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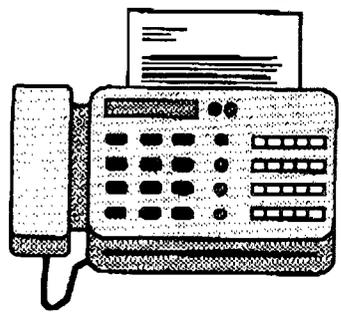
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Date: 12/6/01

2001 DEC -6 P 4:46

To: Elena Zestrijan - ACZ CORP COMMISSION
DOCUMENT CONTROL

Fax number: (602) 364-2270

From: Don Lovell- Bradshaw Water
Co

W-02476A-01-0502

of pages: 3

Elena:

Here is my response to the 12/3/01 Staff Report.

DL/rj

Enclosures

Arizona Corporation Commission
DOCKETED

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BRADSHAW WATER COMPANY, INC.

112 Grove Avenue Prescott, Arizona 86301 (520) 778-1888

December 6, 2001

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

DOCKET NO. W-02476A-01-050 2

Docket Control:

I have received the 12/3/01 Staff response to Bradshaw's exceptions and objections to the Staff report. I have the following comments. Please note that on 12/3/01 I wrote a letter to Elena Zestrijan and submitted it through Docket Control adding additional support to my objections. Please incorporate my comments in my 12/3/01 letter as part of my response.

My comments are as follows:

(1) Objection 1 - I do not believe it is necessary to do an analysis of the complaints. I am well aware that a large number of Bradshaw customers objected to the filing. I was merely pointing out that the wording was poor. I do not believe it is an effective use of Staff's time to determine who on the petition are customers of Bradshaw. I define a customer as a meter service to a home, not the individuals that reside there. Thus, if a husband and wife signed a petition, one customer objects. I would request that Staff not pursue this matter any further. Staff has better things to do than survey my customers.

(2) Objection 4 - I believe the \$9,000 should be properly classified as salaries and wages. Why should a small water company be burdened with additional administration for payroll when the parent company assumes the responsibility for the payroll? The parent company, Lynx Creek Ranch, Inc., prepares the payroll for Mr. Lovell and requests that Bradshaw pay a portion of the payroll. This administrative procedure does not place the money paid by Bradshaw into another category. The money paid to Lynx Creek Ranch, Inc. for payroll is a legitimate expense by Bradshaw and should be classified as payroll and wages. The fact that payroll taxes and administration are done by the parent company is an asset to Bradshaw and saves it costs.

(3) Objection 5 - In my November 13 letter Item 5 I do not suggest that the \$9,000 be accounted for in the accounts 621 and 641. If you read the paragraph carefully, I was only suggesting that the monies paid to Professional Brokers should be classified in

Docket Control
Arizona Corporation Commission
12/6/01
Page 2

the accounts 621 and 641. See my 12/3/01 letter for further comments regarding the monies paid to Professional Brokers.

(4) Objection 6 - Bradshaw collects \$29 in its water billing for the Creekside Sanitary District. It then transfers the money it collects in its billing to the Creekside Sanitary District. For this billing service, Creekside Sanitary District reimburses Bradshaw. It is appropriate and necessary that the Creekside Sanitary District charge be collected by the water utility and that Creekside Sanitary District reimburse Bradshaw for its service. Bradshaw does this out of a separate checking account that is separate from the parent company and solely used for Bradshaw's purposes.

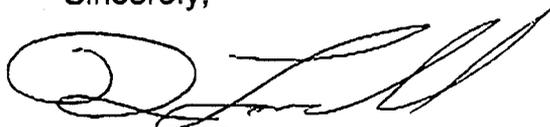
(5) Objection 8 - Please see my comments in my 12/3/01 letter regarding the expenses that have been placed into account 630. Also see my comments above regarding the \$9,000 which should not have been allocated to account 630.

(6) Exception 1 - See my comments regarding the \$9,000 above in items 2 and 3. The \$9,000 should be properly allocated to salaries and wages for Mr. Lovell's services.

(7) Exception 4 - I vigorously object to the Staff assertion that Professional Brokers manages Bradshaw. Mr. Lovell manages Bradshaw. Professional Brokers provides office services as detailed in my 12/3/01 letter. It is impossible for Professional Brokers to manage Bradshaw; it is a real estate brokerage company. To assert that Professional Brokers is the company manager is ridiculous. Mr. Lovell, who is employed by the parent company of Bradshaw, manages all the affairs of Bradshaw.

(8) Exception 5 - To state a finding that the company maintain a separate bank account for utility purposes is to imply that the company does not have such an account. I request that this recommendation be dropped, because the company does in fact have a separate account for utility purposes.

Sincerely,



DON LOVELL
DL/rj

Enclosures

Arizona Corporation Commission

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