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BEFORE THE ARIZONA CORPORATION COMMISSION
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IN THE MATTER OF THE JOINT APPLICATION OF
WILLOW VALLEY WATER CO., INC. AND EPCOR
WATER ARIZONA, INC. FOR APPROVAL OF THE
SALE OF ASSETS AND TRANSFER OF CERTIFICATE
OF CONVENIENCE AND NECESSITY

DOCKET NO. W-01732A-15-0131
DOCKET NO. W-01303A-15-0131

**Willow Valley's Response in
Opposition to RUCO's Request to
Reschedule Hearing**

Willow Valley Water Co., Inc. ("Willow Valley") responds in opposition to RUCO's "Request for an Extension of Time to File Surrebuttal Testimony, to Reschedule Evidentiary Hearing and Objection to Affidavit of Mike Liebman filed on November 3, 2015", filed by RUCO on November 4, 2015. RUCO proposes to reschedule the hearing during the week of Thanksgiving, which is infeasible. In addition, RUCO fails to provide a valid reason to modify the previously-agreed procedural schedule approved in the Commission's September 3, 2015 Procedural Order. However, Willow Valley does not object to a shorter extension to accommodate RUCO. Lastly, Willow Valley will not be offering Mr. Liebman's affidavit into evidence; accordingly RUCO's "objection" is without any basis.

I. Scheduling issues.

Public notices have already been published and mailed to customers with the November 16, 2015 hearing date. RUCO states that the "Company has recently filed new information on the ADIT issue regarding the tax normalization rule and RUCO needs time to analyze the issue." This is a reference to Mr. Walker's Rebuttal Testimony, which expressed concern that the ADIT "regulatory liability" proposed by RUCO would violate IRS tax normalization requirements. [See Walker Rebuttal at pages 3-7]. RUCO should have researched and understood the impacts of its

1 proposal on EPCOR and its ratepayers before filing its Direct Testimony. Moreover, the existing
2 schedule allows RUCO two full weeks to respond to the Rebuttal Testimony.

3 RUCO also states “[n]ew information was also filed on the acquisition premium, to which
4 RUCO needs time to do additional discovery to seek clarification on how it works.” This is
5 apparently a reference to the Rebuttal Testimony of EPCOR witness Sarah Mahler. The details of
6 EPCOR’s acquisition adjustment proposal were filed in the docket on June 1, 2015. RUCO has
7 had ample opportunity to conduct discovery—in fact, RUCO has issued numerous data requests
8 on the acquisition premium and various other topics.

9 RUCO also argues that this “is not a rate case and subject to time clock considerations”.
10 [RUCO Request at page 2, lines 10-11]. Although the rate case timeclock does not apply, the
11 Commission’s CC&N rules have a timeclock that applies to this CC&N transfer case. See A.A.C.
12 R14-2-411.C. That rule expressly refers to the licensing timeframe requirement in A.R.S. § 41-
13 1072. The Legislature has required all agencies to put in place licensing timeframes under A.R.S.
14 § 41-1072 to 41-1079, and a CC&N is a type of license. See A.R.S. § 41-1001(12), which defines
15 “license” as “includes the whole or part of any agency permit, certificate, approval, registration,
16 charter or similar form of permission required by law, but does not include a license required
17 solely for revenue purposes.” Staff expressly referred to the licensing timeframe in R14-2-411.C
18 in its sufficiency letter filed July 30, 2015, and the Commission’s August 14 Procedural Order
19 granted a 60 day extension to the timeclock or licensing timeframe, thus demonstrating that it
20 applies to this case. [August 14, 2015 Procedural Order at page 2, lines 6-8].

21 Lastly, RUCO notes that its administrative assistant will be out on November 12 to 13.
22 RUCO employs a highly qualified team of accountants and lawyers. Willow Valley is confident
23 that RUCO can continue its operations. Moreover, Willow Valley notes that its employees have
24 been performing their functions for months without certainty of continued employment, in light of
25 the pending transaction. The Procedural Order has been issued, and all the witnesses as well as
26 the public are on notice to be available at this time.

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1 RUCO has not demonstrated any need for an extension of time. In addition, RUCO's
2 proposal is to move the hearing to the week of Thanksgiving. Willow Valley is unsure whether all
3 the witnesses and the ALJ will be available that week, as many people may already have travel
4 plans at that time. In addition, public notices have already been published and mailed to
5 customers with the November 16 hearing date.

6 As a compromise, Willow Valley proposes the following alternative. The existing
7 November 16 hearing date should be kept for public comment purposes only. The evidentiary
8 portion of the hearing can take place during the already scheduled hearing dates at the end of that
9 week, November 19 and 20. These dates have been in place for months, so all the witnesses
10 should be available then. If this is done, the surrebuttal testimony for Staff and RUCO can be
11 extended to November 13, 2015, giving RUCO an additional week.

12 **II. Liebman Affidavit.**

13 RUCO's filing also contains an "objection" to Mr. Liebman's affidavit. RUCO expresses
14 concern about Mr. Liebman's affidavit being offered into evidence, and that Mr. Liebman will not
15 be subject to cross-examination. Willow Valley does not intend to offer the affidavit into
16 evidence as an exhibit at the hearing. Rather, the affidavit was prepared and filed to respond to a
17 specific request from Commission Staff. Staff noted that Mr. Walker is not a tax expert and is not
18 Global employee, and thus Staff requested a signed affidavit from Global Water's CFO
19 confirming certain statements in Mr. Walker's testimony. Accordingly, Willow Valley submitted
20 the affidavit of Michael Liebman, Global Water's CFO, attesting to his agreement with certain
21 statements in Mr. Walker's testimony. The affidavit was submitted for Staff's use in reviewing
22 and analyzing Mr. Walker's testimony. Willow Valley may elect to have Mr. Liebman adopt
23 some portions of Mr. Walker's Rebuttal Testimony at the hearing. In that case, Mr. Liebman will,
24 of course, be subject to cross-examination.

25 Accordingly, RUCO's "objection" appears to be based on a misunderstanding, and should
26 be denied as moot.

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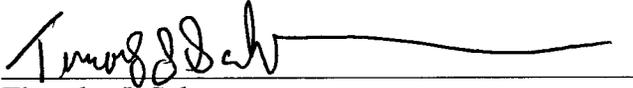
III. Conclusion.

This case concerns the transfer of the Willow Valley service area from one well-qualified company to another well-qualified company. Willow Valley, its employees, and its customers have been left in limbo long enough.

Willow Valley requests that the modified schedule suggested above be approved, and that RUCO's "objection" be denied as moot.

RESPECTFULLY SUBMITTED this 5th day of November 2015.

SNELL & WILMER, L.L.P

By 

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5 Copies of the foregoing hand-delivered/mailed
6 this 5th day of November 2015, to:

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