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BEFORE THE ARIZONA CORPORATIO

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Arizona Corporation Commission

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COMMISSIONERS

BOB STUMP, Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

AZ CORP COMMISSION  
DOCKET CONTROL

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THE MATTER OF THE APPLICATION OF )  
VALENCIA WATER COMPANY -TOWN DIVISION )  
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-01212A-12-0309

IN THE MATTER OF THE APPLICATION OF )  
GLOBAL WATER - PALO VERDE UTILITIES )  
COMPANY 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. SW-20445A-12-0310

IN THE MATTER OF THE APPLICATION OF )  
WATER UTILITY OF NORTHERN SCOTTSDALE )  
FOR APPROVAL OF A RATE INCREASE. )

DOCKET NO. W-03720A-12-0311

IN THE MATTER OF 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

IN THE MATTER OF THE APPLICATION OF )  
VALENCIA WATER COMPANY - GREATER )  
BUCKEYE DIVISION 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-02451A- 12-0313

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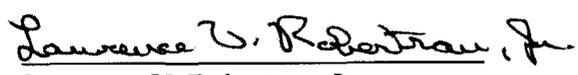
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1 IN THE MATTER OF THE APPLICATION OF )  
GLOBAL WATER – SANTA CRUZ WATER ) DOCKET NO. W-20446A-12-0314  
2 COMPANY FOR THE ESTABLISHMENT OF JUST )  
AND REASONABLE RATES AND CHARGES FOR )  
3 UTILITY SERVICE DESIGNED TO REALIZE A )  
REASONABLE RATE OF RETURN ON THE FAIR )  
4 VALUE OF ITS PROPERTY THROUGHOUT THE )  
STATE OF ARIZONA. )

6 IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. W-01732A-12-0315  
WILLOW VALLEY WATER COMPANY FOR THE )  
7 ESTABLISHMENT OF JUST AND REASONABLE )  
RATES AND CHARGES FOR UTILITY SERVICE ) **NOTICE OF FILING OF**  
8 DESIGNED TO REALIZE A REASONABLE RATE ) **SUMMARY OF TESTIMONY OF**  
OF RETURN ON THE FAIR VALUE OF ITS ) **CITY OF MARICOPA WITNESS**  
9 PROPERTY THROUGHOUT THE STATE OF ) **PAUL JEPSON**  
10 ARIZONA. )

11 The City of Maricopa, Arizona hereby provides notice of filing of the attached summary  
12 of the testimony of Paul Jepson on behalf of the City of Maricopa.

14 Dated this 4<sup>th</sup> day of September 2013.

15 Respectfully submitted,  
16   
17 Lawrence V. Robertson, Jr.  
Attorney for City of Maricopa

18 and  
19 Denis Fitzgibbons  
20 City Attorney for  
21 City of Maricopa, Arizona

22 The original and thirteen (13) copies  
23 of the foregoing will be filed the 4<sup>th</sup>  
day of September 2013 with:

24 Docket Control Division  
25 Arizona Corporation Commission  
1200 West Washington Street  
26 Phoenix, Arizona 85007

27 A copy of the same served by e-mail  
28 or first class mail that same date to:

All Parties of Record

1 Summary of Testimony  
2 Of  
3 Paul Jepson  
4 On Behalf  
5 of  
6 City of Maricopa, Arizona

7 On July 8, 2013, the City of Maricopa ("City") filed the prepared Direct Testimony of  
8 Paul Jepson in the above-docketed proceedings. In his prepared testimony, Mr. Jepson indicated  
9 that the City of Maricopa had intervened in the above-docketed proceedings for two reasons.  
10 First, the City was concerned about the economic impact of Global Water – Santa Cruz Water  
11 Company ("Santa Cruz") and Global Water – Palo Verde Utilities Company ("Palo Verde")  
12 requested increases in revenues and rates upon both residents of the City, who are customers of  
13 Santa Cruz and Palo Verde, and upon the City itself as a customer of each of those companies.  
14 Second, and to the extent that any of the aforesaid requested increases in rates were attributable  
15 to Global Water, Inc.'s ("Global") use of funds obtained by Global under Infrastructure  
16 Coordination and Finance Agreements ("ICFAs"), the City wanted to be in a position to  
17 ascertain if Global's use of those funds was consistent with certain criteria set forth in Resolution  
18 No. 11-40, which was adopted by the City's Mayor and Council on June 23, 2011. In that  
19 Resolution, the City conditionally expressed support for the use of ICFAs as a means for  
20 financing water, wastewater and recycled water infrastructure on a regional basis, subject to such  
21 use (i) facilitating and resulting in appropriately priced rates and charges for water, wastewater  
22 and recycled water services, (ii) compliance with certain criteria or "pathways" governing the  
23 use of those funds and (iii) consistency with any applicable rules and regulations of the  
24 Commission.

25 In his July 8, 2013 prepared testimony, Mr. Jepson discussed the types of information the  
26 City would be seeking through pre-hearing discovery and the forthcoming evidentiary hearings,  
27 in order to enable it to formulate a final position in the above-docketed proceedings. In addition,  
28 he also referred to the possibility of settlement discussions among the parties prior to the  
commencement of the evidentiary hearings, and expressed the opinion upon behalf of the City  
that such discussions would be constructive and potentially cost-saving for all concerned.

On August 21, 2013 the City filed the prepared Direct Testimony of Paul Jepson on  
behalf of the City with respect to the August 13, 2013 Settlement Agreement which has been  
reached among various parties in the above-docketed proceedings, including the City.

Attached to Mr. Jepson's testimony was a copy of Resolution No. 13-30, as adopted by  
the City's Mayor and Council on August 20, 2013. The Resolution enumerated various benefits  
which had been negotiated for Santa Cruz and Palo Verde ratepayers and the City of Maricopa  
under the Settlement Agreement. These benefits included (i) a 44% reduction in Santa Cruz's  
original revenue requirement request; (ii) a 51% reduction in Palo Verde's original revenue  
requirement request; (iii) an aggregate increase of 10.4% for the Santa Cruz median residential  
customer versus the original aggregate increase request of 29% for such customers; (iv) an  
aggregate increase of 10.5% for the Palo Verde median residential customer versus an original  
aggregate increase request of 24% for such customers; (v) an 8-year phase-in period (2014-2021)  
for such increases with no increase in the first year of the phase-in period; (vi) an agreement by  
the Santa Cruz and Palo Verde that they will not file another rate increase application before  
May 31, 2017 and will not use a rate case test period ending before December 31, 2016; (vii) an

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1 agreement by Santa Cruz and Palo Verde that neither shall seek to recover any revenues  
2 authorized by the Commission in the above-docketed proceedings, or related carrying charges,  
3 which are not recovered during the 8-year (2014-2021) phase-in period; (viii) provision that  
4 recycled water or effluent rate increases to Santa Cruz and Palo Verde ratepayers will also be  
5 phased-in over the 8-year (2014-2021) phase-in period and “capped” at \$1.64 per 1,000 gallons;  
6 (ix) an agreement by Global that it will not enter into any new ICFA's from the effective date of a  
7 Commission decision approving the Settlement Agreement; and (x) with respect to future fees to  
8 be paid by parties to existing ICFA's, \$1,250 shall be paid to Santa Cruz and Palo Verde,  
9 respectively, as Hook-Up Fees to be placed into segregated bank accounts reserved solely for use  
10 by each utility in connection with the construction of future infrastructure to meet future demand  
11 thereby contributing to the financial stability of each utility to provide adequate and reliable  
12 service to their respective ratepayers.

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In his August 21, 2013 prepared Direct Testimony related to the Settlement Agreement,  
Mr. Jepson indicated that the Settlement Agreement satisfactorily addressed the two concerns the  
City had when it initially requested intervention in the above-docketed proceedings, which he  
had previously identified in his July 8, 2013 prepared Direct Testimony. In that regard, Mr.  
Jepson stated that the City believed Commission approval of the aforesaid Settlement Agreement  
would be in the best interest of ratepayers of the Santa Cruz and Palo Verde systems and the City  
itself.