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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

- BOB STUMP - CHAIRMAN
- GARY PIERCE
- BRENDA BURNS
- BOB BURNS
- SUSAN BITTER SMITH

ORIGINAL

IN THE MATTER OF THE APPLICATION OF
 FAR WEST WATER & SEWER, INC. FOR
 EXTENSION OF ITS CERTIFICATE OF
 CONVENIENCE AND NECESSITY FOR
 SEWER SERVICE.

DOCKET NO. WS-03478A-10-0523

**STAFF'S NOTICE OF FILING
DIRECT TESTIMONY**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("ACC") hereby files the Direct Testimony of Blessing N. Chukwu in the above-captioned matter.

RESPECTFULLY SUBMITTED this 1st day of August, 2014.

Robin R. Mitchell
 Attorney, Legal Division
 Arizona Corporation Commission
 1200 West Washington Street
 Phoenix, Arizona 85007
 (602) 542-3402

Original and thirteen (13) copies of the foregoing filed this 1st day of August, 2014, with:

Arizona Corporation Commission
DOCKETED

AUG 01 2014

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

DOCKETED BY	
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Copy of the foregoing mailed and/or emailed this 1st day of August, 2014, to:

Craig Marks
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 Phoenix, AZ 85028
 Attorney for Far West Water & Sewer, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP

Chairman

GARY PIERCE

Commissioner

BRENDA BURNS

Commissioner

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SUSAN BITTER SMITH

Commissioner

IN THE MATTER OF THE APPLICATION OF)
FAR WEST WATER & SEWER, INC. TO)
EXTEND ITS CERTIFICATE OF)
CONVENIENCE AND NECESSITY)
FOR SEWER SERVICE)
_____)

DOCKET NO. WS-03478A-10-0523

DIRECT

TESTIMONY

OF

BLESSING NKIRUKA CHUKWU

EXECUTIVE CONSULTANT III

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

AUGUST 1, 2014

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EXECUTIVE SUMMARY
FAR WEST WATER & SEWER, INC.
DOCKET NO. WS-03478A-10-0523

This testimony provides Utilities Division Staff's ("Staff") reply to Far West Water & Sewer, Inc. ("Far West" or "Company") testimony as it relates to Staff's recommendation made in the Staff Report as updated by Staff's response to the January 7, 2014 Procedural Order.

In its Response to Procedural Order of January 7, 2014, Staff recommended that the Commission approve Far West's application for extension of its Certificate of Convenience and Necessity ("CC&N") to provide sewer service in Fortuna Commons, subject to the condition that Far West be required to charge its authorized rates and charges in the extension area.

Far West agrees with Staff's recommendation for the approval of the CC&N. However, the Company disagrees with the condition that it be required to charge its authorized rates and charges in the extension area. Far West disagrees with the condition because, prior to filing the CC&N application, it had entered into a Line Extension Agreement with the developer of Fortuna Commons which stipulates that the negotiated capacity charge is \$106,488. Staff's recommendation would require the Company to charge the approved Hook-Up Fee ("HUF") of \$6,000 instead of \$106,488.

The Commission does not approve Line Extension Agreements for sewer service. In the instant case, Far West had negotiated a contract, without a CC&N, to serve Fortuna Commons. Even if a portion is contiguous, Far West is required to notify the Commission prior to serving the area that is contiguous. Staff believes that Far West should be required to charge its authorized rates and charges in the extension area. The authorized rates and charges include the HUF of \$6,000. However, if Far West, can provide a letter stating that Fortuna Commons is willing and able to pay the negotiated amount, Staff would not object if the Commission, in its discretion, were to allow the Company to charge the \$106,488 rather than the approved HUF. On a going forward basis, Far West should not negotiate capacity charges that conflict with its approved rates and charges.

1 **I. INTRODUCTION**

2 **Q. Please state your name, business address, by whom and where you are employed and**
3 **in what capacity.**

4 A. My name is Blessing Nkiruka Chukwu. My business address is 1200 West Washington Street,
5 Phoenix, Arizona 85007. I am employed by the Utilities Division ("Staff") of the Arizona
6 Corporation Commission ("ACC" or "Commission") as an Executive Consultant III.

7
8 **Q. Please describe your educational and professional background.**

9 A. I received a B.S. in Accounting and a M.B.A. in Finance from the University of Central
10 Oklahoma. I was employed for over eight years by The City of Oklahoma City ("City") in
11 various capacities. For approximately eight years of my employment with the City, I was an
12 Administrative Aide with the responsibility of overseeing the various Environmental
13 Protection Agency's mandates on Stormwater Quality within the Corporate City limits. Prior
14 to being an Administrative Aide, I was a Budget Technician where I was responsible for
15 reviewing, analyzing, and recommending budget requests and/or proposed budget, fund
16 transfers, appropriations and/or any other budget related issues proposed by assigned
17 departments. Prior to joining the Commission, I was employed by the Oklahoma
18 Corporation Commission ("OCC") for five years in the Public Utility Division, where I held
19 various Public Utility Regulatory Analyst positions of increasing responsibilities. My
20 responsibilities at the OCC included processing of applications consisting of rates and
21 charges, streamline tariff revisions and requests for Certificates of Convenience and Necessity
22 ("CC&N") filed by local exchange telecommunications companies, payphone providers,
23 resellers, and operator service providers. I also reviewed mergers and acquisitions,
24 Interconnection Agreements (including Arbitrations), and performed special projects as
25 requested by the Director of Public Utility Division and/or the Commissioners.

26

1 **Q. How long have you been employed with the ACC?**

2 A. I have been employed with the ACC since May 27, 2003.

3
4 **Q. What are your responsibilities as an Executive Consultant III?**

5 A. I perform special projects for the Director's Office which include, but are not limited to,
6 serving on the case teams; development of policies and procedures for appropriate regulatory
7 oversight of public utilities; review applications for CC&N, and writing Staff Reports and
8 Testimony.

9
10 **Q. Have you testified previously before this Commission?**

11 A. Yes, I have testified before this Commission.

12
13 **II. PURPOSE OF TESTIMONY**

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

15 A. The purpose of my testimony is to provide Utilities Division Staff's ("Staff") reply to Far
16 West's testimony as it relates to Staff's recommendation made in the Staff Report as updated
17 by Staff's response to the January 7, 2014 Procedural Order.

18
19 **Q. What did Staff recommend in the Staff Report as updated by Staff's response to the
20 January 7, 2014 Procedural Order?**

21 A. In Staff's updated Staff response dated February 7, 2014, Staff recommended that the
22 Commission approve Far West's application for extension of its Certificate of Convenience
23 and Necessity to provide sewer service in Fortuna Commons, subject to the condition that
24 Far West be required to charge its authorized rates and charges in the extension area.

25

1 **Q. Does Far West agree with Staff's recommendation?**

2 A. Far West agrees with Staff's recommendation for the approval of the CC&N. However, Far
3 West disagrees with the condition that it be required to charge its authorized rates and
4 charges in the extension area.

5
6 **Q. Why does Far West disagree with the condition?**

7 A. Far West disagrees with the condition because, prior to filing the CC&N application, it had
8 entered into a Line Extension Agreement with the developer of Fortuna Commons which
9 stipulates that the negotiated capacity charge is \$106,488. Staff's recommendation would
10 require the Company to charge the approved Hook-Up Fee ("HUF") of \$6,000 instead of
11 \$106,488.

12
13 **III. STAFF'S POSITION**

14 **Q. What is Staff's position regarding Far West's Concern?**

15 A. The Commission does not approve Line Extension Agreements for sewer service. In the
16 instant case, Far West had negotiated a contract, without a CC&N, to serve Fortuna
17 Commons. Even if a portion is contiguous, Far West is required to notify the Commission
18 prior to serving the area that is contiguous. Staff believes that Far West should be required to
19 charge its authorized rates and charges in the extension area. The authorized rates and
20 charges include the HUF of \$6,000. However, if Far West, can provide a letter stating that
21 Fortuna Commons is willing and able to pay the negotiated amount, Staff would not object if
22 the Commission, in its discretion, were to allow the Company to charge the \$106,488 rather
23 than the approved HUF. On a going forward basis, Far West should not negotiate capacity
24 charges that conflict with its approved rates and charges

25

1 Q. Does this conclude your direct testimony?

2 A. Yes, it does.