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AZ CORP COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH, CHAIRMAN

BOB STUMP, COMMISSIONER

BOB BURNS, COMMISSIONER

DOUG LITTLE, COMMISSIONER

TOM FORESE, COMMISSIONER

Arizona Corporation Commission
DOCKETED
JAN 27 2016
DOCKETED BY

IN THE MATTER OF THE APPLICATION OF LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP., AN ARIZONA CORPORATION, FOR AUTHORITY TO ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED $3,400,000.	Docket No.: SW-02361A-15-0206
IN THE MATTER OF THE APPLICATION OF LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	Docket No.: SW-02361A-15-0207

CP BOULDERS, LLC'S NOTICE OF FILING TESTIMONY IN SUPPORT OF SETTLEMENT AGREEMENTS

CP Boulders, LLC, through its undersigned counsel, hereby provides notice of filing the Testimony of Howard Harris in support of the settlement agreements docketed in the above-referenced matter.

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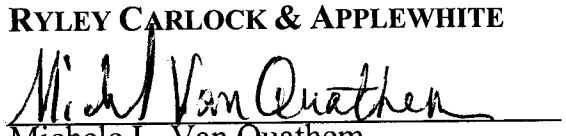
DATED this 27th day of January, 2016.

RYLEY CARLOCK & APPLEWHITE



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ORIGINAL and thirteen (13) copies of the foregoing were filed this 27th day of January, 2016, with:

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

COPY of the foregoing mailed this 27th day of January, 2016, to:

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BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH, CHAIRMAN

BOB STUMP, COMMISSIONER

BOB BURNS, COMMISSIONER

DOUG LITTLE, COMMISSIONER

TOM FORESE, COMMISSIONER

IN THE MATTER OF THE APPLICATION OF LIBERTY UTILITIES (BLACK MOUNTAIN SEWER) CORP., AN ARIZONA CORPORATION, FOR AUTHORITY TO ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED $3,400,000.	Docket No.: SW-02361A-15-0206
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TESTIMONY

OF

HOWARD HARRIS

January 27, 2016

Executive Summary

Howard Harris is the General Manager of the Boulders Resort & Spa, owned by CP Boulders, LLC, an Arizona limited liability company. The Boulders Resort offers guest accommodations, a spa, six restaurants and the El Pedregal commercial center. The Boulders Resort is a commercial customer of Liberty Utilities (Black Mountain Sewer Corp.) ("Black Mountain") and purchases treatment plant effluent for use on the Resort's two golf courses.

Mr. Harris testifies on behalf of CP Boulders, LLC, in support of both of the Settlement Agreements submitted to the Commission on November 16, 2015 and January 22, 2016 in this case that combined resolve contested issues related to the closure of Black Mountain's wastewater treatment plant and the overall rate case. Mr. Harris asks the Commission to approve the settlement agreements as a fair compromise of disputed issues.

Q. Please state your name, position, and business address.

A. My name is Howard Harris. I am the General Manager of the Boulders Resort & Spa. My business address is 34631 N. Tom Darlington Dr., Carefree Arizona 85377.

Q. Have you previously testified before the Commission?

A. No.

Q. What is CP Boulders' interest in this case?

A. CP Boulders purchased the Boulders Resort and Spa property (the "Resort") from Wind P1 Mortgage Borrower L.L.C. on April 28, 2015. The Resort is a commercial and effluent customer of Black Mountain. The Resort is a significant commercial customer in that it operates hotel guest accommodations, a spa, six restaurants, two golf courses, and the El Pedregal commercial center. In addition, the Resort purchases effluent from Black Mountain for a portion of the Resort's golf course water supply.

Q. What is the purpose of your testimony?

A. I am testifying as the designated representative of CP Boulders. CP Boulders first entered into a multi-party Settlement Agreement with Black Mountain, the Town of Carefree, The Boulders Homeowners Association, and Wind P1 Mortgage Borrower L.L.C. regarding closing the wastewater treatment plant. Subsequently, CP Boulders entered into the Comprehensive Settlement Agreement with Black Mountain, Commission Staff, RUCO, and the Town of Carefree. I am testifying that CP Boulders supports the Commission's approval of both of these settlement agreements. Joseph Yung already submitted Direct Testimony in support of the multi-party Settlement Agreement in December, attaching significant background materials explaining the dispute, so I will simply refer back to that testimony regarding my support for the first multi-party settlement agreement.

Q. Has anything changed regarding CP Boulders' support for the multi-party Settlement Agreement after Mr. Yung submitted his Direct Testimony in December?

A. No, his testimony on those issues is still the same. The Comprehensive Settlement Agreement essentially adopts the original multi-party Settlement Agreement terms regarding the plant closure and the commitment the Resort made to pay a significantly higher effluent rate, but makes some changes to the proposed rates.

Q. In Mr. Yung's Direct Testimony, he expressed support for Black Mountain's proposed commercial rate design. Does the Comprehensive Settlement Agreement address CP Boulders' concerns regarding changes to the proposed design?

A. The rate design adopted in the Comprehensive Settlement Agreement still relies on actual water use, but is less favorable to the Resort than the proposed rate design in the Black Mountain application. I understand generally that there were a number of reasons for the changes. Even though the rates that will be charged to the Resort are less favorable than had been initially proposed, CP Boulders has agreed to them as a fair compromise to address all the parties' concerns in this case in a manner that was acceptable to all parties.

Q. Does CP Boulders support other aspects of the Comprehensive Settlement Agreement?

A. Yes, it has agreed to all of the terms.

Q. Do you believe the Comprehensive Settlement Agreement is in the public interest?

A. Yes, because it reflects a compromise between divergent interests. It provides an organized plan for the plant closure that resolves some significant concerns of the stakeholders.

Q. What would CP Boulders like to see the Commission do with the Comprehensive Settlement Agreement?

A. The Commission should approve the terms as they are written so as not to risk continuation of a very contentious problem.