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**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE	)	DOCKET NO: SW-02361A-08-0609
APPLICATION OF BLACK MOUNTAIN	)	
SEWER CORPORATION, FOR A	)	
DETERMINATION OF THE FAIR	)	
VALUE OF ITS UTILITY PLANT AND	)	
PROPERTY AND FOR INCREASES IN	)	SURREBUTTAL
ITS RATES AND CHARGES FOR	)	TESTIMONY
UTILITY SERVICE BASED THEREON.	)	
_____	)	

**DIRECT TESTIMONY OF**

**DENNIS E. DOELLE, D. D. S.**

**NOVEMBER 9, 2009**

Arizona Corporation Commission

**DOCKETED**

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DOCKETED BY	<i>[Signature]</i>
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- Q. HAVE YOU REVIEWED THE REBUTTAL TESTIMONIES OF MR. SORENSEN AND MR. BOURASSA?**
- A. Yes, I have.
- Q. WHAT IS YOUR RESPONSE TO THE RATE DESIGN AND RELIEF YOU ARE SEEKING FROM THIS PROCEEDING?**
- A. My position on the rate design for commercial customers of the BMSC is the same now as it was in 1996 when I filed a complaint with the Commission. A rate design that uses ADEQ Engineering Bulletin No. 12 presents a significant problem when it is applied to the modern day dental profession.
- Q. SPECIFICALLY, WHAT IS THE PROBLEM WITH BULLETIN NO. 12?**
- A. As I have argued in every filing before the Commission for the past 14 years, Bulletin No. 12 is obsolete relative to the modern dental office. Technological advances in my profession have eliminated the extreme potential water flows that were envisioned when the original version of Bulletin No. 12 was written in the 1970's. This argument has been supported in my previous testimonies with affidavits and correspondence from ADEQ Engineers who were involved with drafting and revising Bulletin No. 12.<sup>1</sup>
- Q. WHAT TECHNOLOGICAL CHANGES HAVE RESULTED IN A DECREASE IN WATER USAGE IN DENTAL OFFICES?**
- A. There are many with the greatest impact resulting from the elimination of water circulating dental chair cuspidors. Other contributions include conversion from x-ray processing tanks to digital radiography and hand washing between patients replaced by disposable gloves and waterless sanitizers.
- Q. WHY HAVEN'T OTHER DENTISTS COMPLAINED ABOUT BULLETIN NO. 12?**
- A. To my knowledge, there may only be one or possibly two other dentists in the BMSC service area. Both of these dental offices are in leased space with the sewer bills being the responsibility of their landlord. I suspect they are unaware of the impact that Bulletin No. 12 has on their sewer rates.
- Q. BASED ON THE TESTIMONY OF MR. SORENSEN, DO YOU THINK THE BMSC UNDERSTANDS THAT BILLING YOUR BUSINESS BASED ON WATER FLOWS FROM BULLETIN NO. 12 IS UNREASONABLE AND NEEDS TO BE RECONSIDERED?**
- A. The company stops short of addressing that but they seem to imply it when they suggest the Commission may want to consider "some special relief" for my situation.<sup>2</sup>
- Q. WHAT IS YOUR UNDERSTANDING OF HOW BMSC INTENDS TO BILL YOU IN THE ABSENCE OF RELIEF FROM THE COMMISSION?**
- A. They intend to bill me "like every other commercial customer-estimated flows would be determined by Bulletin No. 12."<sup>3</sup>

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<sup>1</sup>Doelle Testimonies, July 20, 2009 and September 18, 2009 (Exhibits)

<sup>2</sup>Sorensen Rebuttal page 6

<sup>3</sup>Sorensen Rebuttal page 6

- Q. WHAT WOULD THIS TRANSLATE TO AS FAR AS YOUR FUTURE SEWER BILLS?**
- A. Water flows exceeding thousands of gallons for every day will be used to determine my rates when I have demonstrated that in actuality my dental chairs are supplied with no more than one gallon per week from a closed bottle water system.<sup>4</sup>
- Q. WHAT IS YOUR UNDERSTANDING OF THE OBLIGATION OF THE COMMISSION IN THIS PROCEEDING?**
- A. It is my understanding that the Arizona Corporation Commission's power to prescribe utility rates is confined to the power to prescribe only such rates as are "just and reasonable." (Arizona Constitution, Article 15, Section 3). I also understand that parties aggrieved by an order of the AZCC involving a public service company related to rate design may appeal directly to the court of appeals to vacate, or remand the ACC's rate. (A.R.S. 40-254.01 (A), *Ariz.-Am Water Co. v. Ariz. Corp. Comm'n*, 209 Ariz. 189, 191, 98 P.2d 624, 626 (App. 2004)).
- Q. IS BULLETIN NO. 12 A "JUST AND REASONABLE" RATE DESIGN WHEN APPLIED TO YOUR DENTAL OFFICE?**
- A. While Engineering Bulletin No. 12 might still be a reasonable basis for determining rates for some commercial customers, it is no longer applicable to a modern dental office. Bulletin No. 12 is not reflective of current dental practices and it is therefore unreasonable to use Bulletin No. 12 to determine my rates.
- Q. WHAT ABOUT BMSC SUGGESTION OF AFFORDING SOME FORM OF SPECIAL RELIEF FOR YOU?**
- A. The BMSC does not oppose a special rate so long as there is not a negative impact on revenue or rate of return. I do not oppose relief from the Commission so long as the special relief is based on a reasonable and rational rate design.
- Q. IS IT REASONABLE FOR THE COMMISSION TO PROVIDE SPECIAL RELIEF TO YOU?**
- A. The Commission is authorized by the constitution to provide "just and reasonable" classifications and should exercise that authority in this case. In the past, the Commission has allowed 14 such special rates for BMSC commercial customers. The rate determined and approved for me as a part of Decision No. 60258 (1997) is but one of those special rates.
- Q. WHAT WOULD BE THE IMPACT ON THE REVENUE OR RATE OF RETURN FOR THE COMPANY?**
- A. It should be minimal since I am the only customer, as previously stated, that has been affected and/or complained about the impact of Bulletin No. 12.
- Q. WHAT RATE DESIGN WOULD BE ACCEPTABLE TO YOU?**
- A. It must have a reasonable and rational basis and not be determined by ambiguities, inaccuracies, or omissions such as are the customer classifications and water flows of Engineering Bulletin No. 12.

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<sup>4</sup>Decision #60258 (March 14, 1997) pages 2-3

**Q. YOU HAVE STATED IN YOUR PREVIOUS DIRECT TESTIMONY THAT THE MOST RATIONAL BASIS FOR A RATE DESIGN WOULD BE TO USE ACTUAL WATER USAGE TO DETERMINE RATES. DO YOU STILL AGREE?**

A. Yes.

**Q. WHAT ABOUT MR. SORENSEN'S ARGUMENT THAT BASING RATES ON ACTUAL WATER USAGE HAS "ITS DRAWBACKS"?**

A. It certainly could present some additional administrative challenges but that doesn't argue against actual water usage as the most rational basis for determination of rates.

**Q. WHAT FORM OF RELIEF DO YOU FEEL THE COMMISSION COULD OFFER THAT WOULD PROVIDE A REASONABLE AND RATIONAL RATE DESIGN FOR YOU WITHOUT EXTREME ADMINISTRATIVE CHALLENGES FOR THE COMPANY?**

A. I would suggest the most reasonable and rational method that is already used by many wastewater companies in Arizona. In July of each year, my sewer bill would be recalculated based on the average amount of water use in the previous months of December, January and February. Water usage figures for these months could be obtained from the Carefree Water Company, or I would supply them.

**Q. WHY ARE THE MONTHS OF DECEMBER, JANUARY AND FEBRUARY USED?**

A. These are the months that in Arizona reflect high seasonal activity and low irrigation demands.

**Q. WHY ALLOW FOUR MONTHS BEFORE NEW RATES BECOME EFFECTIVE?**

A. This is customary to allow for administrative recalculation.

**Q. ARE THERE ANY MAJOR DRAWBACKS TO THIS METHOD?**

A. If there were an unusual, unanticipated large water or irrigation leak in one of those months, the customer must have to have the right to appeal for a revised rate that would disallow the month when the leak occurred.

**Q. ARE THERE OTHER FORMS OF RELIEF THAT WOULD BE ACCEPTABLE TO YOU?**

A. There could be and as long as they are reasonable, rational and non-discriminatory, I would have no objection.

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