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9 Cobblestone Farms Homeowners Association  
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11 Desert Passage Community Association  
12 Glennwilde Homeowners' Association  
13 Homestead North Homeowners' Association  
14 Maricopa Meadows Homeowners Association  
15 Province Community Association  
16 Rancho El Dorado Homeowners Association  
17 Rancho El Dorado Phase III Homeowners Association  
18 Rancho Mirage Master Planned Community  
19 Homeowners Association  
20 Senita Community Association  
21 Sorrento Community Master Association

15 **BEFORE THE ARIZONA CORPORATION COMMISSION**

16 COMMISSIONERS

17 BOB STUMP, Chairman  
18 GARY PIERCE  
19 BRENDA BURNS  
20 BOB BURNS  
21 SUSAN BITTER SMITH

20 THE MATTER OF THE APPLICATION OF  
21 VALENCIA WATER COMPANY - TOWN  
22 DIVISION FOR THE ESTABLISHMENT OF  
23 JUST AND REASONABLE RATES AND  
24 CHARGES FOR UTILITY SERVICE  
25 DESIGNED TO REALIZE A REASONABLE  
26 RATE OF RETURN ON THE FAIR VALUE  
OF ITS PROPERTY THROUGHOUT THE  
STATE OF ARIZONA

Docket No. W-01212A-12-0309

**NOTICE OF FILING MARICOPA  
AREA HOMEOWNERS  
ASSOCIATIONS' DIRECT  
TESTIMONY (INCLUDING RATE  
DESIGN)**

1 THE MATTER OF THE APPLICATION OF  
2 GLOBAL WATER-PALO VERDE UTILITIES  
3 COMPANY FOR THE ESTABLISHMENT OF  
4 JUST AND REASONABLE RATES AND  
5 CHARGES FOR UTILITY SERVICE  
6 DESIGNED TO REALIZE A REASONABLE  
7 RATE OF RETURN ON THE FAIR VALUE  
8 OF ITS PROPERTY THROUGHOUT THE  
9 STATE OF ARIZONA

Docket No. SW-20445A-12-0310

7 THE MATTER OF THE APPLICATION OF  
8 WATER UTILITY OF NORTHERN  
9 SCOTTSDALE, INC. FOR A RATE  
10 INCREASE

Docket No. W-03720A-12-0311

9 THE MATTER OF THE APPLICATION OF  
10 WATER UTILITY OF GREATER TONOPAH  
11 FOR THE ESTABLISHMENT OF JUST AND  
12 REASONABLE RATES AND CHARGES FOR  
13 UTILITY SERVICE DESIGNED TO REALIZE  
14 A REASONABLE RATE OF RETURN ON  
15 THE FAIR VALUE OF ITS PROPERTY  
16 THROUGHOUT THE STATE OF ARIZONA

Docket No. W-02450A-12-0312

14 THE MATTER OF THE APPLICATION OF  
15 VALENCIA WATER COMPANY – GREATER  
16 BUCKEYE DIVISION FOR THE  
17 ESTABLISHMENT OF JUST AND  
18 REASONABLE RATES AND CHARGES FOR  
19 UTILITY SERVICE DESIGNED TO REALIZE  
20 A REASONABLE RATE OF RETURN ON  
21 THE FAIR VALUE OF ITS PROPERTY  
22 THROUGHOUT THE STATE OF ARIZONA

Docket No. W-02451A-12-0313

19 THE MATTER OF THE APPLICATION OF  
20 GLOBAL WATER-SANTA CRUZ WATER  
21 COMPANY FOR THE ESTABLISHMENT OF  
22 JUST AND REASONABLE RATES AND  
23 CHARGES FOR UTILITY SERVICE  
24 DESIGNED TO REALIZE A REASONABLE  
25 RATE OF RETURN ON THE FAIR VALUE  
26 OF ITS PROPERTY THROUGHOUT THE  
STATE OF ARIZONA

Docket No. W-20446A-12-0314

1 THE MATTER OF THE APPLICATION OF  
2 WILLOW VALLEY WATER COMPANY FOR  
3 THE ESTABLISHMENT OF JUST AND  
4 REASONABLE RATES AND CHARGES FOR  
5 UTILITY SERVICE DESIGNED TO REALIZE  
6 A REASONABLE RATE OF RETURN ON  
7 THE FAIR VALUE OF ITS PROPERTY  
8 THROUGHOUT THE STATE OF ARIZONA

Docket No. W-01732A-12-0315

9 The following Maricopa Area Homeowners' Associations with this pleading file their  
10 Direct Testimony regarding rate design issues:

11 Acacia Crossings Homeowners Association  
12 Alterra Homeowners Association  
13 Cobblestone Farms Homeowners Association  
14 Desert Cedars Homeowners Association  
15 Desert Passage Community Association  
16 Glennwilde Homeowners' Association  
17 Homestead North Homeowners Association  
18 Maricopa Meadows Homeowners Association  
19 Province Community Association  
20 Rancho El Dorado Homeowners Association  
21 Rancho El Dorado Phase III Homeowners Association  
22 Rancho Mirage Master Planned Community Homeowners Association  
23 Senita Community Association  
24 Sorrento Community Master Association

25 Direct Testimony is filed for the following witnesses:

26 Brian Quillen  
Eric Schmidt  
Ken Edwards



1 COPY of the foregoing mailed this  
2 8<sup>th</sup> day of July, 2013, to:

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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 BOB STUMP, Chairman  
4 GARY PIERCE  
5 BRENDA BURNS  
6 BOB BURNS  
7 SUSAN BITTER SMITH

8 THE MATTER OF THE APPLICATION OF  
9 VALENCIA WATER COMPANY – TOWN  
10 DIVISION FOR THE ESTABLISHMENT OF  
11 JUST AND REASONABLE RATES AND  
12 CHARGES FOR UTILITY SERVICE  
13 DESIGNED TO REALIZE A REASONABLE  
14 RATE OF RETURN ON THE FAIR VALUE  
15 OF ITS PROPERTY THROUGHOUT THE  
16 STATE OF ARIZONA

Docket No. W-01212A-12-0309

**DIRECT TESTIMONY  
OF  
BRIAN QUILLEN**

17 THE MATTER OF THE APPLICATION OF  
18 GLOBAL WATER-PALO VERDE UTILITIES  
19 COMPANY FOR THE ESTABLISHMENT OF  
20 JUST AND REASONABLE RATES AND  
21 CHARGES FOR UTILITY SERVICE  
22 DESIGNED TO REALIZE A REASONABLE  
23 RATE OF RETURN ON THE FAIR VALUE  
24 OF ITS PROPERTY THROUGHOUT THE  
25 STATE OF ARIZONA

Docket No. SW-20445A-12-0310

26 THE MATTER OF THE APPLICATION OF  
WATER UTILITY OF NORTHERN  
SCOTTSDALE, INC. FOR A RATE  
INCREASE

Docket No. W-03720A-12-0311

THE MATTER OF THE APPLICATION OF  
WATER UTILITY OF GREATER TONOPAH  
FOR THE ESTABLISHMENT OF JUST AND  
REASONABLE RATES AND CHARGES FOR  
UTILITY SERVICE DESIGNED TO REALIZE  
A REASONABLE RATE OF RETURN ON  
THE FAIR VALUE OF ITS PROPERTY  
THROUGHOUT THE STATE OF ARIZONA

Docket No. W-02450A-12-0312

1 THE MATTER OF THE APPLICATION OF  
2 VALENCIA WATER COMPANY – GREATER  
3 BUCKEYE DIVISION FOR THE  
4 ESTABLISHMENT OF JUST AND  
5 REASONABLE RATES AND CHARGES FOR  
6 UTILITY SERVICE DESIGNED TO REALIZE  
7 A REASONABLE RATE OF RETURN ON  
8 THE FAIR VALUE OF ITS PROPERTY  
9 THROUGHOUT THE STATE OF ARIZONA

Docket No. W-02451A-12-0313

7 THE MATTER OF THE APPLICATION OF  
8 GLOBAL WATER-SANTA CRUZ WATER  
9 COMPANY FOR THE ESTABLISHMENT OF  
10 JUST AND REASONABLE RATES AND  
11 CHARGES FOR UTILITY SERVICE  
12 DESIGNED TO REALIZE A REASONABLE  
13 RATE OF RETURN ON THE FAIR VALUE  
14 OF ITS PROPERTY THROUGHOUT THE  
15 STATE OF ARIZONA

Docket No. W-20446A-12-0314

12 THE MATTER OF THE APPLICATION OF  
13 WILLOW VALLEY WATER COMPANY FOR  
14 THE ESTABLISHMENT OF JUST AND  
15 REASONABLE RATES AND CHARGES FOR  
16 UTILITY SERVICE DESIGNED TO REALIZE  
17 A REASONABLE RATE OF RETURN ON  
18 THE FAIR VALUE OF ITS PROPERTY  
19 THROUGHOUT THE STATE OF ARIZONA

Docket No. W-01732A-12-0315

17 Direct Testimony  
18 of  
19 Brian Quillen

20 July 8, 2013  
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1 **Executive Summary**

2 Brian Quillen is the Community Manager at AAM, LLC, a professional community  
3 association management company. Mr. Quillen manages five Maricopa community associations  
4 that purchase either effluent or potable water from Global Water – Palo Verde Utilities  
5 Company for use on outdoor landscaping.

6 Mr. Quillen responds to the Company’s proposal [as reflected in the December 21, 2012  
7 schedules] to increase the rates for effluent and nonpotable groundwater by over 250%. Mr.  
8 Quillen describes the impact such an increase could have on Maricopa associations and  
9 homeowners. The associations have already made changes to landscaping to conserve water  
10 under the current rates.

11 Mr. Quillen describes his research regarding the rates charged for effluent by other  
12 providers in similar communities, and gives his opinion that, if rates are increased in this case,  
13 the effluent and nonpotable groundwater rate should not exceed \$225 per acre-foot. In addition,  
14 Mr. Quillen requests the Commission consider setting a lower winter rate for effluent to  
15 encourage use of effluent to reduce problems in Santa Rosa Wash caused by wasted effluent.  
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1 Q. Please state your name, position, business address, and telephone number.  
2 A. My name is Brian Quillen. I am a Community Manager at AAM, LLC, a professional  
3 community association management company. My business address for the purposes of  
4 this case is 1600 W. Broadway Road, Suite 200, Tempe, Arizona 85282.  
5 **Q. Have you previously testified before the Commission?**  
6 A. No.  
7 **Q. What is the purpose of your testimony?**  
8 A. The purpose of my testimony is to describe my background and research regarding the  
9 rates charged for effluent by other providers in similar communities, to describe how the  
10 proposed effluent rate could impact the Maricopa associations, and to provide my opinion  
11 on appropriate new effluent and nonpotable groundwater rates for Global Water – Palo  
12 Verde Utilities Company (“Global Water”).  
13 **Q. What communities do you manage in the Maricopa area?**  
14 A. I currently manage five Maricopa homeowners associations: Sorrento Community Master  
15 Association, Rancho Mirage Master Planned Community Homeowners Association,  
16 Cobblestone Farms Homeowners Association, Homestead North Homeowners  
17 Association, and Alterra Homeowners Association.  
18 **Q. Do any of these homeowners associations purchase effluent or raw groundwater**  
19 **from Global Water?**  
20 A. Yes. Of the five associations that I manage, four purchase effluent or raw groundwater:  
21 Sorrento, Rancho Mirage, Cobblestone Farms, and Homestead North. Alterra uses  
22 potable water provided by Global Water. I know of other homeowners associations in  
23 the Maricopa area that purchase effluent.  
24 **Q. What do you understand is the proposed rate increase for effluent and raw**  
25 **groundwater?**  
26

1 A. I understand the latest proposal [from Global Water's December 21, 2012 schedules] is to  
2 raise the price of effluent and nonpotable raw water from \$185.74 per acre-foot to  
3 \$651.70 per acre-foot. This is a rate increase of over 250%.

4 **Q. Do you know why Global Water is proposing to increase the effluent and raw**  
5 **groundwater rates over 250%?**

6 A. No.

7 **Q. Will the proposed effluent and nonpotable rate increases have an impact on the**  
8 **homeowners associations in the Maricopa area?**

9 A. Yes. I would expect the effect on each homeowners association will vary somewhat  
10 depending on their current financial situation, but generally, Global Water's proposed rate  
11 increase would be devastating to the associations in the form of much higher water costs.  
12 They would be forced to decide whether to raise their homeowner assessments or to cut  
13 back on other services such as community maintenance and activities, or both. There is a  
14 state law limiting the amount of annual increases in regular assessments to homeowners  
15 to 20%. If the HOAs hit that limit trying to cover the new water costs and any other cost  
16 increase they might be experiencing, then they would be forced to cut back elsewhere in  
17 order to balance their budgets.

18 I will provide a couple of examples. In 2013, water purchase costs alone for  
19 Homestead North Homeowners Association, a relatively large association, are  
20 approximately 12% of their total budget. If the effluent rate is increased 250%, then the  
21 water costs would be approximately 30% of the total association budget, a huge increase.  
22 A second example is Sorrento, a comparatively smaller community whose homeowners  
23 will feel the impact of such a rate increase on their homeowners association even more.  
24 Sorrento's water purchase costs are currently 14.4% of their budget. If the proposed rate  
25 increase is approved, that number will increase to 36% of the budget.

26

1 **Q. Do you know of homeowners associations in the Maricopa area that rely on potable**  
2 **water for landscape watering?**

3 A. Yes. Rancho El Dorado, Alterra, and Tortosa rely on potable water. There could be  
4 others.

5 **Q. Do you expect that the proposed rate increases for potable water will have an impact**  
6 **on the homeowners associations that use potable water?**

7 A. Yes. The proposed increase for potable water does not appear to be nearly as large a  
8 percentage as the proposed percentage increases for effluent and nonpotable water rates,  
9 but the associations that rely on potable water are already paying a very large water bill,  
10 so it will put further strain on their budgets and their homeowners.

11 **Q. Could the homeowners associations consider reducing common area water use in**  
12 **order to reduce their bills?**

13 A. Yes. All the homeowners associations that I have worked with in the past two or three  
14 years have already worked on water conservation. Outdoor water conservation is a  
15 significant concern for the boards given the large amount of their budgets that is already  
16 dedicated to water costs, but I do not think it is reasonable or necessary to authorize a  
17 250% increase to encourage further water conservation. For example, Cobblestone last  
18 year removed approximately 6 acres of turf from its common area landscaping. Another  
19 example is that Sorrento and Homestead North have not overseeded turf at all the past 3  
20 or more winters. I anticipate that any rate increase will cause Boards to again consider  
21 spending additional funds up front to replace plants, decrease turf, and make other  
22 sometimes unwelcome changes to reduce water use, but these changes are already  
23 occurring even at the current rates.

24 **Q. What other effluent rates are you aware of in similar associations?**

25 A. Johnson Utilities serves areas similar to Maricopa in the Santan and Florence areas.  
26 Johnson Utilities charges a \$273.71 per acre-foot commodity charge for nonpotable

1 groundwater, and \$205.29 for effluent. I understand that Epcor Water Arizona charges  
2 \$250.91 for effluent in its Anthem and Agua Fria wastewater districts, and \$178.83 in its  
3 Sun City West district for untreated CAP water.

4 **Q. Do you think the rate for effluent should be comparable to these amounts?**

5 A. Yes. I don't think it is fair to raise the effluent rate as high as is being proposed when  
6 other providers are charging rates closer to Global Water's current rate for the same type  
7 of water.

8 **Q. Any other reasons?**

9 A. The effluent rate should not be set at an amount that discourages use in the winter  
10 months. If the rate is set too high, then the HOAs will reduce use, and more effluent will  
11 be wasted in Santa Rosa Wash, which I understand has already caused flooding,  
12 maintenance, and mosquito problems for Senita, Villages at Rancho El Dorado, Province  
13 and Rancho El Dorado. A higher rate will also encourage associations that are able to do  
14 so to look for alternative lower-cost water supplies such as groundwater withdrawn from  
15 their own wells. It would be more sustainable for the HOAs to use effluent rather than  
16 groundwater.

17 **Q. What should be the new rates for effluent and nonpotable groundwater?**

18 A. If there is a rate increase granted as a result of this case, I think the effluent and  
19 nonpotable groundwater price should be no higher than \$225 per acre-foot. The  
20 Commission should also consider setting a lower winter incentive price to encourage  
21 homeowners associations to take more effluent into their lakes in the winter months rather  
22 than having Global Water putting excess effluent in the Santa Rosa Wash.

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

24 A. Yes.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 BOB STUMP, Chairman  
4 GARY PIERCE  
5 BRENDA BURNS  
6 BOB BURNS  
7 SUSAN BITTER SMITH

8 THE MATTER OF THE APPLICATION OF  
9 VALENCIA WATER COMPANY – TOWN  
10 DIVISION FOR THE ESTABLISHMENT OF  
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Docket No. W-01212A-12-0309

**DIRECT TESTIMONY  
OF  
ERIC SCHMIDT**

17 THE MATTER OF THE APPLICATION OF  
18 GLOBAL WATER-PALO VERDE UTILITIES  
19 COMPANY FOR THE ESTABLISHMENT OF  
20 JUST AND REASONABLE RATES AND  
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Docket No. W-03720A-12-0311

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Docket No. W-02450A-12-0312

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Docket No. W-02451A-12-0313

10 THE MATTER OF THE APPLICATION OF  
11 GLOBAL WATER-SANTA CRUZ WATER  
12 COMPANY FOR THE ESTABLISHMENT OF  
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Docket No. W-20446A-12-0314

19 THE MATTER OF THE APPLICATION OF  
20 WILLOW VALLEY WATER COMPANY FOR  
21 THE ESTABLISHMENT OF JUST AND  
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25 THE FAIR VALUE OF ITS PROPERTY  
26 THROUGHOUT THE STATE OF ARIZONA

Docket No. W-01732A-12-0315

Direct Testimony  
of  
Eric Schmidt

July 8, 2013

1 **Executive Summary**

2 Eric Schmidt is the current President of, and a homeowner within, the Maricopa  
3 Meadows Homeowners Association. Mr. Schmidt describes the potential impacts of the  
4 proposed effluent and nonpotable rate increases on Maricopa Meadows Homeowners  
5 Association ("Maricopa Meadows") and similarly-situated homeowners associations. Maricopa  
6 Meadows purchases effluent (or nonpotable water if sufficient effluent is not available) from  
Global Water-Palo Verde Utilities Company for use in filling its storage lake, and then the  
stored water is used to water outdoor landscaping in the common areas within the community.

7 Mr. Schmidt describes that the Association would have to pass along the proposed cost  
8 increase to residents because residents are its only revenue source. He describes efforts that  
9 have already been made to conserve water and money. Maricopa Meadows has its own well and  
10 may look more urgently at using the well in lieu of purchased effluent if the rate is raised too  
11 high. Mr. Schmidt suggests that, if there must be an increase in the rates, then the rate for  
12 effluent and nonpotable water should be no more than \$225 per acre-foot.  
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1 Q. Please state your name, position, business address, and telephone number.

2 A. My name is Eric Schmidt. I am the current President of the Maricopa Meadows  
3 Homeowners Association. This is a volunteer position. For the purposes of this case, I  
4 can be contacted through the Maricopa Homeowners Associations' attorney, Michele Van  
5 Quathem at Ryley Carlock & Applewhite, 1 N. Central Ave., Suite 1200, Phoenix,  
6 Arizona 85004.

7 **Q. Have you previously testified as a witness in a case before the Commission?**

8 A. No.

9 **Q. What is the purpose of your testimony?**

10 A. The purpose of my testimony is to describe the potential impacts of the proposed effluent  
11 and nonpotable rate increases on Maricopa Meadows Homeowners Association  
12 ("Maricopa Meadows") and similarly-situated homeowners associations. Maricopa  
13 Meadows purchases effluent (or nonpotable water if sufficient effluent is not available)  
14 from Global Water-Palo Verde Utilities Company for use in filling the storage lake, and  
15 then the stored water is used to water outdoor landscaping in the common areas within the  
16 community.

17 **Q. Please describe Maricopa Meadows Homeowners Association.**

18 A. Maricopa Meadows is a nonprofit corporation that serves roughly 3500 current residents,  
19 and 1626 residential lots through a variety of services, including maintenance of  
20 approximately 80 acres of common area landscaping. All water used on common area  
21 landscaping is currently either effluent or nonpotable water delivered by Global Water.  
22 The homeowners took control of the Board in 2006. Since then, the Association has been  
23 struggling with the effects of the poor economy. Our Association has been affected  
24 severely by the downturn, as was described in a February 24, 2009 Wall Street Journal  
25 article I have copied and attached to my testimony.  
26

- 1 **Q. Do you own a home within Maricopa Meadows?**
- 2 A. Yes. I purchased my home in 2009.
- 3 **Q. As a homeowner, how will the proposed rate increase, if granted, impact you?**
- 4 A. Like many other homeowners in this area, I would be impacted adversely by the  
5 requested rate increase, and I oppose it.
- 6 **Q. Can you estimate how much the Association's effluent and nonpotable water bill is  
7 expected to increase under Global's current rate proposal?**
- 8 A. I understand the proposed increase in the effluent and nonpotable water rates is from  
9 \$185.74 per acre-foot to \$651.70 per acre-foot. In 2012, Maricopa Meadows spent  
10 approximately \$51,134 on effluent and nonpotable water. Increasing the rate as proposed  
11 would mean the Association would be paying \$179,413 for the same amount of water, an  
12 increase of approximately \$128,279.
- 13 **Q. If the effluent rate is increased over 250%, could Maricopa Meadows simply pass  
14 along that extra cost to the residents?**
- 15 A. Yes, the Association would have to pass along the costs because the residents are the  
16 Association's only source of revenue. If the extra cost is \$128,279, then that would mean  
17 an additional \$78.89 in assessments for each lot per year attributable solely to the water  
18 rate increase.
- 19 **Q. Has the Association looked into conservation measures that could save money on  
20 effluent purchasing expense?**
- 21 A. The Association has in past years elected to not overseed the turf areas in winter months  
22 to save on watering costs. We have also saved money in other ways, such as enlisting  
23 homeowners to do some of the work that might have otherwise been contracted, such as  
24 graffiti repairs and Christmas light installation. Since the previous Global Water rate  
25 case, the Association spent approximately \$100,000 to replace sprinkler heads and  
26 irrigation timers to reduce water waste. At a cost of over \$300,000, the Association

1 converted about 3 acres of sloped turf areas to low water use landscaping to avoid water  
2 runoff.

3 **Q. Are there other homeowners associations in Maricopa that also purchase effluent**  
4 **from Global Water for landscape watering?**

5 A. Yes. As a group, we could have offered similar testimony from most of the homeowners  
6 associations that have intervened in this case along with Maricopa Meadows, but the  
7 other homeowners associations would say the same things. Other homeowners  
8 associations that are intervenors in this case purchase effluent or nonpotable groundwater  
9 from Global Water, including Province, Glennwilde, Rancho El Dorado Phase III,  
10 Homestead, Sorrento, Rancho Mirage, and Cobblestone Farms. One community using  
11 effluent that is not an intervenor party in this case is Villages at Rancho El Dorado.

12 **Q. Is there another source of water that Maricopa Meadows could use for landscaping**  
13 **that would not require a purchase from Global?**

14 A. Yes. Maricopa Meadows has its own well and grandfathered groundwater withdrawal  
15 right, and could use its own groundwater. If the effluent cost increases as much as Global  
16 has requested, then the Association will more urgently look at using the well and our  
17 existing facilities rather than purchasing effluent from Global. Just roughly, based upon  
18 the costs I am familiar with, I anticipate it would cost under \$150 per acre-foot in  
19 electricity and other costs to use water from the Maricopa Meadows well.

20 **Q. What relief are you requesting from the Commission regarding the effluent rate**  
21 **design?**

22 A. I am requesting that, if at the end of the day there is a water and sewer rate increase, that  
23 the percentage increase in the effluent and nonpotable water rates be more evenly spread  
24 between Global Water's customers. It is not fair to charge over 250% more for effluent  
25 and nonpotable water supplies to homeowners associations when the overall proposed  
26 rate increase for other types of customers is so much less. There does not seem to be any

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reason for the oversized cost increase recommendation for effluent and nonpotable water. More specifically, I am suggesting that, if there must be an increase in the rates, then the rate for effluent and nonpotable water should be no more than \$225 per acre-foot.

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

A. Yes.

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 BOB STUMP, Chairman  
4 GARY PIERCE  
5 BRENDA BURNS  
6 BOB BURNS  
7 SUSAN BITTER SMITH

8 THE MATTER OF THE APPLICATION OF  
9 VALENCIA WATER COMPANY – TOWN  
10 DIVISION FOR THE ESTABLISHMENT OF  
11 JUST AND REASONABLE RATES AND  
12 CHARGES FOR UTILITY SERVICE  
13 DESIGNED TO REALIZE A REASONABLE  
14 RATE OF RETURN ON THE FAIR VALUE  
15 OF ITS PROPERTY THROUGHOUT THE  
16 STATE OF ARIZONA

Docket No. W-01212A-12-0309

**DIRECT TESTIMONY OF KEN EDWARDS**

17 THE MATTER OF THE APPLICATION OF  
18 GLOBAL WATER-PALO VERDE UTILITIES  
19 COMPANY FOR THE ESTABLISHMENT OF  
20 JUST AND REASONABLE RATES AND  
21 CHARGES FOR UTILITY SERVICE  
22 DESIGNED TO REALIZE A REASONABLE  
23 RATE OF RETURN ON THE FAIR VALUE  
24 OF ITS PROPERTY THROUGHOUT THE  
25 STATE OF ARIZONA

Docket No. SW-20445A-12-0310

26 THE MATTER OF THE APPLICATION OF  
WATER UTILITY OF NORTHERN  
SCOTTSDALE, INC. FOR A RATE  
INCREASE

Docket No. W-03720A-12-0311

THE MATTER OF THE APPLICATION OF  
WATER UTILITY OF GREATER TONOPAH  
FOR THE ESTABLISHMENT OF JUST AND  
REASONABLE RATES AND CHARGES FOR  
UTILITY SERVICE DESIGNED TO REALIZE  
A REASONABLE RATE OF RETURN ON  
THE FAIR VALUE OF ITS PROPERTY  
THROUGHOUT THE STATE OF ARIZONA

Docket No. W-02450A-12-0312

1 THE MATTER OF THE APPLICATION OF  
2 VALENCIA WATER COMPANY – GREATER  
3 BUCKEYE DIVISION FOR THE  
4 ESTABLISHMENT OF JUST AND  
5 REASONABLE RATES AND CHARGES FOR  
6 UTILITY SERVICE DESIGNED TO REALIZE  
7 A REASONABLE RATE OF RETURN ON  
8 THE FAIR VALUE OF ITS PROPERTY  
9 THROUGHOUT THE STATE OF ARIZONA

Docket No. W-02451A-12-0313

7 THE MATTER OF THE APPLICATION OF  
8 GLOBAL WATER-SANTA CRUZ WATER  
9 COMPANY FOR THE ESTABLISHMENT OF  
10 JUST AND REASONABLE RATES AND  
11 CHARGES FOR UTILITY SERVICE  
12 DESIGNED TO REALIZE A REASONABLE  
13 RATE OF RETURN ON THE FAIR VALUE  
14 OF ITS PROPERTY THROUGHOUT THE  
15 STATE OF ARIZONA

Docket No. W-20446A-12-0314

12 THE MATTER OF THE APPLICATION OF  
13 WILLOW VALLEY WATER COMPANY FOR  
14 THE ESTABLISHMENT OF JUST AND  
15 REASONABLE RATES AND CHARGES FOR  
16 UTILITY SERVICE DESIGNED TO REALIZE  
17 A REASONABLE RATE OF RETURN ON  
18 THE FAIR VALUE OF ITS PROPERTY  
19 THROUGHOUT THE STATE OF ARIZONA

Docket No. W-01732A-12-0315

17 Direct Testimony  
18 of  
19 Ken Edwards

20 July 8, 2013  
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1 **Q. Please state your name, position, business address, and telephone number.**

2 A. My name is Ken Edwards. I am President of Rancho El Dorado Homeowners  
3 Association. I have been on the Association board for six years. I own a business in  
4 Maricopa and have resided in the community for nine years. My business address is  
5 22071 N. Lakeside Drive, Maricopa, Arizona 85138.

6 **Q. Do you own a home within Rancho El Dorado?**

7 A. Yes. I purchased my home in 2004.

8 **Q. Have you previously testified before the Commission?**

9 A. No.

10 **Q. What is the purpose of your testimony?**

11 A. The purpose of my testimony is to describe the problems experienced by my homeowners  
12 association and residents caused by the significant effluent discharges from Global Water  
13 – Palo Verde Utilities Company's ("Global Water's") PVUC Campus 1 Water  
14 Reclamation Facility located near the Province community by Smith Enke Road in  
15 Maricopa. This wastewater treatment plant discharges to Santa Rosa Wash, a naturally  
16 dry drainage wash that is now flowing approximately two-thirds of the year with effluent  
17 wasted to the Wash by Global Water.

18 **Q. Please describe Rancho El Dorado Homeowners Association.**

19 A. Rancho El Dorado Homeowners Association is a nonprofit corporation that serves  
20 approximately 7,000 to 8,000 current residents in 3,067 homes through a variety of  
21 services, including maintenance of common area landscaping.

22 **Q. Please describe the Santa Rosa Wash area and concerns.**

23 A. The Rancho El Dorado Homeowners Association's common area maintenance has  
24 included maintenance of an open space area around and within the Santa Rosa Wash.  
25 The Santa Rosa Wash was originally landscaped with grass and had a sprinkler irrigation  
26 system. The Wash area was used by schools and others for recreation, such as soccer

1 practice. There are two schools immediately adjacent to the Wash that have  
2 approximately 1,200 students ranging in age from Kindergarten through sixth grade.

3 In recent years, however, Global Water has discharged so much effluent to the  
4 Santa Rosa Wash that the recreation area and sprinkling system are ruined. There are  
5 standing ponds of water that become stagnant and breed mosquitoes, and some areas are  
6 filled with mud and sediment from upstream, including sediment that washes down from  
7 feedlots with fecal matter. Last year, the Wash area was the first area in Pinal County  
8 within which mosquitoes tested positive for the West Nile virus. The City treated the area  
9 three times last year, requiring residents to close up their houses while pesticide was  
10 applied. I am concerned about the safety of the nearby school children, as their  
11 playgrounds are adjacent to this area.

12 Some days, there is so much effluent flowing in the Wash that it floods the  
13 sidewalks, forcing school children to walk into the street to avoid the mud and water.  
14 This occurs often during the winter months when kids are walking to school in the dark.  
15 Water also sometimes flows over the street.

16 Because effluent is available in the Wash so much during the year, tree saplings  
17 and vegetation have grown, taking up space in the Wash, increasing the potential for a  
18 flash flood to overflow into the community during a storm.

19 **Q. Can you estimate how much the Rancho El Dorado Homeowners Association has**  
20 **spent addressing these problems?**

21 A. It is hard to quantify how much time and money has been spent on this issue. Last year,  
22 Rancho El Dorado spent \$88,000 removing trees and vegetation growing in the Wash. If  
23 we could afford to fix the damage to the playing fields, it would cost roughly \$200,000 to  
24 remove sediment and replace the sprinkler system and turf.

25 **Q. Do you think these problems might continue?**

1 A. Yes, if nothing is done about them. I understand that Global Water proposes to increase  
2 the cost of effluent significantly, which will likely cause less effluent usage and more  
3 drainage down the Wash. I also am concerned that Global Water will continue to expand  
4 the size of the treatment plant because Global Water's Arizona Pollutant Discharge  
5 Elimination Permit materials indicate Global Water is planning to increase the size of the  
6 treatment plant in future years. The problem is only going to get worse unless something  
7 is done.

8 **Q. What do you think Global Water should do to address the problems you have**  
9 **described?**

10 A. Global Water needs to first address the health and safety issues. Global Water needs to  
11 stop flooding the sidewalks and street to provide safe passage to school children. Global  
12 Water could address this by controlling effluent discharges with additional storage  
13 capacity, encouraging more effluent reuse including hooking up Rancho El Dorado to  
14 effluent, and/or conducting channelization work in the Wash. Global Water could install  
15 fencing to prevent children from playing in the Wash area. Global Water also needs to  
16 address the stagnant ponds by either aerating them to prevent mosquitoes, or channeling  
17 the Wash to remove them. Global Water also needs to regularly clear sapling trees out to  
18 keep the Wash clear for drainage.

19 **Q. What are you asking the Corporation Commission to do?**

20 A. The Commission should deny Global Water any rate increase until these issues are fixed.  
21 The Commission can help by requiring Global Water to address the issues in a cost-  
22 efficient manner.

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

24 A. Yes.

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