

ORIGINAL



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1 FENNEMORE CRAIG, P.C.  
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 2 2394 E. Camelback Road, Suite 600  
 Phoenix, Arizona 85016 AZ CORP COMMISSION  
 3 Telephone (602) 916-5000 DOCKET CONTROL  
 Attorneys for Payson Water Co., Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

6 IN THE MATTER OF THE APPLICATION  
 OF PAYSON WATER CO., INC., AN  
 7 ARIZONA CORPORATION, FOR A  
 DETERMINATION OF THE FAIR VALUE  
 8 OF ITS UTILITY PLANTS AND  
 PROPERTY AND FOR INCREASES IN ITS  
 9 WATER RATES AND CHARGES FOR  
 UTILITY SERVICE BASED THEREON.

DOCKET NO: W-03514A-13-0111  
 Arizona Corporation Commission  
 DOCKETED  
 SEP 24 2013

DOCKETED BY	
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11 IN THE MATTER OF THE APPLICATION  
 OF PAYSON WATER CO., INC., AN  
 12 ARIZONA CORPORATION, FOR  
 AUTHORITY TO: (1) ISSUE EVIDENCE  
 13 OF INDEBTEDNESS IN AN AMOUNT  
 NOT TO EXCEED \$1,238,000 IN  
 14 CONNECTION WITH INFRASTRUCTURE  
 IMPROVEMENTS TO THE UTILITY  
 15 SYSTEM; AND (2) ENCUMBER REAL  
 PROPERTY AND PLANT AS SECURITY  
 16 FOR SUCH INDEBTEDNESS.

DOCKET NO: W-03514A-13-0142

NOTICE OF FILING  
AFFIDAVIT OF MAILING

17 Payson Water Co., Inc. (the "Company") hereby submits this Notice of Filing  
 18 Affidavit of Mailing in the above-captioned matter. Pursuant to the Procedural Order  
 19 issued September 10, 2013, on September 18, 2013 and September 19, 2013 the Company  
 20 mailed to customers in the Mesa Del Caballo system the notice regarding the Company's  
 21 applications for a permanent rate increase and for financing, and the associated hearings  
 22 beginning on September 25, 2013 (Phase I) and January 13, 2014 (Phase II).  
 23 The Affidavit of Jason P. Williamson is attached as **Exhibit A**.

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RESPECTFULLY SUBMITTED this 24th day of September, 2013.

FENNEMORE CRAIG, P.C.

By   
Jay L. Shapiro  
2394 E. Camelback Road  
Suite 600  
Phoenix, Arizona 85016  
Attorneys for Payson Water Co., Inc.

**ORIGINAL** and thirteen (13) copies  
of the foregoing were filed  
this 24th day of September, 2013, with:

Docket Control  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

**COPY** of the foregoing was hand delivered  
this 24th day of September, 2013, to:

Dwight D. Nodes  
Assistant Chief Administrative Law Judge  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

Robin Mitchell, Esq.  
Legal Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

By:   
WBIRK/8528720.1/073283.0006

# EXHIBIT

A

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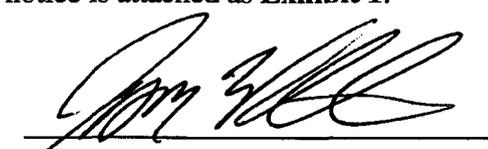
**AFFIDAVIT OF JASON P. WILLIAMSON**

Jason P. Williamson, being duly sworn, deposes and says:

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

2. I am manager of Payson Water Co., Inc. (the "Company").

3. Pursuant to the Procedural Order issued September 10, 2013, on September 18, 2013 and September 19, 2013, the Company mailed to customers in the Mesa Del Caballo system the notice regarding the Company's applications for a permanent rate increase and for financing, and the associated hearings set to begin on September 25, 2013 (Phase I) and January 13, 2014 (Phase II). A copy of the notice is attached as **Exhibit 1**.

  
Jason P. Williamson

SUBSCRIBED and sworn to before me this 24<sup>th</sup> day of September, 2013.



  
Notary Public  
County of Denver  
State of Colorado

My Commission Expires 2/17/15  
My Commission Expires \_\_\_\_\_

8528253.1/073283.0006

# **EXHIBIT**

**1**

**PUBLIC NOTICE OF APPLICATIONS BY**  
**PAYSON WATER CO., INC.**  
**DOCKET NOS. W-03514A-13-0111 and W-003514A-13-0142 (consolidated)**

On April 22, 2013, Payson Water Co., Inc. ("PWC" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for a determination of the fair value of its utility plant and property and for increases in its water rates and charges for utility service. By its application, the Company requested an increase in gross annual revenues of \$399,785, or approximately 125 percent over its 2012 test year revenues.

For residential customers with a 5/8-inch x 3/4-inch meter in the former "United Systems" (*i.e.*, **Mead's Ranch, East Verde Estates, Flowing Springs, Geronimo Estates/Elusive Acres, Mesa del Caballo, Whispering Pines, and Gisela/Tonto Creek Shores**), the Company is proposing to increase the monthly minimum charge from \$16.00 to \$39.24, with a three-tier commodity charge structure of \$2.75 per 1,000 gallons for the first 4,000 gallons of usage per month; \$4.75 per thousand gallons for usage between 4,001 and 10,000 gallons per month; and \$6.75 per thousand gallons for all usage over 10,000 gallons per month. **Under PWC's proposal, a 5/8-inch x 3/4-inch meter residential customer with average monthly usage of 2,856 gallons would experience an increase of \$25.58 per month, from the current \$21.51 to \$47.09, or 118.90 percent.**

For residential customers with a 5/8-inch x 3/4-inch meter in the former "C&S System" (*i.e.*, **Deer Creek**), the Company is proposing to increase the monthly minimum charge from \$17.00 to \$39.24, with the same three-tier commodity charge structure of \$2.75 per 1,000 gallons for the first 4,000 gallons of usage per month; \$4.75 per thousand gallons for usage between 4,001 and 10,000 gallons per month; and \$6.75 per thousand gallons for all usage over 10,000 gallons per month. **Under PWC's proposal, a 5/8-inch x 3/4-inch meter Deer Creek residential customer with average monthly usage of 6,961 gallons would experience an increase of \$37.00 per month, from the current \$27.30 to \$64.30, or 135.51 percent.**

**Financing Application**

In addition to the proposed rate increases described above, on May 27, 2013, PWC filed a financing application with the Commission: *In the Matter of the Application of Payson Water Co., Inc., for Authority to Issue Evidence of Indebtedness in an Amount Not to Exceed \$1,238,000 in Connection with Infrastructure Improvements to the Utility System; and Encumber Real Property and Plant as Security for Such Indebtedness (Docket No. W-03514A-13-0142)*. PWC is seeking to impose a surcharge on customers in the Mesa del Caballo system associated with a planned interconnection to the Cragin Pipeline. The Company is seeking approval to obtain a loan of \$1,238,000 from the Water Infrastructure Financing Authority ("WIFA"), which would result in an additional estimated monthly surcharge for Mesa del Caballo customers of approximately \$30.75.

**Case Status**

On August 15, 2013, PWC filed a motion to consolidate and expedite the rate and financing applications. PWC seeks expedited approval to borrow up to \$275,000 of the total financing sought for the Cragin Project so it can build a line to connect the Town of Payson system to PWC's Mesa del Caballo system before next summer. In addition, PWC seeks expedited approval of certain rate relief so that it can service the debt to be incurred to build the pipeline connecting the Town's system to the PWC's and pay for the water to be purchased from the Town. On August 26, 2013 the two applications were consolidated and will be considered in two phases.

**THE COMMISSION'S UTILITIES DIVISION ("STAFF") HAS NOT YET MADE A RECOMMENDATION REGARDING THE APPLICATIONS. STAFF'S EVALUATION OF THE APPLICATIONS MAY RESULT IN A RECOMMENDATION THAT THE COMMISSION APPROVE OR DENY THE COMPANY'S PROPOSALS, OR THAT THE COMPANY'S CURRENT OVERALL RATES BE EITHER DECREASED OR INCREASED. THE COMMISSION IS NOT BOUND BY THE PROPOSALS OF THE COMPANY, STAFF, OR ANY INTERVENORS. THE COMMISSION WILL DETERMINE THE APPROPRIATE RATE-MAKING TREATMENT OF THE REVENUES AND EXPENSES RELATED TO PWC'S APPLICATIONS BASED ON THE EVIDENCE PRESENTED IN THIS PROCEEDING.**

If you have any questions concerning how the applications may affect your bill or other substantive questions about the applications, you may contact the Company at **7581 E. Academy Boulevard, Suite 229, Denver, Colorado 80230; telephone no. (888) 644-6771 (TOLL FREE); or email at [info@jwwater.net](mailto:info@jwwater.net).**

## **How You Can View Or Obtain Copies of the Applications**

Copies of the applications are available from the Company's offices, 7581 E. Academy Boulevard, Suite 229, Denver, Colorado 80230, and 1010 S. Stover Road, Payson, Arizona; and at the Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona, and 400 West Congress Street, Suite 218, Tucson, Arizona, and on the internet via the Commission website ([www.azcc.gov/](http://www.azcc.gov/)) using the e-docket function and W-03514A-13-0111.

## **PUBLIC HEARING INFORMATION**

This matter is divided into two phases. The first phase of the proceeding ("Phase 1") will involve consideration of PWC's request for expedited financing approval along with approval of certain interim rate relief in the form of rate surcharges. The second phase of the proceeding ("Phase 2") will involve (1) the remainder of the Company's request for financing approval; and (2) the setting of permanent rates.

The Phase 1 hearing will begin on **September 25, 2013, at 10:00 a.m.**, at the Commission's offices, 1200 West Washington Street, Hearing Room No. 2, Phoenix, Arizona, 85007.

The Phase 2 hearing will begin on **January 13, 2014, at 10:00 a.m.**, at the Commission's offices, 1200 West Washington Street, Hearing Room No. 2, Phoenix, Arizona, 85007.

Public comments will be taken at the beginning of the hearings. Written public comments may be submitted by mailing a letter referencing Docket No. W-03514A-13-0111 to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington Street, Phoenix, Arizona, 85007, or by e-mail. For a form to use and instructions on how to e-mail comments to the Commission, go to <http://www.azcc.gov/divisions/utilities/forms/PublicCommentForm.pdf>. If you require assistance, you may contact the Consumer Services Section at (800) 222-7000 or (520) 628-6550.

## **ABOUT INTERVENTION**

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you wish to intervene, you must file the original and 13 copies of a written motion to intervene with the Commission no later than **October 30, 2013**, and send a copy of the motion to the Company, or its counsel, and all other parties of record. Your motion must contain the following:

1. Your name, address, and telephone number and the name, address and telephone number of any person upon whom service of documents is to be made, if not yourself.
2. A short statement of your interest in the proceeding (e.g., a customer of the Company, etc.).
3. A statement certifying that you have mailed a copy of the motion to intervene to the Company or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that **all motions to intervene must be filed on or before October 30, 2013**. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, **failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case.**

## **ADA/EQUAL ACCESS INFORMATION**

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Shaylin Bernal, E-mail [sbernal@azcc.gov](mailto:sbernal@azcc.gov), voice phone number (602) 542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.