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AZ. CORP. COMMISSION
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BEFORE THE

ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE PETITION OF) DOCKET NO. W-01445A-14-0305
ARIZONA WATER COMPANY FOR)
INCREASE OF AREA TO BE SERVED AT)
CENTRAL HEIGHTS, ARIZONA)

**NOTICE OF FILING DIRECT
TESTIMONY OF PAUL JEPSON**

The City of Globe files herewith the Direct Testimony of Paul Jepson in the above captioned docket.

RESPECTFULLY SUBMITTED this 13th day of June 2016

Arizona Corporation Commission

DOCKETED

JUN 13 2016

DOCKETED BY *Ng*

Garry D. Hays

The Law Offices of Garry D. Hays, PC
2198 East Camelback Road, Suite 305
Phoenix, Arizona 85016

Attorney for City of Globe

The Law Offices of Garry D. Hays, PC
2198 East Camelback Road, Suite 305
Phoenix, Arizona 85016

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2 copies filed on June 13, 2016 with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, AZ 85007

7 Copies of the foregoing
8 Emailed/mailed/hand-delivered on June 13, 2016 to:

9 Dwight Nodes
10 Chief Administrative Law Judge, Hearing Division
11 Arizona Corporation Commission
12 1200 West Washington Street
13 Phoenix, AZ 85007

14 Janice Alward, Esq.
15 Chief Council, Legal Division
16 Arizona Corporation Commission
17 1200 West Washington Street
18 Phoenix, AZ 85007

19 Thomas Broderick
20 Director, Utilities Division
21 Arizona Corporation Commission
22 1200 West Washington Street
23 Phoenix, AZ 85007

24 William J. Sims III
25 Sims Murray, Ltd
26 2020 N. Central Ave, Ste 670
Phoenix, Arizona 85004

Steven Hirsch
Quarles & Brady LLP
Two North Central Avenue
Phoenix Arizona 85004

By Nicole Wright
Nicole Wright

COMMISSIONERS

DOUG LITTLE – Chairman

BOB STUMP

BOB BURNS

TOM FORESE

ANDY TOBIN

**BEFORE THE
ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE PETITION OF)
ARIZONA WATER COMPANY FOR AN)
INCREASE OF AREA TO BE SERVED AT)
CENTRAL HEIGHTS, ARIZONA.)
_____)

DOCKET NO. W-01445A-14-0305

DIRECT
TESTIMONY
OF
PAUL JEPSON
ON BEHALF OF
CITY OF GLOBE

JUNE 13, 2016

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. Paul Jepson
4 150 N Pine St Globe, AZ 85501
5

6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by the City of Globe (“Globe” or the “City”) as its City Manager.
8

9 **Q. How long have you been in that position?**

10 A. March 21, 2016
11

12 **Q. Can you briefly describe your employment and education history before you were
13 employed by Globe?**

14 A. I have a Bachelor of Arts from Arizona State University West and a Masters in Public
15 Administration from Arizona State University. Before the City of Globe, I was employed
16 in various positions for the City of Maricopa, including Intergovernmental Affairs
17 Director and Assistant to the City Manager. Before I worked for the City of Maricopa, I
18 was employed by Mesa Public Schools.
19

20 **Q. Have you testified before the Arizona Corporation Commission before?**

21 A. Yes, I testified on behalf of the City of Maricopa in a Global Water matter.
22

23 **Q. Are you familiar with the issues that caused the City of Globe to file a 40-252
24 application in this docket?**

25 A. I am. I was not the City Manager when the dispute between Arizona Water Company
26 (“AWC”) and Globe came up but I have spent extensive time reading and discussing the

1 matter with my staff so that I have the complete picture on what occurred before I was
2 employed by Globe.

3
4 **Q. Did AWC and Globe enter into a document that resolved the issues brought up in**
5 **Globe's 40-252 application?**

6 A. Yes. Globe and AWC had several meetings where they were able to settle the dispute
7 and, after several city council meetings where the settlement was discussed, entered into
8 an agreement ("Settlement Agreement"). The Settlement Agreement was signed by the
9 Mayor and the President of AWC and filed in this docket.

10
11 **Q. Can you describe the Settlement Agreement?**

12 A. Certainly. The Settlement Agreement lays out that there were two areas in dispute
13 between the City and AWC. The area in the south (the "Southern Disputed Area") is
14 commonly known as Arlington Heights and is comprised of residential customers. The
15 area to the north ("Northern Disputed Area"), along the US 60, is comprised of a mix of
16 residents and businesses, including the Globe Mobile Home Park. The Settlement
17 Agreement then goes on to say that Globe will sell AWC the existing infrastructure in the
18 Southern Disputed Area to AWC and AWC will serve the customers in Southern Disputed
19 Area. As it relates to the Northern Disputed Area, Globe will no longer call into question
20 AWC's Certificate of Convenience and Necessity for that area, sell its existing
21 infrastructure, and acquire a license from AWC for the City to continue serving its
22 customers and their successors in the Northern Disputed Area. The Settlement Agreement
23 also discusses infrastructure improvements, sets out an interconnect agreement and
24 various other things.

25
26 **Q. Is the Settlement Agreement in the public interest?**

27 A. Definitely.
28

1 **Q. Why?**

2 A. The City was facing a multimillion dollar claim from AWC that this Settlement
3 Agreement resolved. The Settlement Agreement also requires AWC to make additional
4 improvements in the Northern Disputed Area within the next 18 months. Additionally, the
5 Settlement Agreement allows both AWC and the City to move forward and start acting
6 cooperatively toward each other for the benefit of all the citizens of Globe. This working
7 relationship is important because Globe is the sewer provider everywhere AWC provides
8 water service in the City. Having a good working relationship with AWC helps the City
9 carry out its duties.

10

11 **Q. Has the working relationship with AWC improved since the signing of the Settlement**
12 **Agreement?**

13 A. Most definitely.

14

15 **Q. Has the public been notified of what is occurring?**

16 A. Yes. We have had several City Council meetings where this issue was discussed in open
17 session. Additionally, as required by the Arizona Corporation Commission, we have
18 mailed out letters and notices to all the affected customers and published the notice in the
19 local newspaper. We also will be holding an informational meeting here at City Hall on
20 June 15th.

21

22 **Q. Do you think the actions of the City have been sufficient as it relates to keeping the**
23 **citizens of Globe informed?**

24 A. Yes.

25

26 **Q. Does this conclude your testimony?**

27 A. Yes.