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April 27, 2006

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

cc: Payson Water Company  
Joe Brown, Geronimo Property Owners Association

Re: Payson Water Company Geronimo System Docket W-03514A-05-0729  
Moratorium—Exceptions to Recommended Order

Pursuant to A.A.C. R14-3-110(B), I hereby file these exceptions to the Recommended Order of Judge Nodes that was docketed in this case on April 17, 2006. I personally represent both the Whispering Pines Fire District Board of Directors and the Gila County Board of Supervisors in this matter.

The Recommended Order as presented is excellent and clearly covers many important topics, especially the heart of the matter as indicated in the Findings of Fact under Paragraph 26 where the Judge stated "We are aware that a moratorium creates a disincentive for companies to seek new sources of water and is inconsistent with a public service corporation being required to serve requesting customers in its CC&N area. However, a public service corporation with an exclusive service area should not be permitted to rely on the existence of a moratorium as a means of avoiding in perpetuity pursuit of new sources of water where additional demand clearly exists".

Three additional areas of concern I suggest be included in the Order are:

1. The Company should be required to install the non-existent water mains in Unit 2 of Geronimo Estates. Approximately 50 lots, all in the original plats of the subdivision, would, without new mains, continue to be excluded from available service if any of these lot owners (some already with homes served by cisterns or hauling of water) were at the top of the priority list as described in the Recommended Order.
2. The Company should be required to (a) expand the storage facilities to 50,000 gallons from the existing 15,000 gallons such that peak demands can more easily be met, even with use of the current wells, since the Elusive well is calculated to be running only 2.7 hours per day, and (b) the Elusive Acres well should be required to be pumped more hours per day to fill the additional storage capacity. It is not know that the Elusive well has ever been pumped long enough to run it out of water.
3. The Judge's proposed priority for allocation of new meters to prospective customers, tied to the obtaining of a building permit and tied to a supposed priority list for meters maintained by the Company, needs to be broadened for two reasons:
  - a. Some prospects do not need a building permit because they have existing homes which are currently supported by hauling water, using a cistern system to collect rainwater, or using a

well that is undependable or inadequate.

- b. Several property owners have indicated that they have, within the last week, called the Brooke Utilities Call Center and been told the Company does not maintain a priority list for new meters in the Geronimo system. The Call Center indicates they only maintain a requested meter list for the Pine Water Co. system.

Therefore, the following suggestion is an alternative means of allocating newly authorized meters:

- For a period of 30 days after the date of the approval of this order, prospective customers who claimed to have previously requested water service from Brooke in either the Geronimo or Elusive sections of the service area, must file an affidavit with the Commission's Consumer Service Division stating the date service was originally requested, any related written correspondence, documentation of telephone calls, names of parties reached, or any other circumstances or evidence that can be used to substantiate the existence of a priority service request. To reasonably assure that this process is completed in a non-discriminatory manner, a letter outlining these requirements shall be immediately sent to each lot owner in the service area, as recorded on the tax rolls of Gila County, Arizona. After 30 days, these affidavits would then be evaluated by the ACC Staff to determine the initial list of priority meter requests, on the first-come first-serve basis recommended by Judge Nodes.
- Beyond the initial list of priority meter requests, the Order should require Payson Water Co. to begin a formal and accurate system for logging of future requests. NOTE: This future logging of requests must be carried out in an accurate and non-discriminatory manner because the general value of lots in the area is about \$10,000-\$15,000 higher when the lot has a water meter.
- The requirement to obtain and present a building permit to the Company within 90 days of the installation of a meter (or the meter is to be removed and the applicant falls to the bottom of the priority list) should allow the Company to retain the hook-up fee related to the meter installation, even if the meter is removed for a lack of a valid building permit.

If I can be of any further assistance related to this Recommended Order, please feel free to call.

Cordially,

HDJ Management



Harry D. Jones