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**BEFORE THE ARIZONA
CORPORATION COMMISSION**

IN THE MATTER OF THE
APPLICATION OF ARIZONA WATER
COMPANY, AN ARIZONA
CORPORATION, FOR A
DETERMINATION OF THE FAIR
VALUE OF ITS UTILITY PLANT
AND PROPERTY, AND FOR
ADJUSTMENTS TO ITS RATES AND
CHARGES FOR UTILITY SERVICE
AND FOR CERTAIN RELATED
APPROVALS BASED THEREON.

Docket No. W-01445A-08-0440

**NOTICE OF FILING THE
SURREBUTTAL TESTIMONY OF
EDWIN L. JUNAS, JR.**

Pursuant to the Assistant Chief Administrative Law
Judge's Procedural Order (p. 2) dated June 11, 2009,
Intervenor Local Union 387, International Brotherhood of
Electrical Workers, AFL-CIO, CLC, by and through undersigned
counsel, hereby provides notice of its filing of the
attached Surrebuttal Testimony of Edwin L. Junas, Jr. in
this docket.

RESPECTFULLY SUBMITTED this 17th day of August 2009.

LUBIN & ENOCH, P.C.

Arizona Corporation Commission

DOCKETED

AUG 17 2009

Nicholas J. Enoch, Esq.
Attorney for Intervenor

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1 Original and thirteen (13) copies
2 of IBEW Local 387's Notice filed
3 this 17th day of August 2009, with:

4 Arizona Corporation Commission
5 Docket Control Center
6 1200 West Washington Street
7 Phoenix, Arizona 85007-2996

8 Copies of the foregoing
9 transmitted electronically
10 this same date to:

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1 **Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A1. Edwin L. Junas, Jr. My business address is still 5818
3 North 7th Street, Suite 201, Phoenix, Arizona 85014.

4 **Q2. ARE YOU THE SAME EDWIN L. JUNAS, JR. WHOSE DIRECT**
5 **TESTIMONY WAS FILED IN THIS MATTER ON JUNE 25, 2009?**

6 A2. Yes.

7 **Q3. ON PAGES EIGHT (8) AND NINE (9) OF HIS REBUTTAL**
8 **TESTIMONY DATED JULY 10, 2009, WILLIAM W. GARFIELD**
9 **TAKES ISSUE WITH YOUR CHARACTERIZATION OF ARIZONA WATER**
10 **COMPANY'S ("AWC") HAVING UNDERGONE "TREMENDOUS GROWTH."**
11 **WHAT IS YOUR RESPONSE TO MR. GARFIELD'S ASSERTION?**

12 A3. Unfortunately, I am hardly surprised that AWC would
13 concoct a disagreement where none really exists. To
14 this end, I would simply point out that paragraph seven
15 (7) of AWC's Application in this very case states,
16 *inter alia*, that "[t]he Company's rate base has
17 increased substantially since the Company's most recent
18 rate proceeding for each operating group, and the
19 Company is annually adding additional utility plant to
20 each water system within the Company in order to ensure
21 safe and reliable water service to its customers." Mr.
22 Garfield himself reiterated this point on page five (5)
23 of his testimony wherein he cites the fact that AWC's
24 operating and maintenance expenses "have increased
25 significantly" since its last rate applications as one
26 of the primary bases for AWC's instant application.
27 While I anticipate that Mr. Garfield may, for some
28 unknown reason, attempt to contrive a distinction

1 between customer growth and a growth in operating and
2 maintenance expenses, I believe that it is self-evident
3 that the two largely go hand in hand. If it is Mr.
4 Garfield's contention that AWC's customer growth will
5 remain flat or will decline slightly in the years to
6 come, I would encourage him to visit the website for
7 the Arizona Department of Commerce at
8 [www.azcommerce.com/EconInfo/Demographics/Population+Pro](http://www.azcommerce.com/EconInfo/Demographics/Population+Projections.htm)
9 [jections.htm](http://www.azcommerce.com/EconInfo/Demographics/Population+Projections.htm). If he were to do so, he would quickly
10 learn that, based on the best available information, I
11 am correct in asserting that AWC is going "to grow at a
12 sustained, if not accelerating, pace in the years to
13 come."

14 **Q4. ON PAGE NINE (9) OF HIS REBUTTAL TESTIMONY, MR.**
15 **GARFIELD TAKES ISSUE WITH YOUR PREVIOUS ASSERTION "THAT**
16 **AWC SIMPLY ANNOUNCED THE LAYOFFS TO ITS WORKFORCE**
17 **WITHOUT EVER HAVING MADE ANY EFFORT WHATSOEVER TO**
18 **DISCUSS THE TOPIC WITH IBEW LOCAL 387." DID AWC, IN**
19 **FACT, EVER DISCUSS WITH IBEW LOCAL 387, IN A MEANINGFUL**
20 **FASHION, THE TIMING AND POTENTIAL ALTERNATIVES TO THE**
21 **FEBRUARY 2009 LAYOFFS?**

22 **A4.** Absolutely not. The first time that my union learned
23 about the impending layoffs was when we received
24 Exhibit B to my Direct Testimony.

25
26 On December 11, 2008, I attended a negotiation meeting
27 with AWC and IBEW Local 387 and nothing was told to us
28

1 about the possibility of layoffs. I attended a second
2 negotiation meeting on February 11, 2009 in which we
3 discussed, *inter alia*, the "Proposals for
4 Consideration" dated February 10, 2009, a copy of which
5 is included in Exhibit A to my Direct Testimony.
6 During that meeting, Mr. Garfield said that, prior to
7 any possible reduction in force to the bargaining unit,
8 he would meet with the union beforehand as "they have
9 never been through a reduction in workforce."

10
11 On February 6, 2009, I received a phone call from AWC's
12 Vice President, Richard W. Henderson, in which I was
13 notified that AWC will be laying off eight (8)
14 bargaining unit employees and that a letter is on the
15 way to the IBEW Local 387 union hall. This was the
16 first notice of AWC's intent to reduce the bargaining
17 unit workforce in accordance with Article VI of the
18 collective bargaining agreement ("CBA") with IBEW Local
19 387, a copy of which is attached hereto as Exhibit A.
20 At that point, I requested that I be present with Mr.
21 Garfield when the process required by the CBA are being
22 implemented by AWC. For reasons that escape me, my
23 request was denied and I was told that if the CBA was
24 not followed correctly, I should let them know.

25
26 Not having been present when the offers to the
27 bargaining unit were made by AWC, I believe the first
28

1 set of offers starting were made on February 8, 2009.
2 In AWC's letter to me dated February 6, 2009, it stated
3 the layoffs are scheduled to be completed by February
4 20, 2009, and will be conducted under procedures
5 specified under Article VI of the CBA.
6

7 After the fact, I was notified by AWC that they had met
8 with the eight (8) bargaining unit employees concerning
9 what had taken place. Then it was up to our stewards
10 and me to review what had taken place without being
11 present when the AWC verbally notified the eight (8)
12 bargaining unit employees of the choice(s) they had to
13 make. At our other public service corporations, such
14 as Arizona Public Service Company, we have a joint
15 partnership working together on issues that affect both
16 the company and the unionized workforce. Regretably,
17 this did not take place with AWC in this particular
18 instance.

19 **Q5. HAVE THE EMPLOYEES AT AWC SEEN A "HEFTY INCREASE" IN**
20 **THEIR PORTION OF THE COMPANY'S GROUP MEDICAL INSURANCE**
21 **PROGRAM?**

22 A5. When one reviews the figures set forth in Exhibit C to
23 my prior testimony, I believe the answer is "yes." The
24 financial stress that our members are working under is
25 further compounded by the fact that they received no
26 pay raise at all in 2009 while paying a greater sum
27 toward medical coverage, thus effectively resulting in
28

1 a pay cut to them even without considering the impact
2 of inflation on real wages. Aside from being
3 needlessly argumentative, I do not understand why Mr.
4 Garfield could, or would even want to, take issue with
5 this particular portion of my prior testimony.

6 **Q6. DOES THIS CONCLUDE YOUR TESTIMONY?**

7 A6. Yes.

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EXHIBIT A

ARIZONA WATER COMPANY
and
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
LOCAL UNION NO. 387

ARTICLE IV - UNION REPRESENTATIVES

Section 1. The Company recognizes the Union's right to appoint Union Stewards in accordance with the Union's Constitution and By-Laws. However, the Company will only recognize such Union Stewards after proper notification, in writing, from the Union.

Section 2. Employees shall not engage in Union (or anti-Union) activities or business during times they are being paid by the Company. The Company will in no way discriminate against any Union Steward for proper performance of Union duties.

ARTICLE V - RIGHTS OF MANAGEMENT

Section 1. The management of the Company and its properties, and the direction of its working force, including, but not limited to, the right to: hire, promote, demote, transfer, assign and direct Employees; sell, lease, or transfer all or part of the business; move, transfer, or change the location of part or all of the operations; discipline, suspend, discharge, or retire Employees; make and enforce Company rules and regulations; increase or decrease the work force; determine the work to be performed, the Employees' performance and methods to be employed; establish quality and work standards; discontinue or relocate any or all portions of the operations now or hereinafter covered or carried out at the locations covered by this Agreement; schedule and reschedule hours, including overtime as provided herein; determine and redetermine job content, job classifications, and qualifications required for the job, with notice provided to the Union and the opportunity to confer with the Company on such; establish procedures to maintain safety, efficiency and order; suspend or discharge Employees for cause; relieve Employees from duty because of lack of work or other legitimate reason; contract out, providing Employees are not laid off as a direct result of such contracting out; are vested exclusively in the Company.

Section 2. All functions, rights, powers or authority of the Company are expressly retained by the Company, unless specifically delegated, modified or abridged by this Agreement.

ARTICLE VI - SENIORITY

Section 1. In all cases of transfer, promotion, decrease of personnel, or recall after layoff, the following factors shall be considered, and where factors (a) and (b) are substantially equal, factor (c) shall govern:

- a. Knowledge, training, ability, skill, adaptability, efficiency and absenteeism;
- b. Physical fitness;

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- c. Seniority (which is defined as length of continuous employment).

Section 2. The following procedure shall be followed in the event of a reduction in work force:

- a. The position to be eliminated and all Employees occupying the position shall be identified;
- b. An Employee affected may elect to take the layoff and remain eligible for recall for a twelve (12) month period, or;
- c. Bump in accordance with the following limitations:
- [1] Bump the least senior Employee in the same classification within the Division or on a Company-wide basis, or;
 - [2] Bump a less senior Employee in a lower classification in the same geographical area.
- d. Recall from layoff will be in reverse order of the layoff and Employees shall not have their recall eligibility jeopardized until they are returned to their original classification and geographical location or the twelve (12) month period lapses, whichever is sooner.
- e. Any relocation expense resulting from layoff or bumping procedure shall be borne by the Employees. However, should the Company require an Employee to relocate, the Company shall reimburse the Employee for reasonable relocation expenses.
- f. Layoff and bumping procedures shall not apply when a system or Division, or a part thereof, is sold except to the extent that the purchaser does not offer similar employment to the Employee(s) affected.

Section 3. New Employees and those rehired after a break in continuous service shall be on probation for a period of six (6) months, during which time they may be terminated at the exclusive discretion of the Company with no recourse under the grievance procedures. If such Employees remain actively and continuously in the employ of the Company for six (6) months, they will then acquire seniority dated back to the first day of continuous employment.

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Section 4. An Employee will lose all seniority for:

- a. Layoff exceeding twelve (12) months due to lack of work or other causes beyond the control of the Company.
- b. Failure to return when called back to work after a layoff within ten (10) working days from the date of mailing of notice by the Company to the Employee at the Employee's last known address as shown by the records of the Company (a copy of said notice shall be provided to the Union Steward).
- c. Absence due to accident or sickness exceeding six (6) months after use of all available sick leave and vacation, or failure of such absent Employee to furnish a doctor's certificate within not more than five (5) days when requested by the Company. An Employee shall, if requested by the Company, submit to an examination from time to time by the Company's physician at the Company's expense, and the report of the Company's physician respecting the Employee's ability or inability to return to the Employee's duties within such six (6) month period shall be binding and conclusive.
- d. Voluntary termination or discharge for proper cause by the Company.
- e. Absence of three (3) consecutive days without reporting to the Employee's supervisor or the Division Manager except where extenuating circumstances prevent the Employee from reporting.

Section 5. Layoffs of less than twelve (12) months or leaves-of-absence granted by the Company shall not constitute a break in continuous service. Past continuous service credit shall be retained, but not accumulated, during the period of such absence. In the event of layoffs, the Company will notify non-probationary Employees to be released, by letter, at least two weeks in advance of such layoffs. Such Employees shall not be required to utilize accumulated vacation during the layoff.

Section 6. When new positions are created or vacancies occur, notices of such new positions or vacancies shall be posted on the bulletin boards of the Company for a period of one (1) week during which period of time applications will be received by the Company from non-probationary Employees for such positions or vacancies. The posting period will be two (2) weeks when any Employee considered qualified and capable of handling the job is absent on vacation and management is unable to notify the Employee of the posting. The Company will set forth in said notices the nature of the position, the duties and qualifications, the rate of pay, and shall indicate the promotional progression. The factors contained in Section 1 of this Article shall be considered by the Company in making the

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selections to fill such positions or vacancies. The Company may temporarily fill such positions until the position or vacancy is filled as provided herein. If no qualified applications are received for the position or vacancy at the end of the posting period, the Company may fill such positions or vacancies. When temporary jobs of three (3) months duration or less are established, no posting will be necessary.

Employees who file applications for posted jobs will be interviewed in person where practical, or by telephone. All Employees who have filed applications for posted jobs shall be notified of the outcome.

When an Employee applies for transfer to a position in a system or Division and is accepted by the Company for transfer, the Employee must report to work in the new position on the date specified in the Job Vacancy Notice, or such later date as agreed to by the Company at its sole discretion.

Section 7. When an Employee, qualified and capable of performing the job, is temporarily assigned to a higher classification, the Employee shall receive the applicable rate of pay for the higher classification during the entire period of the assignment.

Section 8. The Company will employ a qualified Senior Serviceman or Senior Servicewoman in each Division where a Union classification is required.

In order to qualify as a Senior Serviceman or Senior Servicewoman, an Employee must have progressed through all steps as a Serviceman or Servicewoman, and must have obtained a Grade 3 Water Distribution System Operator's Certificate from the Arizona Department of Environmental Quality ("ADEQ").

After the Employee has progressed through all steps as Serviceman or Servicewoman and obtained said Certificate, the Employee shall not be promoted to the Senior Serviceman or Senior Servicewoman classification until an opening occurs. Promotion to Senior Serviceman or Senior Servicewoman shall be governed by Article VI, Section 1 and Section 8 of this Agreement.

Section 9. The Company is required to comply with the certification requirements of ADEQ. Any Employee occupying, or wishing to occupy, a position or performing duties such that ADEQ requires a specific grade of Water Distribution and/or Water Treatment Certificate of Registration as a Certified Operator must have obtained and currently possess the certificate required by ADEQ.

ARTICLE VII - NON-DISCIUMINATION

The Company, the Union, and Employees will not discriminate against any Employee or