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2010 MAY -4 P 4: 39

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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2 A Professional Corporation
3 Patrick J. Black (No. 017141)
4 3003 North Central Avenue, Suite 2600
5 Phoenix, Arizona 85012
6 Telephone (602) 916-5000

7 Attorneys for Payson Water Company

8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

9 IN THE MATTER OF THE APPLICATION
10 OF PAYSON WATER COMPANY FOR
11 APPROVAL OF A WATER
12 AUGMENTATION SURCHARGE TARIFF
13 (MESA DEL CABALLO SYSTEM)

DOCKET NO: W-03514A-10-0116

14 IN THE MATTER OF THE NOTICE OF
15 FILING OF PAYSON WATER COMPANY'S
16 PROPOSED CHANGES TO ITS
17 CURTAILMENT TARIFF (MESA DEL
18 CABALLO SYSTEM)

DOCKET NO: W-03514A-10-0117

NOTICE OF FILING

19 Payson Water Company, an Arizona public service corporation ("Payson Water" or
20 "the Company"), hereby submits this Notice of Filing in the above-captioned matter.
21 Attached hereto as **Exhibit A** is the Affidavit of Robert T. Hardcastle, which certifies that
22 on March 31, 2010 the Company mailed to its customers notice regarding Payson Water's
23 Application for Approval of Water Augmentation Surcharge Tariff and Notice of Filing
24 Proposed Changes to Curtailment Tariff.

Arizona Corporation Commission

DOCKETED

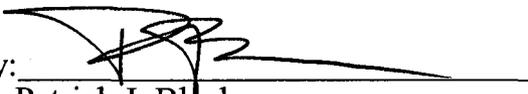
MAY - 4 2010

DOCKETED BY *[Signature]*

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RESPECTFULLY SUBMITTED this 4 day of May, 2010.

FENNEMORE CRAIG, P.C.

By: 
Patrick J. Black
Attorneys for Payson Water Company

ORIGINAL and 15 copies filed
this 4 day of May, 2010, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

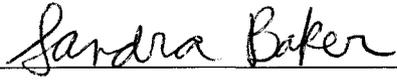
COPY hand-delivered
this 4 day of May, 2010, to:

Marc E. Stern, ALJ
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Kimberly Ruht, Esq.
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

COPY mailed
this 4 day of May, 2010, to:

Mesa Del Water Committee
c/o El Caballo Club, Inc.
8119 Mescalero
Payson, Arizona 85541

By: 

2310895.1

EXHIBIT

A

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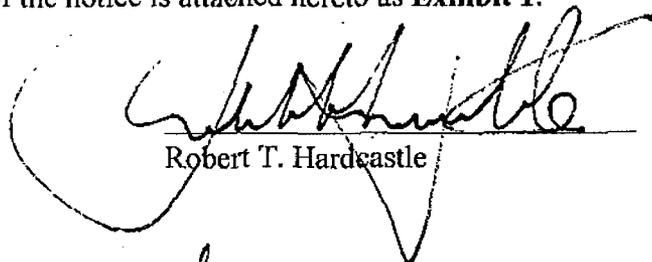
AFFIDAVIT OF ROBERT T. HARDCASTLE

Robert T. Hardcastle, being duly sworn, deposes and says:

1. I am a resident of Kern County, California, over 18 years of age, and make this affidavit based on my own personal knowledge.

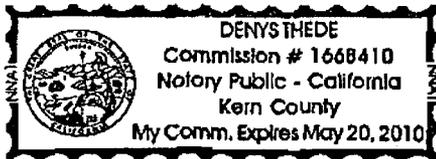
2. I am Executive Officer and President of Brooke Utilities, Inc., the sole shareholder of Payson Water Company ("Payson Water").

3. Concurrent with filing the Application for Approval of Water Augmentation Surcharge Tariff, filed March 31, 2010, and Notice of Filing Proposed Changes to Curtailment Tariff, also filed March 31, 2010, on March 31, 2010, Payson Water mailed notice of the applications to its customers. A copy of the notice is attached hereto as **Exhibit 1**.



Robert T. Hardcastle

SUBSCRIBED and sworn to before me this 30th day of May, 2010.



Notary Public

My Commission Expires:

May 20, 2010
2310319/173283.004

EXHIBIT

1

NOTICE OF FILINGS – PAYSON WATER COMPANY

Application for Approval of Interim Water Augmentation Surcharge
and
Notice of Filing Revised Curtailment Tariff

[Mesa del Caballo System]

Dear Customer –

On March 30, 2010, Payson Water Company filed with the Arizona Corporation Commission (“ACC”) an application for Approval of an Interim Water Augmentation Surcharge (“Surcharge”), and a Notice of Filing Revised Curtailment Tariff (“Tariff”), applicable to its Mesa del Caballo water system. Developed in conjunction with the Mesa del Caballo Water Committee (“Committee”), the proposed interim Surcharge would allow Payson Water Company to pass through the direct costs of water augmentation service in the event groundwater supplies are insufficient to serve the Mesa del Caballo subdivision while a longer term plan is developed. The proposed Tariff, which was also developed in conjunction with the Committee, modifies current water curtailment requirements and specifies when water augmentation is necessary to supplement water production.

Payson Water Company has requested the ACC to process the application and notice on an expedited basis so that a mechanism is in place for cost recovery before any summertime water shortages need to be addressed. The company has absorbed the costs of its 2009 water augmentation activity on behalf of customers. The company is requesting that any future water augmentation costs be passed directly through to customers, on an interim basis and without any profit or markup to Payson Water Company whatsoever, until a permanent rate case and long-term water supply solution can be established with approval from the ACC.

A copy of the Application and Notice can be found at the ACC’s website at www.azcc.gov. To request a written copy of either document, please call the company’s Call Center at (800) 270-6084. We encourage you to participate in the ACC proceedings so that any questions or concerns can be appropriately addressed as part of the public process. The company has requested that a hearing on its Application be held no later than 20 days after it was filed with the ACC.