will protect this community from implosion while the economy tries to repair itself. This Settlement provides the foundation for resuming the debate over the same issues raised in this rate case should the future not improve as hoped. However, if the relations between the GWC and the Ratepayers improve as promised, the future may prove to be more hospitable, regardless of the outcome.