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Arizona Corporation Commission
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11 Attorneys for Liberty Utilities (Litchfield Park Water & Sewer) Corp.

12 **BEFORE THE ARIZONA CORPORATION COMMISSION**

13 IN THE MATTER OF THE APPLICATION OF
14 LIBERTY UTILITIES (LITCHFIELD PARK
15 WATER & SEWER) CORP. FOR APPROVAL
16 OF AGREEMENT WITH THE CENTRAL
17 ARIZONA WATER CONSERVATION
18 DISTRICT AND EFFLUENT TARIFF.

DOCKET NO: SW-01428A-14-0369
W-01427A-14-0369

REQUEST FOR CLARIFICATIONS

19 Liberty Utilities (Litchfield Park Water & Sewer) Corp. ("Liberty") and Central
20 Arizona Water Conservation District ("CAWCD") submit the following clarifications to
21 the proposed order docketed by Commission Staff on February 12, 2015. CAWCD is not
22 a party to this docket, but is providing these clarifications jointly through Liberty.
23 Liberty and CAWCD both fully support the proposed order filed by Commission Staff,
24 but request an amendment clarifying two points in the proposed order. Liberty and
25 CAWCD discussed these proposed clarifications with Commission Staff and believe that
26 Commission Staff supports these proposed clarifications.

First, Liberty and CAWCD would like to make sure that the proposed order is clear regarding how the Effluent Delivery Charge set forth in § 3.1.10 of the Development Agreement will be adjusted over time. Under § 3.1.10 of the Development Agreement,

1 CAWCD will pay Liberty a per acre-foot delivery charge for the transportation, delivery
2 and disposal of CAWCD's Effluent Entitlement through the Effluent Pipeline to the
3 Effluent Recharge Project. Section 3.1.10 states that "[s]uch charge will be based on
4 LIBERTY's actual cost for delivery and disposal, including pumping, energy and pipeline
5 operation and maintenance costs for Ordinary O&M." The initial per acre-foot delivery
6 charge is estimated to be \$27.16 per acre-foot based upon an actual historical cost for
7 power of \$19.16 per acre-foot and a pipeline maintenance fee of \$8.00 per acre foot. As
8 stated in § 3.1.10 of the Development Agreement, the power cost is subject to an annual
9 reconciliation for actual power costs at the end of the year. The \$8.00 maintenance fee
10 will be adjusted annually based upon the Consumer Price Index-All Urban Consumers
11 ("CPI-U"). Thus, the power cost component of the Effluent Delivery Charge is based
12 upon actual power costs whereas the \$8.00 maintenance fee is adjusted annually based
13 upon the CPI-U. Paragraph 37 of the proposed order indicates that the estimated \$19.16
14 power and pumping charge is subject to a CPI-U adjustment. As such, Liberty and
15 CAWCD provide the attached Amendment # 1 for the Commission's consideration and
16 convenience, which clarifies the annual adjustments to the Effluent Delivery Charge.

17 Second, paragraph 38 of the proposed order indicates that Roosevelt Irrigation
18 District ("RID") charges currently incurred by Liberty for disposal of effluent "would be
19 avoided once the Effluent Recharge Project is complete and operational." On that issue,
20 Liberty believes it is important to clarify that it will retain the connection to the RID canal
21 as an emergency back-up to the Effluent Recharge Project. Thus, Liberty will continue to
22 incur the \$2,500 monthly RID connection fee in order to maintain the RID canal as an
23 emergency disposal option. The attached proposed Amendment #1 provides a clarifying
24 change to Finding of Fact 38 to address this point.

25

26

1 Finally, CAWCD and Liberty were initially concerned that there may be some
2 ambiguity in the first ordering paragraph on page 14 of the proposed order. Liberty and
3 CAWCD discussed that ordering paragraph with Commission Staff and the parties agree
4 that the "Commission-authorized rate" discussed in that paragraph refers to the special
5 contract tariff that will be approved by the Commission as described in the ordering
6 paragraph on page 16 of the proposed order, and not Liberty's existing market-based
7 effluent rate. Liberty has not proposed an amendment to the ordering paragraph, but
8 CAWCD and Liberty simply wanted to make certain that the record is clear on this point.

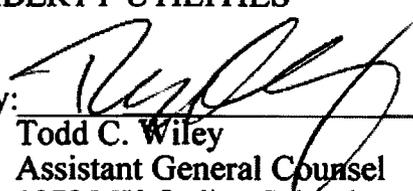
9 RESPECTFULLY SUBMITTED this 24th day of February, 2015.

10 SHAPIRO LAW FIRM, P.C.

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15 and

16 LIBERTY UTILITIES

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1 **ORIGINAL** and 13 copies filed
2 this 24th day of February, 2015, with:

3 Docket Control
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5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 **COPY** hand-delivered this 24th day
8 of February, 2015 to:

9 Chairman Susan Bitter Smith
10 Arizona Corporation Commission
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12 Phoenix, AZ 85007

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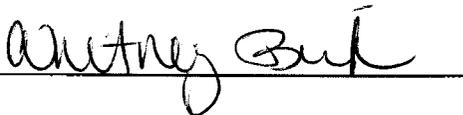
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12 By: 

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PROPOSED AMENDMENT # 1

DATE PREPARED: February 24, 2015

COMPANY: Liberty Utilities (Litchfield Park Water & Sewer) Corp.

DOCKET NO.: SW-01428A-14-0369
W-01427A-14-0369

OPEN MEETING DATES: March 2-3, 2015 AGENDA ITEM: U-

Page 4, line 15,

ADD the words "estimated to be" between the words "is" and "\$27.16."

Page 4, line 16,

ADD the words "and cost of power and pumping" between the words "(("CPI-U"))" and "adjustments."

Page 6, line 28,

ADD the words "and cost of power and pumping" between the words "CPI-U" and "adjustments."

Page 10, line 15,

ADD the words "and cost of power/pumping adjustments" after the word "escalator" in the parenthetical.

Page 10, line 28,

ADD the words "estimated to be" between the words "is" and "\$27.16."

Page 11, line 1,

ADD the words "and cost of power and pumping" between the words "CPI-U" and "adjustments."

Page 11, line 7,

DELETE the words "calculation so that 2014 and later delivery fees will actually be higher due to the CPI-U escalator" and REPLACE with the following:

“actual cost of power and pumping, and future delivery fees will be based upon the actual cost of power and pumping, subject to an annual reconciliation. The \$8.00 maintenance fee will be subject to annual adjustment based upon the CPI-U escalator.”

Page 11, line 12,

DELETE the word “would” and REPLACE with the word “may.”

Make all other conforming changes.