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26 April 2002

Clerk
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007-2996

Re: Ash Fork Water W01004B-03-0722

Enclosed please find one (1) original and thirteen (13) copies of an Intervenor originated document captioned:

**INTERVENOR EXCEPTIONS/OBJECTIONS
TO
STAFF'S NOTICE OF LATE FILED EXHIBIT 1 dated 23 April 2004
and
MOTION FOR RELIEF**

Please enter for the record.

Earl M. Hasbrouck
P. O. Box 1034
Ash Fork, AZ 86320-1034
928/637-0302

Arizona Corporation Commission

DOCKETED

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BEFORE THE ARIZONA CORPORATION COMMISSION
(Utilities Division)
1200 West Washington
Phoenix, Arizona 85007

In re: THE APPLICATION OF ASH FORK
DEVELOPMENT ASSOCIATION, INC.
d/b/a ASH FORK WATER SERVICE
FOR A PERMANENT RATE INCREASE.

DOCKET NO. W-010045-03-0722

Arizona Corporation Commission

DOCKETED

APR 27 2004

INTERVENOR EXCEPTIONS/OBJECTIONS
TO

STAFF'S NOTICE OF LATE-FILED EXHIBIT 1 dated 23 April 2004

TO

and

MOTION FOR RELIEF

DOCKETED BY *nae*

COMES NOW INTERVENOR EARL M. HASBROUCK and objects to STAFF'S NOTICE OF LATE-FILED EXHIBIT 1 dated 23 April 2004 (hereinafter "exhibit"):

I. RATE INCREASE OF 14.3%

Although proposed by the utility in one portion of it's original request for a rate hike, a flat rate across-the-board regular rate increase of 14.3% was never discussed at hearing as being needed or necessary. Nor was the 14.3% rate increase factor now propounded by staff in it's updated exhibit ever agreed to in form or amount.

II.

RATE SURCHARGE OF 26.1% (11.8% over 14.3% inclusive)

Staff's exhibit includes an intangible rate surcharge column, the basis for which was removed from consideration in this matter by agreement of the parties at hearing on 23 April 2004 during cross examination of Alexander Igwe under the direct order of Administrative Law Judge Marc E. Stern.

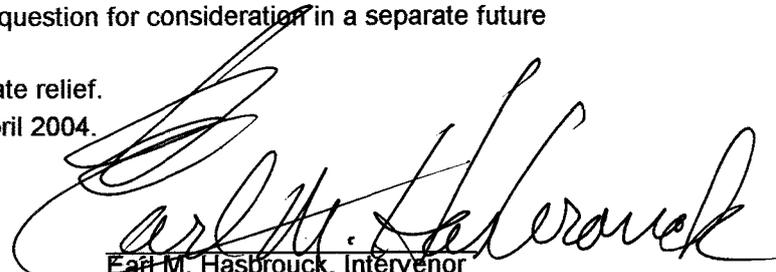
- A. During the closing of said hearing on 23 Apr 2004, Intervenor was admonished by Judge Stern for bringing up this very same *intangible surcharge* question, Stern chastising the Intervenor "because he did not understand that the nature of the issue would be a separate question for future consideration."
- B. Despite the fact that from the very beginning it has never been conclusively determined that Ash Fork Well #2 is anything more than an expensive extravagance, nearly two hours of hearing discussion was devoted to imaginative assuming regarding the topic of potential arsenic removal and possible methods and means for implementing a future rate surcharge *if, in fact*, such a rate increase would ever be needed in order to deal with the potential, intangible heavy metal removal problem.
- C. No basis for any 11.8% increased rate surcharge over a 14.3% permanent rate increase was conclusively established as being essential, needed or necessary at this particular time.

WHEREFORE, premises considered, Intervenor respectfully objects to the entry of STAFF'S NOTICE OF LATE-FILED EXHIBIT 1 dated 23 April 2004 in it's current form and content and prays:

- 1. FOR THE COMMISSION to carefully consider that we have arrived at this very predictable point in the proceedings because the regulatory authority did not do it's job in the beginning; that the commissioners were long ago forewarned that, in the end analysis, the regulatory authority would have no alternative but to allow the utility to raise prices to the detriment of the consumer public for a project that, in Intervenor's view, mainly benefitted commercial entities.
- 2. FOR THE COMMISSION to consider that inasmuch as the intervening party was officially denied the right to conduct discovery during Phase III., the responsibility for undiscovered impropriety of any nature rests fully with the independent regulatory agency.

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3. FOR THE COMMISSION to consider that despite staff's updated exhibit changes, what was actually discussed at hearing was the fact that notwithstanding the declared reality that Ash Fork Water is currently capable of debt reduction **without** a rate hike, maintaining the status quo would create a possible financial hardship and would not permit the accumulation of an excess for contingencies.
 4. FOR THE COMMISSION to consider that the 14.3% rate increase factor now propounded by staff in it's updated STAFF'S NOTICE OF LATE-FILED EXHIBIT 1 dated 23 April 2004 is ambiguous in that the original company request was earlier reduced by ACC staff to a recommended 7% to 9% average rate hike factor following extensive audit by Mr. Igwe involving analysis of customer base, rate base, rate of return, debt service and operating margin.
 5. FOR THE COMMISSION to consider that based on Mr. Igwe's calculations versus the utility's original request, a consequential fair and equitable average increase for Ash Fork Water at this point in time would be a simplified, flat 10% across the board rate hike, small commodity quarter standpipe water haulers (less than 1000 gal.) excluded.
 6. FOR THE COMMISSION to strike any reference to "surcharge" and to the ensuing published 26.1% surcharge percentage rate(s) propounded by staff in it's late-filed *Typical Bill Analysis* and to ORDER staff to revise the exhibit in question to show no proposed rate surcharge.
 7. FOR THE COMMISSION to adhere to Judge Stern's stated position that the topic of any rate surcharge for arsenic removal will be a question for consideration in a separate future action dedicated to that specific matter.
 8. FOR THE COMMISSION to provide immediate relief.
- INTERVENOR SO MOVES on this, the 26th day of April 2004.



Carl M. Hasbrouck, Intervenor
P. O. Box 1034
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928/637-0302

Certified Filed: ACC Docket Control - Original & 13
Copy to: Ash Fork Water - Conformed copy