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BEFORE THE ARIZONA CORPORATION CO.

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Arizona Corporation Commission

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Commissioner
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12 IN THE MATTER OF THE APPLICATION)
 13 OF ARIZONA-AMERICAN WATER)
 14 COMPANY, AN ARIZONA)
 15 CORPORATION, FOR A)
 16 DETERMINATION OF THE CURRENT)
 17 FAIR MARKET VALUE OF ITS UTILITY)
 18 PLANT AND PROPERTY AND FOR)
 19 INCREASES IN ITS RATES AND)
 20 CHARGES BASED THEREON FOR)
 21 UTILITY SERVICE BY ITS)
 22 ANTHEM/AGUA FRIA WASTEWATER)
 23 DISTRICT, SUN CITY WASTEWATER)
 24 DISTRICT, AND SUN CITY WEST)
 25 WASTEWATER DISTRICT)
 26 _____)

DOCKET NOS. SW-01303A-09-0343
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REBUTTAL TESTIMONY
OF
FRANCES A. NOE
DATED OCTOBER 29, 2014

27 The undersigned, Frances A. Noe, a resident of Cross River and a petitioner in these proceeding
28 hereby files her attached rebuttal testimony dated October 29, 2014.

29 RESPECTFULLY SUBMITTED this 29th day of October, 2014.

Frances A. Noe

Frances A. Noe
11756 W. Daley Ln.
Sun City West, AZ. 85373

**REBUTTAL TESTIMONY
OF
FRANCES A. NOE
ON BEHALF OF
CROSS RIVER HOMEOWNERS ASSOCIATION AND HERSELF
OCTOBER 29th, 2014**

Frances A. Noe testifies that:

The purpose of my testimony is to state **FULL AGREEMENT** for **FULL CONSOLIDATION** of the EPCOR's Wastewater Districts and to address various testimonies submitted to the Commission regarding this matter.

One Hundred (100) personal letters were submitted to the Commission on February 25, 2014. Those letters were written only by residents of Cross River, Dos Rios, and Coldwater Ranch. Our neighbors to the west, Corte Bella, delivered to the Commission 2,320 signatures on March 7, 2014. Another 1,100 signatory petitions, mostly from Cross River, Dos Rios, and Coldwater Ranch, were submitted to the Commission on April 9, 2014. All of the letters and petitions included a cover page stating residency of Cross River, Dos Rios, Corte Bella, and Coldwater Ranch, all Agua Fria District water/wastewater CUSTOMERS.

The United States Postal Service issues zip codes and does not have to explain their position in doing so. Agua Fria District CUSTOMERS have Agua Fria District written on their EPCOR billings. The same goes for Sun City West. Sun City West District Customers have Sun City West District written on their bills. It was never the intention of the residents of Cross River, Dos Rios, Corte Bella, or Coldwater Ranch to deceive, but only to express their urgent need for a remedy to the EPCOR water/wastewater crisis that they live with everyday.

Our original petitions asked that we be deconsolidated from the Agua Fria District, just as Anthem was awarded in 2012, and for the same reasons they were separated out of the district. We also asked to be joined with the Sun City West District and never imagined that EPCOR would recommend and endorse full consolidation. As a result of EPCOR's Direct Testimony dated September 8th, 2014, I agree that complete and full consolidation would bring parity to all customers.

The Del Webb Development Company formed its own water and sewer company in 1959: it was called Sunburst Water Co. & Marinette Sanitation Co. ("Private Company") It was the first private sewer company in Arizona and was met with much resistance from

the Arizona State Health Department. At that time, cities and municipalities were the only ones that operated sewer plants, and they did not like the idea of a company going private. The private company was approved, then the development company tried to make a deal with the City of Phoenix to **take on** the sewer and the water company. The developer was to build it and give it to the City of Phoenix, but the city decided against it. Later in the 1960s, it was decided to **sell** the private company to Citizens Utilities because of the probability of a monthly raise for both water and sewer rates, a decision that was not popular with the people in Sun City. The residents argued that they had paid for the facility because "some brochure said: sewer and water in and paid for." The sewer and water system was in and paid for, but the operating costs were not covered. Citizens Utilities came in and operated the system; they promptly asked for a rate increase and it was granted.

In December 1964, Sun City voted on Incorporation. The vote was 2,558 against and 1,036 for. As a result, Sun City has never incorporated. By 1978, the homes in the Sun City Development had mostly been sold. Del Webb Development Company moved on to start Sun City West and formed an "unorganized school district" from the start, in order to avoid the issues that Sun City had faced with the Peoria School District in the past. In July of 1988, the Arizona State Legislature enacted a school tax on Sun City. After a long battle with lawmakers, the tax was rescinded and a lesser tax enacted.

In the late 1970s, Del Webb's plan was to amalgamate Sun City and Sun City West. But there were residents in Sun City who fought against it. They wanted the water company separated because they feared their rates would go up. So, it was divided into two separate water/wastewater districts.

Over the years, new housing developments and population increases surrounded the Sun City areas, and with this new growth another water/wastewater district was started, the "Agua Fria District." One exception is the new housing development "Tierra Del Rio" which became part of the Sun City Water District. The new housing development north of Happy Valley Rd. off 107th Ave. (Tierra Del Rio) is in the Sun City water district, but the City of Peoria provides their sewer needs. What water/wastewater district the future housing developments south of Happy Valley Rd. (east and west of 107th Ave.) has been assigned is unknown.

The Northwest Valley Regional Water Reclamation Facility ("plant") services Sun City West and the NE Agua Fria Wastewater District CUSTOMERS. Plant plans were approved in 1978 by Maricopa County. In 2002, Citizens Utilities sold out to Arizona American Water Co. who expanded the plant in 2004. Arizona American then sold to the current plant operating company known as EPCOR.

I toured the Northwest Valley Regional Water Reclamation Facility and asked questions about their operation. I learned about the two lift stations, one in Sun City West and one in Cross River. I also contacted Maricopa County Water and Waste Management Division seeking information, and asked Shawn Bradford (EPCOR) for verification of historical information regarding a donation by the Del Webb Development Company for

guaranteed water rights to Sun City West. To date EPCOR has not responded, and I have found no evidence that supports this alleged issue. Would such an agreement, if one exists, still be ongoing 30+ years later?

The best information I was able to find was in Sun Cities' very own museum.

<http://www.delwebbsuncitiesmuseum.org/John-Meeker.php>

EPCOR CUSTOMERS living in the NE Agua Fria District have been paying for the White Tank Plant that they currently do not, and never will use. Sun City and Sun City West do not use this plant either, but they do not pay for it. Likewise, the same Agua Fria District CUSTOMERS will be paying for the Russell Ranch expansion, the West Valley Regional Water Reclamation Facility, and the upgrades to plant facilities and equipment in the Anthem district that they will never use. Then there is the cost to replace the old "worn out" infrastructure of Sun City and Sun City West, that we do not and will not use.

Sun City and Sun City West have many golf courses, lakes, recreational facilities, and many commercial properties utilized by the public, which undoubtedly adds to their water/wastewater usage and compounds the volume consumption over other areas. Perhaps, Sun City and Sun City West should buy their own private water and sewer company? The NE Agua Fria Wastewater District includes, Corte Bella (1650 homes), Cross River (1309 homes), Dos Rios (444 homes), Coldwater Ranch (135+ homes and still building), and Rancho Cabrillo (40+ and still building). Sun City, Sun City West, and Agua Fria District CUSTOMERS live in Maricopa County Unincorporated areas. The Agua Fria Wastewater District has been saddled with these outrageously unfair rates far too long.

If **FULL CONSOLIDATION** is not the answer then what are the CUSTOMERS in the NE Agua Fria Wastewater District to do? Our builders (in Cross River, Dos Rios, Coldwater Ranch, and Corte Bella) provided our infrastructure. Like most communities, it was priced into the cost of our new housing. Our water/wastewater rates were not excessively high until decisions made by the Commission increased sewer costs 133% and water costs 58%, which was long after the majority of homes were built. Over the past 3 years we have endured water/wastewater bills that no ARIZONA resident should ever have to pay. We can not pay more, especially when others in our geographical area pay so little.

Regarding a two-step implementation plan for the Sun Cities, Cross River HOA and I do not have a problem with doing that, so long as the NE Agua Fria District rates are not involved and it is revenue neutral. We have paid too much for too long and are not in favor of having our water/wastewater rates used to subsidize other consumers any longer.

Sun City EPCOR CUSTOMERS pay \$18.11 for their monthly wastewater treatment charge and Sun City West EPCOR CUSTOMERS pay \$31.02. Agua Fria EPCOR CUSTOMERS currently pay \$106.00 and are due for a large wastewater rate increase to \$121.00 in January 2015.

On a personal note, I have lived in Arizona since the mid 1950s. I grew up here, went to school here, worked here, and now am retired here. My daughter and grandson were born here. I remember the days when the Sun Cities sat all by themselves, separated from Phoenix by large areas of desert. Now, those living in the Sun Cities would be land locked if not for the infrastructure built all around them and paid for by others.

Many, many retirees, on fixed incomes, live in areas other than Sun City and Sun City West. Arizona has always been open to new growth and population expansion. I feel my state of Arizona has let me and my neighbors down. How can it even be possible, in the year 2014, that we are still stuck in the past because there is a group of people always saying "no" at a cost to others? How can it be possible that non-resident homeowners are having an impact on Arizona residents' water/wastewater costs? How is it possible that one group of people, can dictate another's wastewater rates when they use the same treatment plant? This just does not make sense to me.

Lastly, Cross River HOA and I respectively request this Commission order a **FULL CONSOLIDATION** of the EPCOR's wastewater districts and eliminate this tragic situation for Agua Fria CUSTOMERS.

This concludes my testimony.

Respectively submitted,

A handwritten signature in cursive script that reads "Frances A. Noe".

Frances A. Noe

ORIGINAL and thirteen (13) copies filed this day with:

The Arizona Corporation Commission
Utilities Division – Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007

Copies of the foregoing mailed/delivered this 29th day of October, 2014, to:

Steve Olea
Director, Utilities Division
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007

Maureen Scott/ Robin Mitchell
Legal Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007

Lyn Farmer
Chief Administrative Law Judge
Hearing Division,
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007-2927

Daniel Pozefsky,
Chief Counsel,
RUCO
1110 West Washington, Suite 220
Phoenix, Arizona 85007

Mr. T. H. Campbell
Mr. Michael Hallam
Lewis and Roca LLP
201 E. Washington, #1200
Phoenix, Arizona 85004

Jay Shapiro
Patrick J. Black
Fennemore Craig, P.C.
2394 East Camelback Road, Suite 600
Phoenix, Arizona 85016

Mike Smith
Sierra Montana Homeowners Association
c/o Rossmar & Graham
9362 E. Raintree Drive
Scottsdale, Arizona 85260

Greg Eisert
10401 W. Coggins Drive
Sun City, Arizona 85351

Albert Gervenack
14751 W. Buttonwood Drive
Sun City West, Arizona 85373

Karen Proctor
11716 W. Villa Chula Court
Sun City, Arizona 85375

Robert McKenzie
41633 N. Panther Creek Trail
Anthem, Arizona 85086

Frances Noe
11756 W. Daley Lane
Sun City, Arizona 85373

Douglas Edwards
13517 W. Sola Drive
Sun City West, Arizona 85375

Regina Shanney-Saborsky
c/o Corte Bella Country Club HOA
22155 North Mission Drive
Sun City West, Arizona 85375

Diane Smith
13234 W. Cabrillo Drive
Sun City West, Arizona 85375

Norman James
Fennemore Craig, P.C.
2394 E. Camelback Rd, Ste 600
Phoenix, Arizona 85016

W.R. Hansen
President, Property Owners and Residents Assoc.
13815 W. Camino del Sol
Sun City West, Arizona 85375

Robert Metli
2398 E. Camelback Rd., Ste. 240
Phoenix, Arizona 85016

Peter Corpus
Rochanee Corpus
8425 N. 181st Drive
Waddell, Arizona 85355

Nicholas Mascia
1600 W. Broadway Rd., 200
Tempe, Arizona 85282

William Lipscomb
14976 W. Bottletree Ave.
Surprise, Arizona 85374

Peggy Rahkola
17221 N. Citrus
Surprise, Arizona 85374

Jim Weihman
17200 W. Bell Rd.
Surprise, Arizona 85374

Kenneth Hewitt
18729 N. Palermo Court
Surprise, Arizona 85387

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

Michael Bailey
16000 N. Civic Center Plaza
Surprise, Arizona 85374

Kevin Chiariello
16074 W. Christy
Surprise, Arizona 85379

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

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

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

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

Garry Hays
1702 E. Highland Ave. - 204
Phoenix, Arizona 8501

Jim Oravetz
1600 W. Broadway Rd., Ste. 200
Tempe, Arizona 85282

Jan Garcia
1600 W. Broadway Rd., Ste. 200
Tempe, Arizona 85282

Owen Dejanovich
P.O. Box 72
Waddell, Arizona 85355

Stan Mucha
17300 N. Sun Valley Pkwy.
Surprise, Arizona 85374

Susan Harr
13201 N. 35th Ave., Ste. B-3
Phoenix, Arizona 85029

Jared Evenson
1600 W. Broadway Rd., Ste. 200
Tempe, Arizona 85282

Dana Rosenbaum
P.O. Box 25466
Tempe, Arizona 85285-5466

Timothy Duffy
Cindy J. Duffy
19997 N. Half Mood Dr.
Surprise, Arizona 85374

COASH & COASH
1802 North 7th Street
Phoenix, Arizona 85006

Jerome Ellison II
P.O. Box 25466
Tempe, Arizona 85285-5466

Tammy Ryan
200 West Washington, 9th Fl
Phoenix, Arizona 85003

Lynn Krupnik
6720 North Scottsdale Rd Ste 261
Scottsdale, Arizona 85253

George Turner
P O Box 12560
Glendale, Arizona 85318

Cynthia Campbell
200 W. Washington, Ste. 1300
Phoenix, Arizona 85003-1611

Jason Gellman
Roshka DeWulf & Patten, PLC
One Arizona Center
400 E. Van Buren St. - 800
Phoenix, Arizona 85004

Gary Verburg
200 W. Washington St., Ste. 1300
Phoenix, Arizona 85003-1611

Chad Kaffer
3200 N. Central Ave., Ste. 1200
Phoenix, Arizona 85012

Frederick Botha
23024 N. Giovota Drive
Sun City West, Arizona 85375

Michele Van Quathem
Ryley Carlock & Applewhite
One North Central
Suite 1200
Phoenix, Arizona 85004-4417

Craig Marks
10645 N. Tatum Blvd.
Suite 200-676
Phoenix, Arizona 85028

Lawrence Robertson, Jr.
PO Box 1448

Tubac, Arizona 85646
Scottsdale Citizens for Sustainable Water
7322 East Sierra Vista Drive
Scottsdale, Arizona 85250-4526

Philip Cook
10122 West Signal Butte Circle
Sun City, Arizona 85373

Joan Burke
Law Offices of Joan S. Burke, P.C.
1650 N. First Ave.
Phoenix, Arizona 85003

Larry D. Woods
15141 West Horseman Lane
Sun City West, Arizona 85375

Marshall Magruder
P.O. Box 1267
Tubac, , Arizona 85646

Andrew Miller
6401 E. Lincoln Drive
Paradise Valley, Arizona 85253

Desi Howe
Anthem Golf & Country Club
2708 W. Anthem Club Dr.
Anthem, Az 85086

Sun City Grand Community Assoc./ Palm Center
19726 N. Remington Dr.
Surprise, Az 85374

Lawrence V. Robertson, Jr.
P.O. Box 1448
Tubac, Az 85646-1448

By: Frances A. Noe
Frances A. Noe