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LUBIN & ENOCH, P.C.
Nicholas J. Enoch
State Bar No. 016473
Jarrett J. Haskovec
State Bar No. 023926
349 North Fourth Avenue
Phoenix, Arizona 85003
Telephone: (602) 234-0008
Facsimile: (602) 626-3586
E-mail: nicholas.enoch@azbar.org

Attorneys for Intervenor IBEW Local 387

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
DIRECT 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 Direct Testimony of Edwin L. Junas, Jr. in this
docket.

RESPECTFULLY SUBMITTED this 25th day of June 2009.

LUBIN & ENOCH, P.C.

Arizona Corporation Commission

DOCKETED

JUN 25 2009

Nicholas J. Enoch, Esq.
Attorney for Intervenor

DOCKETED BY

1 Original and thirteen (13) copies
2 of IBEW Local 387's Notice filed
3 this 25th day of June 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:

11 Robert W. Geake, Esq.
12 Arizona Water Company
13 P.O. Box 29006
14 Phoenix, Arizona 85038-9006
15 Co-counsel for Applicant

16 Norman D. James, Esq.
17 Fennemore Craig, P.C.
18 3003 North Central Avenue, Suite 2600
19 Phoenix, Arizona 85012
20 Co-counsel for Applicant

21 Janice M. Alward, Esq.
22 Chief Counsel, Legal Division
23 Arizona Corporation Commission
24 1200 West Washington
25 Phoenix, Arizona 85007

26 Ernest Johnson, Director
27 Utilities Division
28 Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Michele Van Quathem, Esq.
Ryley Carlock & Applewhite
One North Central Avenue, Ste. 1200
Phoenix, Arizona 85004-4417
Attorney for Intervenor Abbott

Daniel W. Pozefsky, Esq.
Residential Utility Consumer Office
1100 West Washington, Suite 220
Phoenix, Arizona 85007
Attorney for Intervenor RUCO



F:\Law Offices\client directory\IBEW L 387\072\Pleadings\2009-06-25 NCF re Junea Testimony.wpd



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

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

4 **Q2. PLEASE DESCRIBE YOUR RECENT EMPLOYMENT.**

5 A2. I am a Business Agent for Intervenor Local Union 387,
6 International Brotherhood of Electrical Workers, AFL-
7 CIO, CLC ("IBEW Local 387"). The position of Business
8 Agent is a hired position on the Union's staff and I
9 was hired to my present position on October 1, 2007 by
10 Robert E. DeSpain, the Business Manager/Financial
11 Secretary of IBEW Local 387. Mr. DeSpain is the
12 principal elected officer of IBEW Local 387.

13
14 Prior to my becoming a Business Agent for the IBEW
15 Local 387, I was employed by the Arizona Public Service
16 Company ("APS") for twenty-nine (29) years and three
17 (3) months in a variety of bargaining unit positions,
18 the last of which was as an Instrument Repairman
19 Journeyman at Four Corners Power Plant. I retired from
20 APS on September 30, 2007. Throughout my nearly thirty
21 (30) years at APS, I was a very active member of IBEW
22 Local 387 and I served on the Local's Executive Board
23 for two (2) terms.

24 **Q3. WHAT IS IBEW LOCAL 387?**

25 A3. IBEW Local 387 is the labor organization which serves
26 as the exclusive representative for, *inter alia*,
27 approximately one-hundred (100) employees of the
28 Arizona Water Company ("AWC"). In particular, IBEW

1 Local 387 represents all of the AWC employees holding
2 the following positions:

- 3 ● Laborer;
- 4 ● Meter Repairman/Repairwoman and Tester (and Senior
5 Repairman/Repairwoman and Tester)
- 6 ● Meter Reader (and Lead Meter Reader);
- 7 ● Production and Treatment Operator (and Lead
8 Production and Treatment Operator); and
- 9 ● Serviceman/Servicewoman (and Senior
10 Serviceman/Senior Servicewoman).

11 IBEW Local 387 and AWC have entered into a series of
12 collective bargaining agreements ("CBA") dating back to
13 1955 concerning rates of pay, wages, hours of
14 employment, and other terms and conditions of
15 employment. Our current CBA with AWC is set to expire
16 on December 31, 2009.

17
18 In addition to representing the aforementioned
19 employees at AWC, IBEW Local 387 also represents
20 thousands of employees at APS, Graham County Electric
21 Cooperative, Inc., Navopache Electric Cooperative,
22 Inc., the Santa Cruz District of UniSource Energy
23 Corporation and Asplundh Tree Expert Company. While I
24 am not certain about the exact number, it is fair to
25 assume that a fair number of our members are themselves
26 customers of AWC. To learn more about IBEW Local 387,
27 I invite you to visit our website at www.ibew387.com.

1 **Q4. DO YOU BELIEVE THAT ARIZONA WATER POLICY NEEDS TO BE**
2 **CONNECTED TO ARIZONA ENERGY POLICY?**

3 A4. Water and energy use are intertwined. Water is often
4 used to produce energy, and energy is, in turn, needed
5 to pump, transport, and purify water. And we Arizonans
6 are increasingly recognizing physical, economic, and
7 environmental limitations in our use of both.
8 Nevertheless, to date, policymakers at both the state
9 and federal levels have not paid very much attention to
10 these connections. As the certified representative of
11 public service corporations in both the water and
12 electric industries, I believe that IBEW Local 387 is
13 uniquely positioned to help explain these connections.

14 **Q5. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

15 A5. My purpose is twofold. First, I am testifying in
16 support of AWC's Application for a rate hike. Second,
17 I would like this Commission to know that, in our
18 opinion, AWC needs to undertake a sustained effort to
19 improve its relationship with the certified bargaining
20 representative of a large portion of its non managerial
21 workforce.

22
23 As you know, Article XV, §3 of the Arizona Constitution
24 expressly states that the interests of public service
25 employees are on par with those of patrons. It reads
26 as follows:

27 The corporation commission shall have

1 full power to, and shall ... make
2 reasonable rules, regulations, and
3 orders, by which such [public service]
4 corporations shall be governed in the
5 transaction of business within the State,
6 and ... make and enforce reasonable
7 rules, regulations, and orders for the
8 convenience, comfort, and safety, and the
9 preservation of the health, of the
10 **employees** and patrons of such
11 corporations[.]

12 On behalf of its own members, as well as tens of
13 thousands of patrons of AWC, IBEW Local 387 believes
14 this proceeding provides it with a unique and timely
15 opportunity to express to this Commission our qualified
16 support of AWC's Application and our reasons for doing
17 so.

18
19 It goes without saying that it costs a substantial
20 amount of money for a public service corporation to
21 hire, train, and maintain a highly skilled work force.
22 Similarly, it costs a great deal of money for any
23 public service corporation to preserve the safety and
24 health of its employees and patrons. Unlike AWC's
25 rates, the wages and benefits paid by AWC to its
26 unionized workforce have, for the most part, continued
27 to rise since its last rate case. Further exasperating

1 the situation is the tremendous growth in AWC's
2 customer base coupled with the recent economic
3 downturn. In this regard, I fully agree with the
4 underlying premise behind AWC's Application that
5 exhortations to "work harder" and "work smarter" cannot
6 change the fundamental nature of increasing marginal
7 costs of serving an ever growing base of customers.
8 Our International President, Edwin D. Hill, made
9 similar points in his 2008 State of Our Union address
10 regarding the utility sector, the webcast of which is
11 available at www.ibew.org/sou-cbs/index.asp.

12
13 In these tremendously difficult economic times, I am
14 certain that many in the public may not understand, or
15 want to understand, the need to raise their water
16 rates. However, unless AWC has the ability to provide
17 a highly competitive employment package, you can be
18 assured that AWC and, in turn, the public will suffer.
19 I hope that this Commission and each of the parties in
20 this case bear this in mind. For in my opinion, it is
21 in the interests of all consumers to have a highly
22 skilled workforce providing safe and reliable service
23 even if that means that they are paying, what they
24 believe to be at least, something more than rock-bottom
25 prices for water service. To this end, IBEW Local 387
26 believes that the rate relief proposed in this case
27 will help ensure that AWC will be able to meet its

1 commitments to its employees and customers in the years
2 to come.

3 **Q6. DO YOU BELIEVE AWC IS A RESPONSIBLE CORPORATE CITIZEN?**

4 A6. Sort of "yes" and sort of "no". While by no means
5 perfect, the relationship between IBEW Local 387 and
6 AWC is, in some sense, mature and stable. That being
7 said, I can say without reservation that IBEW Local
8 387's relationship with AWC is, by far, the worst of
9 any of the public service corporations that I have to
10 deal with on a regular basis. Unlike the management
11 personnel that I interact with at the other utilities,
12 I do not believe that AWC perceives IBEW Local 387 to
13 be a partner with whom it needs to work with but,
14 instead, it treats its employees' certified bargaining
15 representative as an adversary against whom even the
16 most trivial of matters needs to be fought.

17
18 For example, during the last contract negotiation with
19 AWC, and realizing the economic circumstances AWC is
20 facing, my Local made several relatively trivial non
21 economic proposals to AWC which, for some unknown
22 reason, were flatly rejected by the Company.
23 Specifically, we requested that AWC allow us to have
24 Union meetings with employees after work hours on
25 company property and/or to allow IBEW stickers on
26 employee hard hats and on company vehicles. As you can
27 see for yourself when you drive around our State, such

1 is common place at our other utilities but not at AWC.
2 In order to give you some context and tone to our
3 discussions in this regard, please see attached Exhibit
4 A.

5
6 In addition, IBEW Local 387 has repeatedly offered to
7 assist AWC identify inefficiencies and problems with
8 its operations, including safety and training-related
9 issues, and, in almost all incidences, AWC has
10 inexplicably rebuffed our attempts to provide
11 constructive assistance. While my Local fully
12 recognizes the fact that our members' long-term success
13 is inextricably linked to the success of AWC, the
14 Company, on the other hand, appears to think that its
15 long-term success has little to do with how it treats
16 its employees and their duly chosen representative,
17 IBEW Local 387. Unlike chemicals, fuel, and water, the
18 management at AWC needs to be mindful that "labor" is
19 not simply a commodity.

20 **Q7. HOW HAS AWC'S UNDER EARNINGS IMPACTED AWC'S UNIONIZED**
21 **WORKFORCE?**

22 A7. As set forth on page seven (7) of Joseph D. Harris'
23 Direct Testimony dated August 22, 2008, payroll is
24 AWC's single largest expense. In January, the economic
25 downturn at AWC became so critical that the Company was
26 forced to layoff a number of its employees, including
27 eight (8) members of the IBEW bargaining unit. A copy

1 of AWC's Notice to the Union regarding this layoff is
2 attached hereto as Exhibit B. What is worth mentioning
3 at this point is that AWC simply announced the layoffs
4 to its workforce without ever having made any effort
5 whatsoever to discuss the topic with IBEW Local 387.
6 In fact, AWC specifically told me beforehand that they
7 did not want IBEW Local 387 to be involved in the
8 process of informing the effected employees of what
9 their options were regarding the impending layoff. By
10 way of comparison, when APS was recently faced with a
11 situation involving a reduction in force, it came to
12 our Union and we worked together in a collaborative
13 manner to address the unfortunate, but very real,
14 situation.¹ Once again, that is not how AWC treats its
15 employees.

16
17 I would also like to point out that in our most recent
18 contract negotiation with AWC, IBEW Local 387 agreed to
19 a wage freeze in 2009 and on June 8, 2009 AWC announced
20 that its employees were facing a hefty increase in the
21 employee-portion of their medical plan. A true and
22 accurate copy of AWC's announcement is attached hereto
23 as Exhibit C. For a utility that is projected by all
24 of us to grow at a sustained, if not accelerating, pace
25

26 ¹ See, View Image No. 0000093009 (pp. 248-49, 257-58 & 260-
27 61) in ACC Docket No. E-01345A-08-0172.

1 in the years to come, it goes without saying that its
2 financial situation is not sustainable in the
3 intermediate to long term without this Commission
4 providing it with prompt and substantial rate relief.
5 An increase in rates should be such that it would
6 eliminate whatever pressure is on AWC to increasingly
7 shift personnel and, in turn, healthcare costs to and
8 at the expense of its represented employees.

9 **Q8. DO YOU BELIEVE THAT AWC IS ENTITLED TO AN INCREASE IN**
10 **ITS RATES AS CLAIMED, AND IN THE AMOUNTS SET FORTH, IN**
11 **PARAGRAPH 10 OF ITS APPLICATION?**

12 A8. While I believe that AWC is entitled to an increase in
13 its rates as claimed in the application, IBEW Local 387
14 certainly does not agree with William W. Garfield's
15 assessment on page ten (10) of his pre-filed testimony
16 dated August 22, 2008 that "[r]atemaking in Arizona
17 falls short of providing utilities, like the Company, a
18 reasonable opportunity to earn their authorized rate of
19 return." Indeed, while IBEW Local 387 fully supports
20 AWC's application in this case, I want to make it clear
21 to the Commission that we do not support what I believe
22 to be somewhat whiney "blame the Commission" tone
23 underpinning much of AWC's application. Unlike Mr.
24 Garfield, my Local would much prefer operating in
25 Arizona's regulatory environment as opposed to that of
26 other states, most notably California.

27 ///

1 Q9. DO YOU BELIEVE THAT AWC IS ENTITLED TO A RATE OF RETURN
2 IN THE AMOUNT SET FORTH IN PARAGRAPH 10 OF ITS
3 APPLICATION?

4 A9. Yes.

5 Q10. DOES IBEW LOCAL 387 SUPPORT THE PROPOSED RATE
6 DESIGN SET FORTH ON PAGE THIRTY-SIX (36) OF JOEL
7 M. REIKER'S PRE-FILED TESTIMONY?

8 A10. Yes.

9 Q11. IN THEIR PRE-FILED TESTIMONY, MESSRS. GARFIELD
10 (pp. 4 & 33-34) AND HARRIS (pp. 12-16) PROPOSE THE
11 CONSOLIDATION OF FIVE (5) WATER SYSTEMS. DO YOU
12 HAVE ANY COMMENTS OR OBSERVATIONS THAT YOU WOULD
13 LIKE TO SHARE WITH THE COMMISSION REGARDING THIS
14 TOPIC?

15 A11. For the reasons set forth by Messrs. Garfield and
16 Harris, IBEW Local 387 strongly supports this
17 concept. In particular, IBEW Local 387 fully
18 agrees with and supports AWC's assertion that
19 these systems are so functionally interrelated
20 that it makes little sense for this Commission to
21 not consolidate them for purposes of rate making.
22 I know for a fact that a number of our members
23 routinely travel around, and work in, all portions
24 of AWC's facilities and infrastructure. That
25 being said, I do not agree with Mr. Garfield's
26 conclusory observation on page thirty (30) of his
27 pre-filed testimony that "[m]ulti-disciplined

1 employees that can perform many different tasks
2 generally cannot operate as efficiently at any one
3 task as employees of a larger system could since
4 they perform the same or similar task over and
5 over." While it may be true in some
6 circumstances, I am unaware of any evidence
7 supporting this generalized statement.

8 **Q12. DOES THIS CONCLUDE YOUR TESTIMONY?**

9 A12. Yes.

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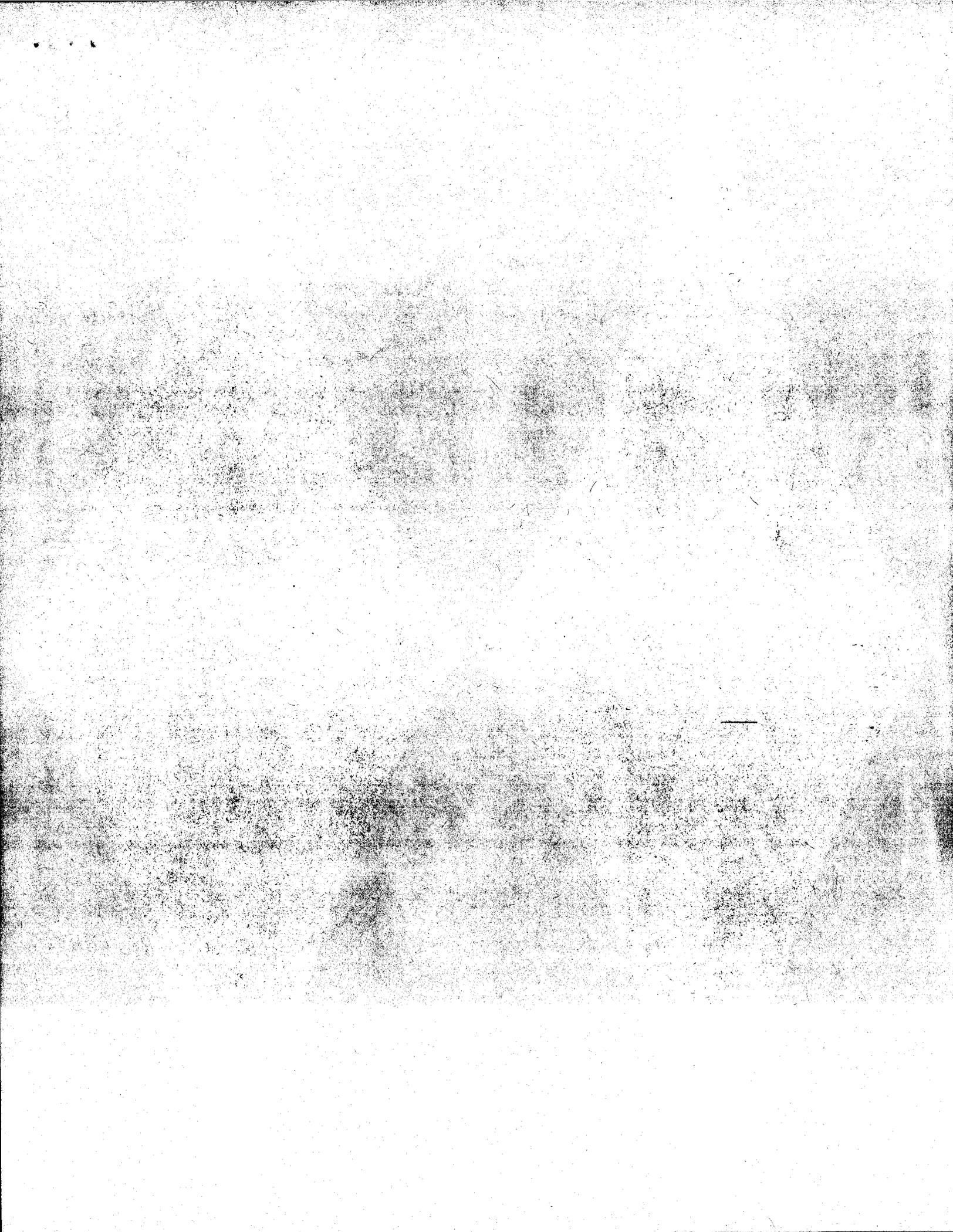


Exhibit A

ARIZONA WATER COMPANY

3805 N. BLACK CANYON HIGHWAY, PHOENIX, ARIZONA 85015-5351 • P.O. BOX 29006, PHOENIX, ARIZONA 85038-9006
PHONE: (602) 240-6860 • FAX: (602) 240-6878 • WWW.AZWATER.COM

January 9, 2009

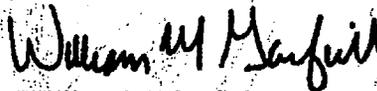
Mr. Ed Junas
Business Representative
I.B.E.W., Local Union No. 387
5818 North Seventh Street, Suite 201
Phoenix, Arizona 85014

Re: Collective Bargaining Agreement Negotiations

Dear Mr. Junas:

This letter responds to your December 29, 2008 letter requesting to extend contract negotiations to March 1, 2009. As you know, the last collective bargaining Agreement between the I.B.E.W. Local No. 387 and Arizona Water Company (the "Company") expired on December 31, 2008. Even so, at our last negotiating meeting the Company offered to renew that Agreement through December 31, 2009 with no increase in wages or pay scales. Please let me know, as soon as possible, if the I.B.E.W. agrees, and I will have the necessary paperwork prepared. Otherwise, we should schedule a meeting.

Very truly yours,



William M. Garfield
President

jrc
VIA CERTIFIED MAIL

E-MAIL: mail@azwater.com

International Brotherhood of Electrical Workers

SAM HOOVER
President



BOB DeSPAIN
Business Manager

IBEW Local 387 Proposals for Consideration – Arizona Water Company February 10, 2009

1. Wage Increase –

- a. 2009 Wage Freeze
- b. 2010 3.5% Wage Increase

2. Article X, Section 4 – Amended

Employees may carry over an additional forty (40) hours of unused vacation into the next year.

3. Article XI, Section 5 - Amended

Time off for personal business is allowed if sick time is available and is limited to no more than four (4) hours per day and twenty-four (24) hours annually and cannot be used for such things as adding to vacation time or as additional sick leave.

4. Article XI, Section 10 – New

When employee uses sixteen (16) hours or less of sick leave annually. The employee shall earn an additional eight (8) hours vacation for the next calendar year.

5. New

IBEW Local 387 is allowed to have Union Meetings with employees on the Company property per division.

6. New

Employees are allowed to wear union stickers on their hard hats.

7. New

Severance Plan

LOCAL UNION 387
5818 NORTH 7TH STREET • SUITE 201 • PHOENIX, ARIZONA 85014 • PHONE (602) 264-1846 • FAX (602) 264-1901



ARIZONA WATER COMPANY

3805 N. BLACK CANYON HIGHWAY, PHOENIX, ARIZONA 85015-5351 • P.O. BOX 29006, PHOENIX, ARIZONA 85038-9006
PHONE: (602) 240-6860 • FAX: (602) 240-6878 • WWW.AZWATER.COM

March 4, 2009

Mr. Ed Junas
Business Representative
I.B.E.W., Local Union No. 387
5818 North Seventh Street, Suite 201
Phoenix, Arizona 85014

Re: Response to Proposals for Consideration Dated February 10, 2009 Made by the International Brotherhood of Electrical Workers Local No. 387 to Arizona Water Company — Collective Bargaining Agreement

Dear Mr. Junas:

This letter summarizes Arizona Water Company's (the "Company") responses to Proposals for Consideration dated February 10, 2009 from the I.B.E.W., Local Union No. 387 involving the Collective Bargaining Agreement ("CBA") as we discussed with you on February 19, 2009.

Company officials met five times with IBEW representatives and several employees who are union stewards (collectively, the "IBEW Negotiating Team"). During those five meetings, which occurred on October 21, 2008, November 5, 2008, December 11, 2008, February 10, 2009, and February 19, 2009, the Company and the IBEW Negotiating Team conducted detailed discussions about a broad variety of subjects of bargaining, including subjects contained in the Proposals for Consideration dated February 10, 2009. The Company will not restate here its comments, objections or any basis of disagreement with any of the proposals made by the IBEW Negotiating Team, as those were already discussed extensively during our negotiations.

The following summarizes the Company's responses to the February 10 Proposals:

1. Proposed Wage increase – The Company is agreeable to a wage freeze for 2009, but rejects the proposal to increase wages by 3.5% for 2010 and extend the CBA for two years, for reasons discussed during negotiations.
2. Carry over 40 hours of vacation leave into the next year – The Company is not agreeable to this proposal for reasons discussed during negotiations.
3. Increasing time off for personal business from 8 hours per year to 24 hours per year to be charged against available sick leave – The Company is not agreeable to this proposal for reasons discussed during negotiations.
4. Additional 8 hours of vacation leave for the next year to all employees who use 16 hours or less of sick leave in any year – The Company is not agreeable to this proposal for reasons discussed during negotiations.

E-MAIL: mail@azwater.com

ARIZONA WATER COMPANY

Mr. Ed Junas

March 4, 2009

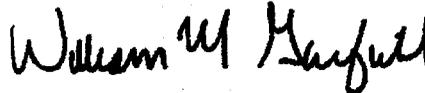
Page 2

5. The CBA to allow IBEW Local No. 387 to have Union meetings with employees on Company property – The Company is not agreeable to this proposal for reasons discussed during negotiations.
6. The CBA to allow employees to wear union stickers on their hard hats – The Company is not agreeable to this proposal for reasons discussed during negotiations.
7. Severance Plan - The Company is not agreeable to this proposal for reasons discussed during negotiations.
8. The CBA to allow employees to take vacation leave in two hour increments. This matter was discussed briefly during negotiations and was an item added by the IBEW Negotiating Team during the February 19 meeting. The Company is not agreeable to this proposal because: (i) Section 5 of Article VIII of the CBA already provides a limited ability to shift certain work hours with supervisor's prior approval; (ii) Vacation leave already can be taken in as small as 4 hour increments; (iii) The Company's administrative costs would increase; (iv) Coordinating time off between employees would become more complicated and time consuming; and (v) It could increase overtime charges.

At the December 11, 2008 meeting, the Company presented its proposal to extend the current CBA to December 31, 2009 under the same terms and conditions. By this letter the Company reaffirms and presents that proposal as the Company's "last, best and final offer." Unless the IBEW Negotiating Team accepts this proposal and the voting members of the bargaining unit approve, the parties will be at impasse.

The Company encourages the IBEW Negotiating Team to accept the Company's proposal to extend the current CBA under the same terms and conditions through December 31, 2009. Please let me know your decision on this matter by Tuesday, March 10, 2009 at 4:30 P.M. The Company hopes to hear your favorable response by that date.

Very truly yours,



William M. Garfield
President

jrc
Enclosures
VIA HAND DELIVERY

Exhibit B

ARIZONA WATER COMPANY

3805 N. BLACK CANYON HIGHWAY, PHOENIX, ARIZONA 85015-5351 • P.O. BOX 29006, PHOENIX, ARIZONA 85038-9006

PHONE: (602) 240-6860 • FAX: (602) 240-6878 • WWW.AZWATER.COM

February 6, 2009

Mr. Ed Junas
Business Representative
I.B.E.W., Local Union No. 387
5818 North Seventh Street, Suite 201
Phoenix, Arizona 85014

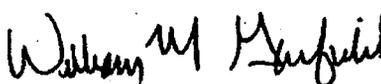
Re: Notice of layoffs for employees covered by Collective Bargaining Agreement

Dear Mr. Junas:

This letter provides notice of Arizona Water Company's (the "Company") intent to reduce the workforce in accordance with Article VI of the Collective Bargaining Agreement ("CBA") with the I.B.E.W., Local Union No. 387. Specifically, the Company intends to reduce its workforce covered by the CBA by seven Serviceman/Servicewoman positions and one Meter Reader position as shown on the enclosed list. Also enclosed are two lists which show all Company employees currently occupying the Serviceman/Servicewoman and Meter Reader positions.

The layoffs are scheduled to be completed by February 20, 2009, and will be conducted under procedures specified under Article VI of the CBA.

Very truly yours,



William M. Garfield
President

jrc
Enclosures
VIA HAND DELIVERY

E-MAIL: mail@azwater.com

Arizona Water Company
Bargaining Unit Workforce Reductions

Geographic Area	Div	Last Name	First Name	Employee Number	Title	Hire Date
Miami	Miami	NORIEGA	AARON M	4014	SERVICEMAN	02/22/05
Coolidge	Coolidge	THOMPSON	TOMMY W	5318	SERVICEMAN	04/10/06
Casa Grande	Casa Grande	GUERRA JR	ARMANDO G	2360	SERVICEMAN	08/14/06
Casa Grande	Casa Grande	MONTIEL	DAVID	3681	SERVICEMAN	08/14/06
Sedona	Sedona	JOELS	GREGORY A	2995	SERVICEMAN	10/10/06
Casa Grande	Casa Grande	BALDENEGRO	ARMANDO M	1218	SERVICEMAN	03/12/07
Sedona	Sedona	DENNY	CHRISTOPHER J	1700	SERVICEMAN	03/21/07
Superior	Superior	DUARTE	JON N	1727	METER READER	11/26/07

Arizona Water Company
All Serviceman Positions, by Seniority

Geographic Area	Div	Last Name	First Name	Employee Number	Title	Hire Date
Casa Grande	Casa Grande	BAKER II	HAROLD M	1214	SERVICEMAN	02/16/71
Casa Grande	Casa Grande	ZIMMERMAN	DENNIS G	6601	SERVICEMAN	08/13/73
Casa Grande	Casa Grande	ODOM	BILLY E	4226	SERVICEMAN	09/26/79
Sedona	Sedona	HENRY	ROBERT W	2634	SERVICEMAN	01/11/81
Bisbee	Bisbee	ENRIQUEZ	RAYMOND D	1958	SERVICEMAN	06/15/81
Miami	Miami	PHILLIPS	TERRY R	4522	SERVICEMAN	01/04/88
Miami	Miami	O'CONNOR	PATRICK A	4210	SERVICEMAN	11/28/88
Bisbee	Bisbee	TORRES	JOSEPH F	5450	SERVICEMAN	01/30/89
Sierra Vista	Bisbee	REYNOLDS	TOMMY J	4780	SERVICEMAN	05/16/94
Miami	Miami	HERNANDEZ	DANIEL P	2540	SERVICEMAN	09/26/94
Apache Junction	Apache Junction	ACUNA	DANIEL J	1005	SERVICEMAN	05/30/95
Overgaard	Lakeside	PACHECO	TIMOTHY E	4500	SERVICEMAN	06/30/95
Sedona	Sedona	ALLDREDGE JR	WILLIAM D	1002	SERVICEMAN	05/20/96
Lakeside	Lakeside	BURGAN	ERIC J	1450	SERVICEMAN	02/02/98
San Manuel	San Manuel	BONNER	MICHAEL R	1360	SERVICEMAN	09/21/98
Lakeside	Lakeside	LILLY	B ALAN	3195	SERVICEMAN	09/28/98
Pinewood	Sedona	FREDERICKSEN	ALAN D	2245	SERVICEMAN	01/18/99
Coolidge	Coolidge	FELIX	RALPH B	2157	SERVICEMAN	08/23/99
Casa Grande	Casa Grande	BRINER	WAYNE D	1407	SERVICEMAN	02/22/00
Rimrock	Sedona	GRAVES	BENJAMIN E	2333	SERVICEMAN	03/18/00
Apache Junction	Apache Junction	PADILLA	JAMES A	4524	SERVICEMAN	06/05/00
Apache Junction	Apache Junction	PREUHS	DARREL D	4595	SERVICEMAN	08/07/00
Apache Junction	Apache Junction	ECK	NATHAN P	1941	SERVICEMAN	10/30/00
Lakeside	Lakeside	DAVIS	D PAUL	1720	SERVICEMAN	11/01/00
Casa Grande	Casa Grande	JOHNSON	SCOTT H	3052	SERVICEMAN	11/20/00
Coolidge	Coolidge	MCCULLOUGH	TY M	3654	SERVICEMAN	05/29/01

Arizona Water Company
All Serviceman Positions, by Seniority

Geographic Area	Div	Last Name	First Name	Employee Number	Title	Hire Date
Casa Grande	Casa Grande	RASCON JR	RAMIRO M	4735	SERVICEMAN	07/23/01
Apache Junction	Apache Junction	LAMAGDELAIN	JOHN T	3312	SERVICEMAN	12/10/01
Apache Junction	Apache Junction	THOMPSON	MICHAEL K	5315	SERVICEMAN	12/31/01
Casa Grande	Casa Grande	GARCIA	JOSE J	2288	SERVICEMAN	09/30/02
Casa Grande	Casa Grande	LOPEZ III	JOSE F	3339	SERVICEMAN	09/13/03
Bisbee	Bisbee	FLORES	DAVID E	2211	SERVICEMAN	09/20/04
Bisbee	Bisbee	VALENZUELA	VICTOR G	5551	SERVICEMAN	09/20/04
Casa Grande	Casa Grande	ORTIZ JR	AARON	4399	SERVICEMAN	11/08/04
Casa Grande	Casa Grande	COLLINS	DONALD E	1537	SERVICEMAN	01/31/05
Miami	Miami	NORIEGA	AARON M	4014	SERVICEMAN	02/22/05
Apache Junction	Apache Junction	RUBAL	RICHARD M	4766	SERVICEMAN	06/06/05
Casa Grande	Casa Grande	AGUIRRE JR	JUAN F	1013	SERVICEMAN	06/28/05
Sedona	Sedona	GOFF	CASEY M	2318	SERVICEMAN	08/08/05
Coolidge	Coolidge	LOPEZ	LOUIE M	3342	SERVICEMAN	08/22/05
Casa Grande	Casa Grande	SALINAS	RYAN	5008	SERVICEMAN	11/21/05
Casa Grande	Casa Grande	RODRIGUEZ	EDDIE L	4757	SERVICEMAN	11/28/05
Coolidge	Coolidge	THOMPSON	TOMMY W	5318	SERVICEMAN	04/10/06
Casa Grande	Casa Grande	JUAREZ JR	ROGER	3066	SERVICEMAN	05/15/06
Overgaard	Lakeside	PRATER	WILLIAM K	4589	SERVICEMAN	05/15/06
Sedona	Sedona	HOWARD	PAUL G	2571	SERVICEMAN	07/03/06
Casa Grande	Casa Grande	GUERRA JR	ARMANDO G	2360	SERVICEMAN	08/14/06
Casa Grande	Casa Grande	MONTIEL	DAVID	3681	SERVICEMAN	08/14/06
Sedona	Sedona	GUTZWILLER	SEAN M	2370	SERVICEMAN	09/18/06
Sedona	Sedona	JOELS	GREGORY A	2995	SERVICEMAN	10/10/06
Apache Junction	Apache Junction	JONES	DAVID R	3061	SERVICEMAN	11/27/06
Casa Grande	Casa Grande	BALDENEGRO	ARMANDO M	1218	SERVICEMAN	03/12/07
Sedona	Sedona	DENNY	CHRISTOPHER	1700	SERVICEMAN	03/21/07
White Tank	Casa Grande	TAYLOR	ERIC J	5261	SERVICEMAN	02/25/08
San Manuel	San Manuel	CARBAJAL	DAVID O	1535	SERVICEMAN	10/27/08

Arizona Water Company
All Meter Reader Positions, by Seniority

Geographic Area	Div	Last Name	First Name	Employee Number	Title	Hire Date
San Manuel	San Manuel	BURKE	HARRY R	1222	METER READER	06/15/81
Apache Junction	Apache Junction	MCCORMICK	GLEN E	3649	METER READER	10/30/00
Pinewood	Sedona	BROCK	TODD J	1411	METER READER	07/23/02
Apache Junction	Apache Junction	COMERFORD	MARK L	1544	METER READER	05/15/06
Overgaard	Lakeside	SMALLEY	DAVID L	5048	METER READER	09/05/06
Apache Junction	Apache Junction	NORDLOW	ERIC R	4059	METER READER	12/14/06
Sierra Vista	Bisbee	FRANCO	RUBEN E	2240	METER READER	03/12/07
Casa Grande	Casa Grande	SANCHEZ	WILLIE R	5019	METER READER	07/23/07
Casa Grande	Casa Grande	BUIE	MARCUS S	1433	METER READER	07/23/07
Casa Grande	Casa Grande	WRIGHT	CLAYTON R	6087	METER READER	07/23/07
Casa Grande	Casa Grande	HIPPS	BRENDA M	2556	METER READER	08/06/07
Miami	Miami	HOPKINS	BRIAN B	2577	METER READER	09/26/07
Sedona	Sedona	SIMMONS	JONATHAN R	5039	METER READER	10/16/07
Superior	Superior	DUARTE	JON N	1727	METER READER	11/26/07
Apache Junction	Apache Junction	DAVIS	LAWRENCE C	1756	METER READER	12/03/07
Coolidge	Coolidge	GIBSON	DENNY N	2316	METER READER	12/26/07
Lakeside	Lakeside	PEDERSEN	LAWRENCE R	4526	METER READER	05/27/08
Casa Grande	Casa Grande	MANRIQUEZ	JESUS M	3451	METER READER	08/04/08

Exhibit C



ARIZONA WATER COMPANY

**INTER-OFFICE
CORRESPONDENCE**

To: All Employees

Date: June 8, 2009

From: William M. Garfield, President *WM*

Subject: Group Medical and Dental Premiums

New premium rates for Arizona Water Company's insurance programs for active employees and their dependents have been received from the Company's insurance carriers.

Rates for the medical plan will increase 12.8%; there will be no change in the dental plan. The increase is effective July 1, and the new premium deductions will begin with your July 10th paycheck. Both carriers will remain the same: Anthem Blue Cross of California (medical) and Aetna (dental.)

The Company will continue to pay 100% of the medical and dental premiums for active employees. Premiums for dependent coverage will continue to be split: the Company will pay 60% and the employee will pay 40%.

Remember, your insurance premium deductions reduce your taxable wages for all payroll taxes, including FICA.

The new **MONTHLY** premium amounts are as follows:

MEDICAL	Total Monthly Premium	Amount Paid by Company	Amount Paid by Employee
Employee only	\$526.32	\$526.32	\$-0-
PLUS one dependent	\$601.65	\$360.99	\$240.66
TOTAL monthly medical premium for employee and one dependent	\$1,127.97	\$887.31	\$240.66
PLUS two or more dependents	\$1,002.85	\$601.71	\$401.14
TOTAL monthly medical premium for employee and two or more dependents	\$1,529.17	\$1,128.03	\$401.14

DENTAL	Total Monthly Premium	Amount Paid by Company	Amount Paid by Employee
Employee only	\$26.07	\$26.07	\$-0-
PLUS one dependent	\$30.67	\$18.40	\$12.27
TOTAL monthly dental premium for employee and one dependent	\$56.74	\$44.47	\$12.27
PLUS two or more dependents	\$51.14	\$30.68	\$20.46
TOTAL monthly dental premium for employee and two or more dependents	\$77.21	\$56.75	\$20.46

If you have any questions, please contact Linda Nogalo in the Phoenix office at (602) 240-6860 x104.