

E-D1575A-08-0328



0000097123

ORIGINAL

ARIZONA CORPORATION COMMISS

UTILITY COMPLAINT FORM

Investigator: Al Amezcua

Phone: [REDACTED]

Fax: [REDACTED]

Priority: Respond Within Five Days

RECEIVED  
2009 MAY 20 P 2:13  
AZ CORPORATION COMMISSION  
DOCUMENT CONTROL

Complaint No. 2009 - 78751

Date: 5/6/2009

Complaint Description: 03D New Service - Main/Line Extensions  
N/A Not Applicable

Complaint By: First: Tim Last: Storer

Account Name: Tim Storer

Home: [REDACTED]

Street: [REDACTED]

Work: (000) 000-0000

City: n/a

CBR: [REDACTED]

State: AZ Zip: 00000

is: E-Mail

Utility Company: Sulphur Springs Valley Electric Cooperative, Inc.

Division: Electric

Contact Name: Lainie Keltner

Contact Phone: [REDACTED] mmission

Nature of Complaint:

DOCKETED

5/6/09 THROUGH COMMISSIONER NEWMANS OFFICE.

MAY 20 2009

From: tim storer [REDACTED]  
Sent: Friday, April 17, 2009 11:32AM  
To: Newman-Web

DOCKETED BY [Signature]

Dear Paul; I called your office today and left a message asking you to call me concerning a problem I have with a construction quote for electric service with SSVEC.

Last year I received a quote of about \$4300 to bring a power line to my property, North of Sonoita. Before 6 months past, SSVEC staff gave me a courtesy call and said the quoted price would expire at the end of 6 months, and I would then get a new quote from them. I told them I could not free the money at that point to bring in power, but thanked them, and said I would call when I was ready to go. A few months later I called and was told by the same representative that the construction prices had gone up about 35%. I noted that was a lot, but said I was about ready to move forward, and reconciled myself to that approximate increase.

Soon after, they called and gave me the new price, about \$7200. That is about a 60% increase. Being a businessman, I could not believe that any company, cooperative or not could work this way. I told them this, and reminded them they were serving their members with a vital service. Since that time, commodity and material prices have dropped, but they still maintain this steep increase. I have spoken to them about this. They say the price increase is just what things cost today. Again, I said that even if that is the case, you just cannot increase your prices that much in one increase; they should space it out enough to allow existing quotes to be filled without wreaking such havoc on customers in line. And, when I asked for details of a 60% increase, they did not respond.

Paul, if you agree with me or not, please plainly let me know. I just feel this is not a good way to do business. 35% I could handle, but now my hands are tied, as I really cannot dig up that kind of money. An added note: Bob Lewis at SSVEC told me the price of 7200\$ was not final, if they do the work and find it costs more, they will bill

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me for it! I pleaded my case with Mr. Lewis, then he told me he would knock off \$300. Which I find most interesting, and frustrating.

I appreciate your attention to this matter.

Tim Storer

\*\*\*\*\*  
\*\*\*\*\* ACC QUESTIONS FOR THE COMPANY \*\*\*\*\*

- When did Mr. Storer request new service?
- Did the customer pay the fee for the engineering survey? If so when and how much?
- When did SSVEC provide the customer with a engineering survey?
- How long was the survey good for?
- How long is the line extension that he requested?
- How was the \$4300 calculated?
- Was this an estimated cost?
- Why did the estimated cost go up 35%?
- Where in your approved tariff does it show the cost of the line extension?
- Why did the cost go up to almost \$7200?
- Mr. Storer was recently quoted \$8400? What is the method and where does it show this calculation on your current approved tariff?

Please provide this information in writing, if you have any questions feel free to contact me directly.

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**ADDITIONAL EMAIL BETWEEN CUSTOMER AND MR. BOB LEWIS**

From: tim storer [REDACTED]  
Sent Friday, April 17, 2009 11:34 AM  
To: Newman-Web  
Subject: Fwd: Increased Costs for Line Extensions

Begin forwarded message:

From: "Robert Lewis" [REDACTED]  
Date: March 16, 2009 1:42:56 PM MST  
To: "tim store?" [REDACTED]  
Cc: [REDACTED]

Subject: RE: Increased Costs for Line Extensions

Tim,

The board doesn't get involved in normal daily business decisions. They are there to help guide our policies to best meet the need of the Cooperative in general. In general, they want new line extensions to pay their way. Given that direction, our CEO and his staff have provided specific mandates on how we are to proceed. They are the ones who asked me to get back to you and are well aware of your situation. At this point, there is nothing more to be done from our end. You will have to do whatever you need to on your end.

Regarding Beverly's "verbal commitment", SSVEC doesn't consider anything a commitment until you get it from us in writing. Beverly was trying to give you a heads up that our costs were increasing. At the time she called

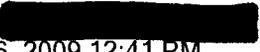
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you, we had noticed that the costs had gone up about 30% which was a dramatic increase. She had no way of knowing that within the next few months, costs would go up even more. This was unprecedented in our world up until then. Indeed, the costs are still being adjusted upward as we reconcile estimates with reality. We are at the mercy of our accountants. By the time you decide to do something, who knows what the costs will be. We will all know when you get it in writing. Even then, you might be charged more after construction is complete, if the actual costs turn out to be more than we estimated. It is a whole new world out there. Good luck in your endeavors.

Bob Lewis  
Line Extension  
Services Manager  
SSVEC



From: tim storer [mailto:  
Sent: Monday, March 16, 2009 12:41 PM  
To: Robert Lewis  
Subject: Re: Increased Costs for Line Extensions

Dear Bob; Thanks for getting back to me. Well, the 80% increase seems to be written in stone. You must understand Bob, when Beverly warned me of increases, she said it would go up about 33% across the board. THAT I took to be the new cost, not about 80%. So naturally I feel SSVEC should honor that verbal commitment, if you turn around and say it is actually going to be 42% increase, that is reasonable. Would you please go back to the board and ask them to honor the verbal price given to me by staff? Bob, I know you feel bad about this, and that you have lowered the price to about 6900\$. Before I make a decision on what to do with the property, I am going to ask you to tell the board the verbal price I was given, or, send me the important people's numbers so I can call and argue with them directly. I can also go to the ACC, but I want to try to get this cost increase in line with a reasonable business model increase.

Yours, Tim Storer  
On Mar 10, 2009, at 3:05 PM, Robert Lewis wrote:

Tim,  
I was asked to respond to your concerns regarding the cost increases for your line extension on Yucca Ash Farm Rd. Please believe me when I say SSVEC is empathetic to your concerns about the way our cost estimates have increased over the short term. It is not a pleasant exercise to send out such notices to our neighbors. However, it is also true that Cooperative employees, using tools and data heretofore unavailable, have worked hard over the last few months to reconcile estimated costs with actual expenses. It has become increasingly evident that, in many cases like yours, our estimates have been insufficient to cover expenses. Naturally, this has left an increased burden on the entire Cooperative membership to subsidize new line extensions. This is not where any of us want to be if SSVEC is to hold down rates. From now on, it will be imperative for new line extensions to pay their own way.

We recognize you have been caught somewhat in the middle of this revitalized cost management. Nevertheless, you were warned well ahead of time that costs were increasing and still you have delayed funding your work order. Indeed, while you have waited over the last few months, our reconciliation data have moved the charges in a continuous upward climb that has not slowed one bit. Once again, one cannot compare this increase solely to inflation in the market, but mostly to the more realistic cost analysis of a previously underfunded system. Simply put, the Cooperative was losing a lot of money by subsidizing new line extensions way too generously.

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Please don't feel singled out For the financial well-being of the Cooperative, Management has established this course correction with the blessing of the Board of Directors. Cooperative employees are administering it as fairly and consistently as possible across the board. In the end, it is our desire to accomplish your job as quickly and efficiently as we can once you let us know you are ready to proceed. You will then be responsible for the actual cost of the job. It is our hope that the updated estimate will fully cover all construction charges. If, for some reason, we have over-estimated your costs, it is our intent to reimburse any over-payment. However, the reverse also holds true, in that we can later bill you for any actual costs that may exceed the estimate. As always, feel free to contact me with any of your concerns or questions. I will help you in any way I can.

Regards,

Bob Lewis  
Line Extension  
Services Manager  
SSVEC

  
\*End of Complaint\*

### Utilities' Response:

5/8/09 Mr. Amezcua,

Attached is the .pdf complaint form for Complaint # 78751. I have added comments in text box format at the end of the complaint. Please let me know if you have further questions.

Bob Lewis  
Line Extension  
Services Manager

SSVEC  


### Answers to ACC Questions

Mr. Storer requested service in February of 2006.

At that time, Mr. Storer did not pay a design fee.

Mr. Storer did not proceed with construction plans until Feb 2008.

The job was engineered and design and written estimate were presented to Mr. Storer 3/20/08

The estimate was good for 180 days.

The length of the extension is 876 feet.

The verbal estimated cost of \$4300 was based on standard rates for labor, equipment, transportation, and material.

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Estimated costs have gone up steadily over the past year to bring them more in line with actual costs of construction.

Section 4.14 of the approved tariff explains the customer is responsible for all costs over any construction credit (in this case \$1050 for a well service).

Estimated costs have gone up steadily over the past year as focused accounting research and data have brought estimates closer to actual construction costs.

The \$8400 verbal estimate is based on present standard rates for labor, equipment, transportation, and material. The customer is responsible for all construction costs over the construction credit.

Mr. Storer has not proceeded with construction nor has he received more written estimates since March 2008. Due to delays on his part, he will be required to make a new request for service.

\*End of Response\*

**Investigator's Comments and Disposition:**

5/6/09 I left a voice mail message for Mr. Storer.

5/6/09 Voice mail message

Mr. Storer returned the call and asked me to please give me a call right back as he was not busy currently.

5/6/09 I spoke with Mr. Storer and advised him I was calling on behalf of Commissioner Newman's Office. I advised him that I would file a complaint on his behalf and investigate this matter with the utility company. I wanted to know if the company ever provided him with any Line Extension documents? Ans: NO. Did he ever request an Engineering survey? Ans: NO not familiar with it. What information did the company provide him about main line extension? Ans: NONE

He appreciated the call and the information I was able to provide him with. He stated that I made his day and thanked me again. I advised him that I would follow up with him once my investigation was conducted and a response was received from the utility company. I provided him with my full name and telephone number if he needed to get a hold of me. He felt much better knowing that we were going to investigate this matter and knowing a bit more about line extensions.

5/6/09 Email staff member Julie McNeely

Good morning Julie,

I was wondering if you were done looking at the SSVEC tariff. I wanted to read more about their line extension policy. Is there any information you may have to share with me about their line extensions. Are customers now fully responsible for the cost to extend electric service?

Thanks,

Alfonso Amezcua  
Consumer Services

5/6/09 Email response from Julie

Julie responded.

The decision hasn't come out, so I guess that right now the most recent tariff still applies. But you may want to ask Wes or Kevin, since they're the lawyers on the case. I will bring you the tariff.

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5/6/09 I reviewed the tariff and found several different items pertaining to the main line extension agreements.

5/6/09 I spoke with Wesley Van Cleve and Kevin Torrey regarding this issue and main line extension. The tariff was asked to be removed but in Wesley opinion this will not get signed or approved until sometime in July 09.

5/7/09 Emailed to SSVEC for a response.

5/13/09 E-mail to SSVEC

Good morning Mr. Lewis,

I have a question of when Mr. Storer requested service February of 2006 and at that time, he did not pay a design fee. What written information if any was provided to him regarding main line extension agreements? Please advise.

Thank you,

Alfonso Amezcua  
Arizona Corporation Commission  
Utilities Division

5/13/09 Email from SSVEC

From: Robert Lewis [mailto: [REDACTED]]

Sent: Wednesday, May 13, 2009 10:38 AM

To: Al Amezcua

Subject: RE: ACC Complaints: Storer, Tim - Complaint No. 78751

Al,

Other than our standard request, I am pretty certain there was no written information passed to him until he made up his mind and we sent him the design and estimate in March of 2008. Mr. Storer was never ready to do anything and our conversations with him were pretty vague up until Feb. 2008. Is this what you're asking?

Bob Lewis  
Line Extension  
Services Manager

SSVEC

5/13/09 Email to SSVEC

From: Al Amezcua [mailto: [REDACTED]]

Sent: Wednesday, May 13, 2009 10:43 AM

To: Robert Lewis

Subject: RE: ACC Complaints: Storer, Tim - Complaint No. 78751

Robert,

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What is your standard request? Was anything along the line of tariffs or ACC rules and regulations provided to him back in 2006?

Thank you,

Alfonso Amezcua

5/13/09 Email from SSVEC  
From: Robert Lewis [mailto: [REDACTED]]  
Sent: Wednesday, May 13, 2009 11:35 AM  
To: Al Amezcua  
Subject: RE: ACC Complaints: Storer, Tim - Complaint No. 78751

Al,

Tim Storer's application is attached. It has references to the line extension policy in paragraph 2. We make the tariff available in full to any customer who asks for it. The estimate amount referred to on the first page was a rough estimate, not the final design estimate.

Bob Lewis  
Line Extension  
Services Manager

SSVEC  
[REDACTED]

5/14/09 Voice mail message

Mr. Storer called and left a voice mail message asking for a return call. He stated that he was returning my call but he might of mistaken a call from someone else.

5/14/09 I spoke with Mr. Storer and advised him I was returning his call. He mentioned that he called Commissioner Newman's office earlier today and they did not know anybody by the name Alfonso or Al with the ACC. I explained that when a complaint is received in the Commissioners Wing and gets assigned to an analyst in Consumer Services responding on behalf of the Commissioner. We went over the entire complaint and my response to him. I mentioned that the company did provide him an estimated quote subtracting the \$1050 credit allowed for footage per their tariff. I also mentioned that a new tariff will be approved by the Commissioner within the next several months. What I suggest and recommend is that he contact the utility company and enter into a main line extension agreement in writing so that he could lock in the current tariff. His problem was that he is in the process of selling a home/property in New Mexico and once he closes on it he will have the monies to pay for it in full. He would need to find out from the company if once he enters into a written agreement how long is this good for? That would give him the general idea of the timeframe that he would be allowed. Now if he goes pass this date and does not pay the monies he could be faced with a higher amount for the line extension because of the time and the new tariff. It would also be to his advantage to inquire for a line extension for the house too. There is a credit of \$1750 currently but will go away once the tariff is approved. I suggested that he contact the company right away. He agreed in contacting the company ASAP to get these questions answered. He wanted to know about the Solar Panel program and when was SSVEC going to start. He purchased a 40K system and can't get an answer from SSVEC? I offered to investigate and get back with him on this. He agreed.

5/14/09 Email to Wesley Van Cleve

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From: Al Amezcua  
Sent: Thursday, May 14, 2009 1:50 PM  
To: Wesley Van Cleve  
Subject: SSVEC tariffs

Wes,

This question pertains to the discussion we had last week about the SSVEC main line extension.

If the customer enters into a main line extension agreement in writing today, and the tariff changes tomorrow would he be locked into the original? Or will a new agreement need to be created?

Thanks,

Alfonso Amezcua  
Arizona Corporation Commission  
Utilities Division  
Consumer Services  


5/14/09 From: [Wesley Van Cleve  
Sent: Thursday, May 14, 2009 2:02 PM  
To: [Al Amezcua  
Cc: [Janet Wagner  
Subject: [RE: SSVEC tariffs

Al,

I am not at work today. I would think if the customer enters into a main line extension agreement in writing with SSVEC today, that the tariff that was in place at the time the customer entered into the agreement would apply. So even if it changes the next day the customer would have locked in the old tariff. I am copying Janet on this e-mail.

Wes

5/14/09 Email response from Janet Wagner

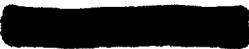
From: Janet Wagner  
Sent: Thursday, May 14, 2009 2:04 PM  
To: Wesley Van Cleve; Al Amezcua  
Subject: RE: SSVEC tariffs

Al,

I agree with Wes. The adoption of a new tariff should not displace existing contracts under the old tariff.

JW

5/14/09 2:26 P.M.  
Updated Utility Response

5/14/09 Email from SSVEC  
From: Robert Lewis [mailto:

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Sent: Thursday, May 14, 2009 2:26 PM  
To: Al Amezcua  
Subject: RE: Questions regarding Mr. Storer's complaint

Al,

At the time of request, SSVEC will have Mr. Storer sign a document that makes it clear that he will be responsible for the actual cost of construction, less the credit for the well. If he also has a definite date to start the foundation for the house, we can extend the credit to also include the residence. Either way, SSVEC would like to employ all the load and site information Mr. Storer can provide to try to design the line extension at a capacity to serve the house when it is built.

SSVEC will provide an estimated cost to Mr. Storer for the up front monies that will satisfy construction of the line. This close estimate will be good for 180 days. Nevertheless, Mr. Storer will be obligated for the actual cost of construction should it end up more than the estimate. If the estimate is more than the actual cost of construction, SSVEC will reimburse the difference to Mr. Storer. I'm sure this process will be honored for a 180 day grace period even if the tariffs change in the meantime.

Bob Lewis  
Line Extension  
Services Manager

SSVEC  


5/18/09 Good morning Mr. Lewis,

The customer asked me about the renewable energy Solar Panel Program. When does SSVEC plan to commence this program, he is currently waiting as he purchased and had Solar Panels installed at his property worth over 40K. Can you please provide me with a response or advise me of who I would need to contact.

Thank you,

Alfonso Amezcua

5/18/09 I tried more than 5 times to reach Mr. Storer. A Cricket message would come on that the customer is out of reach or his phone is turn off. It asked me to try again later.

3:45 P.M. I spoke with Mr. Storer and provided him updated information as to my investigation. I advised him that I was trying to reach him all day long but kept getting a message from Cricket. He gave me his home number where I could reach him at time during the summer months . I wanted to let him know that as a reminder of what we spoke on last week that he needed to contact the utility company and enter into a main line extension agreement in writing so that he could lock in the current tariff to benefit from the discounts. I also mentioned to him that he should inquire about the line extension to his property where he plans to build a home. This type of line extension also has a discount he could benefit from (\$1750). He thought about inquiring about both line extension with SSVEC. This was a great idea that I had mentioned. He is currently in Tucson working with his bankers in refinancing which now a days is a very long process. He understands if he does not act on this very soon he will lose the discounts that SSVEC has already offered. I will follow up once I have answers to his other questions. He appreciated the follow up call along with the information.

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5/19/09 10:00 .AM.

Had a meeting with Alan Stephens Advisor of Commissioner Paul Newman's. Connie W and myself presented the informal complaint to Alan. Explained and provided him with the information. I also advised him that I contacted the customer yesterday and he is aware of everything that could happen. Alan asked me to docket the complaint for the record. Copies made of the closed complaint and docketed for the record. CLOSED.

\*End of Comments\*

**Date Completed: 5/19/2009**

**Complaint No. 2009 - 78751**

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**Un-Substantiated**

**Notes: Mr. Storer has not proceeded with construction nor has he received more wirtten estimates since March 2008 Due to delays on his part, he will be requires to make a new request for service.**