

Joan S. Burke, 013687  
LAW OFFICE OF JOAN S. BURKE, P.C.  
1650 N. First Avenue  
Phoenix, Arizona 85003  
(602) 535-0396  
[joan@jsburkelaw.com](mailto:joan@jsburkelaw.com)

ORIGINAL



0000132930

RECEIVED

2011 DEC 15 A 11: 33

Attorney for Mashie, LLC dba Corte Bella Golf Club

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

DEC 15 2011

DOCKETED BY

IN THE MATTER OF THE APPLICATION  
OF ARIZONA-AMERICAN WATER  
COMPANY, AN ARIZONA  
CORPORATION, FOR A DETERMINATION  
OF THE CURRENT FAIR VALUE OF ITS  
UTILITY PLANT AND PROPERTY AND  
FOR INCREASES IN ITS RATES AND  
CHARGES BASED THEREON FOR  
UTILITY SERVICE BY ITS AQUA FRIA  
WATER DISTRICT, HAVASU WATER

DOCKET NO. W-01303A-10-0448

**NOTICE OF FILING TESTIMONY IN SUPPORT OF SETTLEMENT**

**OF MR. GORDON W. D. PETRIE**

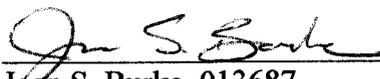
**ON BEHALF OF**

**CORTE BELLA GOLF CLUB**

Mashie, LLC an Arizona limited liability company doing business as Corte Belle Golf Club ("Corte Bella"), hereby files the attached Testimony of Gordon W. D. Petrie in support of the Settlement Agreement filed on this same date.

RESPECTFULLY SUBMITTED this 15<sup>th</sup> day of December, 2011.

By:

  
Joan S. Burke, 013687  
LAW OFFICE OF JOAN S. BURKE, P.C.  
1650 North First Avenue  
Phoenix, Arizona 85003  
Telephone: (602) 535-0396  
[Joan@jsburkelaw.com](mailto:Joan@jsburkelaw.com)  
Electronic Service Preferred (ESP)  
Attorney for Mashie, LLC  
dba Corte Bella Golf Course

**ORIGINAL** and thirteen (13) copies of the foregoing  
filed this 15<sup>th</sup> day of December, 2011 with:

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

**COPY** hand-delivered  
this 15<sup>th</sup> day of December, 2011 to:

Dwight D. Nodes  
Asst. Chief Administrative Law Judge  
Hearing Division  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, Arizona 85007-2927

**COPY** mailed and distributed by email  
this 15<sup>th</sup> day of December, 2011 to:

Thomas H. Campbell  
Michael T. Hallam  
LEWIS AND ROCA LLP  
40 North Central Avenue  
Phoenix, AZ 85004

Michelle Wood, Esq.  
RUCO  
1110 West Washington Street, Suite 220  
Phoenix, AZ 85007

Greg Patterson, Director  
Water Utility Association of Arizona  
916 West Adams, Suite 3  
Phoenix, AZ 85007

Jay L. Shapiro  
Patrick J. Black  
Fennemore Craig, P.C.  
3003 N. Central Ave., Suite 2600  
Phoenix, AZ 85012

Curtis S. Ekmark  
Ekmark & Ekmark, LLC  
6720 North Scottsdale Road, Suite 261  
Scottsdale, AZ 85253

Michael D. Bailey  
James Gruber  
City of Surprise  
16000 N. Civic Center Plaza  
Surprise, Arizona 85374

Scott T. Waterhouse  
18550 W. Kolina Lane  
Waddell, AZ 85255

Mike Albertson  
6634 N. 176th Ave.  
Waddell, Arizona 85355

William and Erin Parr  
18044 W. Georgia Ct.  
Litchfield Park, Arizona 85034

Jared Evenson  
Cross River Homeowners Association  
1600 W. Broadway Rd., Ste. 200  
Tempe, Arizona 85282

Brian O'Neal  
21373 W. Brittle Bush Ln.  
Buckeye, Arizona 85396

Timothy L. & Cindy J. Duffy  
19997 N. Half Moon Drive  
Surprise, AZ 85374

Peter and Rochanne Corpus  
8425 N. 181<sup>st</sup> Drive  
Waddell, AZ 85355

Michele L. Van Quathem  
Ryley Carlock & Applewhite, P.A.  
One North Central Avenue, Suite 1200  
Phoenix, AZ 85004-4417

Garry D. Hays, Esq.  
1702 E. Highland Ave., Suite 204  
Phoenix, Arizona 85016

Mike Smith  
Sierra Montana Homeowners Assoc.  
c/o Rossmar & Graham  
15396 N. 83rd Ave., Bldg. B., #101  
Peoria, Arizona 85381

Kenneth Hewitt  
18729 North Palermo Court  
Surprise, AZ 85387

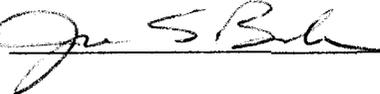
Sharon Wolcott  
20117 N. Painted Cove Ln.  
Surprise, Arizona 85387

Thomas and Laurie Decatur  
924 Torridon Ct.  
Pickerington, Ohio 43147

Craig & Nancy Plummer  
17174 W. Saguaro Ln.  
Surprise, Arizona 85388

Frederick G. and Mary L. Botha  
23024 N. Giovota Drive  
Sun City West, AZ 85375

Craig and Nancy Plummer  
17174 W. Saguaro Lane  
Surprise, AZ 85388

By: 

Joan S. Burke, 013687  
LAW OFFICE OF JOAN S. BURKE, P.C.  
1650 N. First Avenue  
Phoenix, Arizona 85003  
(602) 535-0396  
[joan@jsburkelaw.com](mailto:joan@jsburkelaw.com)

Attorney for Mashie, LLC dba Corte Bella Golf Club

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF  
ARIZONA-AMERICAN WATER COMPANY,  
AN ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE CURRENT FAIR  
VALUE OF ITS UTILITY PLANT AND  
PROPERTY AND FOR INCREASES IN ITS  
RATES AND CHARGES BASED THEREON  
FOR UTILITY SERVICE BY ITS AQUA FRIA  
WATER DISTRICT, HAVASU WATER  
DISTRICT, AND MOHAVE WATER DISTRICT

DOCKET NO. W-01303A-10-0448

**TESTIMONY IN SUPPORT OF  
SETTLEMENT AGREEMENT  
OF  
MR. GORDON W. D. PETRIE  
ON BEHALF OF  
CORTE BELLA GOLF CLUB  
December 15, 2011**

1       **I.       IDENTIFICATION OF WITNESS**

2       **Q.       PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3       A.       My name is Gordon W. D. Petrie. My business address is 10601 East 56<sup>th</sup> Street  
4               Scottsdale, AZ 85254.

5       **Q.       BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6       A.       I am employed by the Scottsdale Golf Group as President and Chief Financial  
7               Officer and I serve as the President of Mashie, LLC. In this capacity, I am  
8               responsible for financial reporting, legal, tax, risk management and human  
9               resources oversight, strategic planning, acquisitions, and day-to-day operations  
10              for Mashie, LLC.

11      **Q.       ARE YOU THE SAME GORDON W. D. PETRIE WHO FILED DIRECT**  
12              **TESTIMONY ON JUNE 27, 2011, IN THIS PROCEEDING?**

13      A.       Yes, I am.

14

15      **II.       PURPOSE OF TESTIMONY**

16      **Q.       WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

17      A.       I am offering this testimony on behalf of Corte Bella Golf Club (“Corte Bella”) in  
18              support of the Settlement Agreement to be filed on this same date in Docket No.  
19              W-01303A-10-0448) (“Settlement Agreement”). My testimony will describe how  
20              settlement was reached by Corte Bella and Arizona American Water Company  
21              (“Arizona-American”), explain why the rate arrived at for non-potable irrigation  
22              water used by Corte Bella is fair, and express Corte Bella’s support for the  
23              Settlement Agreement.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20

**Q. WAS THE NEGOTIATION PROCESS FAIR AND TRANSPARENT?**

A. All intervenors, including Corte Bella, were given notice of settlement discussions and were also given notice of meetings held for purposes discussing whether settlement negotiations might be useful. Attorneys for Arizona American were available and responsive when Corte Bella inquired about status, meetings and substantive decisions.

**Q. WHAT WAS THE POSTION OF CORTE BELLA ON THE APPROPRIATE NON-POTABLE WATER RATE FOR CORTE BELLA WHEN SETTLEMENT DISCUSSIONS WERE INITIATED?**

A. Corte Bella Golf Club asked, in my Direct Testimony, for the rate it pays for water – recovered from single use wells that are unassociated with the Arizona-American water system – to be reduced to \$.77 per 1,000 gallons (\$250.00 per acre foot). The circumstances surrounding use of water at Corte Bella are unique: The wells were given to Arizona-American for purposes of serving the golf course; no distribution system was built by Arizona-American; Arizona-American has a separate contractual obligation to supply the course; and the course must use water that is characterized as “recovered” water, not groundwater. The current rate of \$1.24 per 1,000 gallons (\$414 per acre foot) was set in June 2010,<sup>1</sup> through an emergency proceeding to reduce an unsustainable rate of \$2.72 per 1,000

---

<sup>1</sup> Order issued in Docket SW-01303A-08-0227 (June 17, 2010).

1 gallons (\$889 per acre foot).<sup>2</sup> Prior to December 2009, Corte Bella's paid \$.62  
2 per 1,000 gallons (\$202 per acre foot). The rate Corte Bella proposed in this  
3 proceeding (\$.77 rate per 1,000 gallons (\$250 per acre foot)) was a 25% increase  
4 over the rate Corte Bella had paid for years.

5 **Q. HOW DOES THE SETTLEMENT RATE COMPARE TO THE RATE**  
6 **SOUGHT BY CORTE BELLA?**

7 **A.** The Settlement Agreement sets a non-potable irrigation rate for Corte Bella of  
8 \$.92 per 1,000 gallons (\$300 per acre foot) ("Settlement Rate). The Settlement  
9 Rate is almost 50% higher than the rate Corte Bella had paid before the enormous  
10 inadvertent rate increase in early 2010. In this case, Arizona American sought to  
11 apply a rate of \$1.34 (untreated groundwater) to the non-potable water used by  
12 Corte Bella, however, Arizona American's untreated surface water rate of \$1.09  
13 per 1,000 gallons would be the rate most applicable to Corte Bella water use. By  
14 prior contractual arrangement, Corte Bella water must be categorized as  
15 renewable water (such as untreated surface water) by Arizona American. As  
16 mentioned above, Corte Bella Golf Club proposed a rate of \$.77 per 1,000 gallons  
17 in this case. The Settlement Rate is roughly in the middle of the spectrum of  
18 proposed rates.

19  
20  
21  

---

<sup>2</sup> Decision No. 71410 (Dec. 8, 2009) (a potable water rate appeared to be mistakenly assigned to Corte Bella in the prior rate case).

1

2 **II. CORTE BELLA'S POSITION ON THE SETTLEMENT AGREEMENT**

3

4 **Q. IS SETTLEMENT RATE FAIR AND REASONABLE?**

5

6

7

8

9

10

A. Yes. From Corte Bella's perspective, the Settlement Rate resulted from a fair compromise by both Arizona American and Corte Bella on this issue in this particular case. The value of the Settlement Agreement includes the avoided costs of additional hearing days, post-hearing briefing, further litigation and future rate uncertainty for Corte Bella. Corte Bella supports the Settlement Agreement and requests that the Commission approve the Agreement.

11

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12

A. Yes, it does.