

ORIGINAL



0000131657

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

2011 NOV 10 P 3:18

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

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION
OF ARIZONA-AMERICAN WATER
COMPANY, AN ARIZONA CORPORATION,
FOR A DETERMINATION OF THE
CURRENT VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR INCREASES IN
ITS RATES AND CHARGES BASED
THEREON FOR UTILITY SERVICE BY ITS
ANTHEM WATER DISTRICT AND ITS SUN
CITY WATER DISTRICT, AND POSSIBLE
RATE CONSOLIDATION FOR ALL OF
ARIZONA AMERICAN WATER
COMPANY'S DISTRICTS.

DOCKET NO. W-01303A-09-0343

IN THE MATTER OF THE APPLICATION
OF ARIZONA-AMERICAN WATER
COMPANY, AN ARIZONA CORPORATION,
FOR A DETERMINATION OF THE
CURRENT VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR INCREASES IN
ITS RATES AND CHARGES BASED
THEREON FOR UTILITY SERVICE BY ITS
ANTHEM/AGUA FRIA WASTEWATER
DISTRICT AND ITS SUN CITY WEST
WASTERWATER DISTRICT, AND
POSSIBLE RATE CONSOLIDATION FOR
ALL OF ARIZONA AMERICAN WATER
COMPANY'S DISTRICTS.

DOCKET NO. SW-01303A-09-0343

NOTICE OF FILING WITNESS
TESTIMONY SUMMARY ON
BEHALF OF CORTE BELLA
COUNTRY CLUB ASSOCIATION,
INC.

Arizona Corporation Commission

DOCKETED

NOV 19 2011

DOCKETED BY [Signature]

mcw
Mack, Drucker & Watson
Attorneys at Law
3200 North Central Avenue, Suite 1200
Phoenix, Arizona 85012
602/778-9500

MDW
Mack Drucker & Watson
Attorneys at Law
3200 North Central Avenue, Suite 1200
Phoenix, Arizona 85012
602/778-9900

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Corte Bella Country Club Association, Inc. (hereinafter, "Corte Bella"), by and through undersigned counsel, hereby provides its Witness Testimony Summary of Robert E. Rials.

DATED this 10th day of November 2011.

MACK DRUCKER & WATSON, P.L.C.



Troy B. Stratman, Esq.
3200 North Central Avenue, Suite 1200
Phoenix, Arizona 85012
Attorney for Intervenor Corte Bella Country Club Association, Inc.

ORIGINAL and 13 copies filed this 10th day of November, 2011, with:

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

COPY of the foregoing hand delivered this 10th day of November, 2011, to:

Honorable Gary Pierce
Chairman
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Honorable Paul Newman
Commissioner
Arizona Corporation Commission
1200 West Washington

MDW
Mack drucker & watson
Attorneys at Law
3200 North Central Avenue, Suite 1200
Phoenix, Arizona 85012
602/778-9900

- 1 Phoenix, Arizona 85007
- 2 Honorable Brenda Burns
- 3 Commissioner
- 4 Arizona Corporation Commission
- 5 1200 West Washington
- 6 Phoenix, Arizona 85007
- 7 Honorable Sandra D. Kennedy
- 8 Commissioner
- 9 Arizona Corporation Commission
- 10 1200 West Washington
- 11 Phoenix, Arizona 85007
- 12 Honorable Bob Stump
- 13 Commissioner
- 14 Arizona Corporation Commission
- 15 1200 West Washington
- 16 Phoenix, Arizona 85007
- 17 John LeSueur
- 18 Policy Advisor to Chairman Pierce
- 19 Arizona Corporation Commission
- 20 1200 West Washington
- 21 Phoenix, Arizona 85007
- 22 Cristina Arzaga-Williams
- 23 Policy Advisor to Commissioner Kennedy
- 24 Arizona Corporation Commission
- 25 1200 West Washington
- 26 Phoenix, Arizona 85007
- 27 Amanda Ho
- 28 Policy Advisor to Commissioner Stump
- Arizona Corporation Commission
- 1200 West Washington
- Phoenix, Arizona 85007
- Teena Jibilian
- Administrative Law Judge
- Arizona Corporation Commission
- 1200 West Washington

MDW
Mack drucker & watson
Attorneys at Law
3200 North Central Avenue, Suite 1200
Phoenix, Arizona 85012
602/778-9900

- 1 Phoenix, Arizona 85007
- 2 Nancy LaPlaca
3 Policy Advisor to Commissioner Newman
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, Arizona 85007
- 7 Thomas Galvin
8 Policy Advisor to Commissioner Burns
9 Arizona Corporation Commission
10 1200 West Washington
11 Phoenix, Arizona 85007
- 12 **COPIES** of the foregoing mailed
13 this 10th day of November 2011 to:
- 14 Steve Olea, Director
15 Utilities Division
16 Arizona Corporation Commission
17 1200 W. Washington St.
18 Phoenix, Arizona 85007
- 19 Daniel W. Pozefsky, Chief Counsel
20 Residential Utility Consumer Office
21 1110 W. Washington St., Suite 220
22 Phoenix, Arizona 85007
- 23 Greg Patterson
24 Water Utility Association of Arizona
25 916 W. Adams, Suite 3
26 Phoenix, Arizona 85007
- 27 Judith M. Dworkin
28 Roxanne S. Gallagher
Sacks Tierney P A
4250 N. Drinkwater Blvd, Fourth Floor
Scottsdale, Arizona 85251-3693
- Jeff Crockett
Robert Metli
Snell & Wilmer

- 1 400 E. Van Buren St.
Phoenix, Arizona 85004-2202
- 2
- 3 Andrew M. Miller, Town Attorney
Town of Paradise Valley
- 4 6401 E. Lincoln Dr.
Paradise Valley, Arizona 85253
- 5
- 6 Maureen Scott
- 7 Robin Mitchell
Legal Division
- 8 Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007
- 9
- 10
- 11 Craig A. Marks
Craig A. Marks, PLC
10645 N. Tatum Blvd., Suite 200-676
Phoenix, Arizona 85028
Attorney for Arizona-American Water Co.
- 12
- 13
- 14
- 15 Joan S. Burke
Law Office of Joan S. Burke
1650 N. First Ave.
Phoenix, Arizona 85003
- 16
- 17
- 18 Lawrence V. Robertson, Jr.
19 P.O. Box 1448
Tubac, Arizona 85646-1448
- 20
- 21 Bradley J. Herrema
Robert J. Saperstein
Brownstein Hyatt Farber Schreck, LLP
22 21 E. Carillo St.
Santa Barbara, CA 83101
- 23
- 24
- 25 W.R. Hansen
12302 W. Swallow Drive
26 Sun City West, Arizona 85375
- 27
- 28 Thomas M. Broderick
Arizona-American Water Company

MDW
Mack drucker & watson
Attorneys at Law
3200 North Central Avenue, Suite 1200
Phoenix, Arizona 85012
602/778-9500

- 1 2355 W. Pinnacle Peak Rd., Suite 300
2 Phoenix, Arizona 85027
- 3 Sun City Grand Community Assoc.
4 Palm Center
5 19726 N. Remington Dr.
6 Surprise, Arizona 85374
- 7 Larry Woods
8 Property Owners and Residents Assoc.
9 13815 E. Camino Del Sol
10 Sun City West, Arizona 85735-4409
- 11 Pauline A. Harris Henry
12 Russell Ranch Homeowners Assoc., Inc.
13 21448 N. 75th Avenue, Suite 6
14 Glendale, Arizona 85308
- 15 Larry D. Woods
16 15141 W. Horseman Lane
17 Sun City West, Arizona 85375
- 18 Jay Shapiro
19 Patrick Black
20 Fennemore Craig, P.C.
21 3003 North Central Avenue, Suite 2600
22 Phoenix, Arizona 85012
- 23 Philip H. Cook
24 10122 W. Signal Butte Circle
25 Sun City, Arizona 85373
- 26 Desi Howe
27 Anthem Golf & Country Club
28 2708 W. Anthem Club Dr.
Anthem, Arizona 85086
- Gary Verburg, City Attorney
Daniel L. Brown, Asst. City Attorney
City of Phoenix
200 W. Washington, Suite 1300
Phoenix, AZ 85003

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Jason D. Gellman
Roshka, DeWulf & Patten, PLC
400 E. Van Buren St., Suite 800
Phoenix, AZ 85004

Frederick Botha
23024 N. Giovota Drive
Sun City West, Arizona 85735

[Handwritten signature]

mdw
Mack drucker & watson
Attorneys at Law
3200 North Central Avenue, Suite 1200
Phoenix, Arizona 85012
602/778-9900

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Arizona-American Water Company
Docket Nos. W-01303A-09-0343 and SW-01303A-09-0343
Proposed Deconsolidation – Anthem/Agua Fria Wastewater District

Summary of Testimony of Robert Rials
on behalf of Corte Bella Country Club Association, Inc.

Mr. Rials is the President of the Board of Directors for Corte Bella Country Club Association, Inc. (“Corte Bella”). Corte Bella is an age-restricted community (55 +) that is completely built-out at 1,650 homes. Corte Bella is located within the Anthem / Agua Fria Wastewater District and receives all of its water and wastewater services from Arizona-American.

Mr. Rials describes Corte Bella’s concerns regarding the proposed deconsolidation of the Anthem / Agua Fria Wastewater District and, more specifically, the severe financial impact that a 139.7% increase in wastewater rates will have upon Corte Bella residents. A vast majority of Corte Bella residents are retirees on fixed and/or reduced incomes.

Mr. Rials and Corte Bella oppose the deconsolidation of the Anthem / Agua Fria Wastewater District. Deconsolidation will result in a 139.7% increase in wastewater rates over the test year rates, and 59.39% (on average) increase over *current* rates (in addition to the approximate 54.0% increase in rates Corte Bella residents already experienced). Corte Bella residents also face a proposed 82.9% increase in water rates as part of Docket No. W-01303A-10-0448. Corte Bella residents will experience rate shock if deconsolidation is approved.

Mr. Rials testifies that it’s unfair to Corte Bella residents (as well as other residents of Agua Fria) to deconsolidate this District after ten (10) years – especially when deconsolidation will produce such a disparate result. The benefit to Anthem is greatly outweighed by the severe financial impact of a 139.7% increase in wastewater rates on the remaining customers in the Agua Fria District.

Significantly, Anthem Community Council (“Anthem”) originally supported consolidation for several reasons and noted the many benefits consolidation offers. Deconsolidation is completely inapposite to Anthem’s primary position in the rate case. Staff and Arizona American did not advocate for deconsolidation, which will increase regulatory expense associated with rate case and tariff administration.

Mr. Rials also provides Surrebuttal Testimony stating that even under Anthem’s “revenue transition” proposal, Corte Bella residents will still experience unjust rate increases (an approximate 60% increase over three years *on top of* a 54% rate increase). Mr. Rials notes that all four service areas in the Anthem / Agua Fria Wastewater District

1 are not physically connected, but that systems need not be interconnected for rates to be
2 consolidated. Further, there is no way to determine whether or how much Agua Fria
3 customers have subsidized Anthem customers over the past ten (10) years. Anthem fails to
4 acknowledge any prior benefits it received while being part of a consolidated district.

5 Mr. Rials and Corte Bella believe the Commission should leave the Anthem / Agua
6 Fria Wastewater District intact and maintain the rates set forth in Decision No. 72047.
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

MDW
Mack drucker & watson
Attorneys at Law
3200 North Central Avenue, Suite 1200
Phoenix, Arizona 85012
602/778-9900