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

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Arizona Corporation Commission  
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SEP 30 2013

RE: Docket Numbers W-03514A-13-0111 and W-03514A-13-0142 (consolidated)

DOCKETED BY 

Dear Judge Nodes and Commissioners,

While I sympathize strongly with the residents of Mesa del Caballo (MdC) and am hopeful for a reasonable solution to their water problem, my immediate interest is to mitigate damages to myself and my community.

Due to the Phase I portion of the case being processed on a "fast track", it appears that a decision on whether to authorize financing of up to \$275,000 in the Phase I portion of the case is imminent. I strongly oppose any decision to move ahead with an order for financing approvals or release of any funds for the construction of the intermediate MdC pipeline project until these questions are answered and documents are available for a reasonable time for public view and comment:

- 1) Does Town of Payson have a written agreement with SRP to guarantee they will receive water from the Cragin reservoir? If so, how much? Why is that document not included for public viewing?
- 2) Does Payson Water Company (PWC) have a written agreement with SRP and/or Town of Payson to guarantee they will receive water from the Cragin pipeline and/or the Town of Payson supply? If so, how much? Why are those documents not included for public viewing?
- 3) Why are there NO Engineering reports available to describe the scope of the intermediate construction project to hookup MdC temporarily to the Town of Payson at an amount up to \$275,000? Why are there NO Engineering reports available to describe the total scope of the \$1,238,000 project?
- 4) What, if any, cost/benefit analyses have been conducted to show that this request for financing of the interconnect pipeline is a prudent decision? Why are there no cost/benefit analyses reports available for public viewing?
- 5) What, if any, cost/benefit analyses have been conducted to evaluate optional alternatives, such as drilling new wells in MdC, deepening existing wells in MdC, adding additional private party water-sharing agreements to obtain water from private wells for MdC? Why are there no cost/benefit analyses relating to these options available for public viewing?
- 6) What other options for funding this infrastructure improvement project have been explored or considered? Would applying for Public or Private Grants be a possible alternative to mitigate the extraordinarily high cost to ratepayers of a small public utility company?

As a ratepayer, I have a reasonable expectation to fully understand the specific intention for encumbering PWC with a large amount of debt and to fully understand the scope of the proposed project before any funds are released. I do not have that understanding at this time. Why are so many documents not available on the

docket for public viewing? I am of the impression that we will find out more about the scope of the pipeline project in the Phase II portion of this case, but I believe it is imperative for me, as an individual ratepayer, to have a clearer understanding of what I may be asked to pay for before any money is released and PWC is encumbered by debt that will ultimately be borne by ratepayers.

The hearing on 09/25/13 on the Phase I financing portion of this case was addressing whether to release up to \$275,000 before the end of 2013 for construction of a temporary, intermediate connection pipeline to benefit MdC. The reason given for the urgency of this request was to avoid water hauling next summer (2014). The testimony at the 09/25/13 hearing revealed that the Cragin pipeline, when fully completed, will only supply Town of Payson water for 9 out of 12 months. MdC would rely on the Town of Payson for any water shortages, including the 3 months the Town will not receive it from the Cragin reservoir. It was disclosed by Mr. Jason Williamson that it's possible that the town of Payson will not sell PWC water during the summer season if they don't have it available. Based on that testimony, and the testimony of Mr. Robert Hardcastle in his original application of 04/22/13 (see pages 56, lines 17-20 and 76, lines 21-23), it is reasonable to conclude that it is possible that PWC will have to continue to resort to water hauling exercises under certain circumstances. On that basis alone, I oppose the fast track of this intermediate pipeline project.

Furthermore, I strongly object to any part of this (or any other) infrastructure project's costs for one community being visited upon ratepayers in other communities. I do not support the consolidation of the eight communities that compose Payson Water Company. This situation is a perfect example, capital costs and depreciation as well as operating and maintenance costs that benefit only MdC should not be placed on ratepayers of the 7 other communities, specifically: Mead's Ranch, East Verde Estates, Flowing Springs, Geronimo Estates/Elusive Acres, Whispering Pines, Gisela/Tonto Creek Shores and Deer Creek Village. I am objecting explicitly before any ruling is issued for this "fast track" Phase 1 portion of the case. As things stand now, we are being led to believe that only MdC ratepayers will be responsible for those costs, via a monthly surcharge. This is deceptive, however, because there is language in the application document, on page 79, lines 4 through 6 that indicates those costs will be included in the next rate case and included in the base rates.

My community of Deer Creek Village is approximately 20 miles away from MdC and has ample water resources and infrastructure at this time. I should not have to pay for deficiencies in other communities and likewise, the other communities served by PWC should not have to pay for infrastructure improvements that only benefit my community, if and when those needs arise in the future. These are separate water systems and should be dealt with separately to be fair to the ratepayers.

Any attempt to spread those costs to other communities will be viewed by me as an egregious violation of trust. I will suffer damages that are burdensome and I can imagine that many others will too.

Any debt incurred by PWC, including the \$1,238,000 proposed for the MdC project, has the potential to raise the rates of all it's ratepayers regardless of the initial stated intent to impose a surcharge on only the ratepayers of one community. I believe the more equitable thing is to have a mechanism in place to effect rates separately based on each separate community's resources and needs.

Additionally, in light of my recent discovery of a long history of service problems and alleged unlawful practices by PWC under the leadership of Robert Hardcastle at Brooke Utilities, I will be asking the Arizona Corporation Commission (ACC) to implement new measures to assure more ethical treatment of the ratepayers in the future. I would like to know if Robert Hardcastle still has a financial interest in PWC and what that interest is?

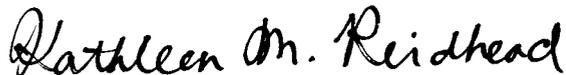
At the next rate hearing, I will be asking the ACC to consider new performance measurements be imposed on PWC. Since a public utility is basically a regulated monopoly, I believe there should be more stringent oversight in place so that ratepayers are not hit with exorbitant rate increases. I am wholly in favor of PWC earning a reasonable profit for the services they provide, but rate increases should be tied to certain goals of service, proper maintenance and renovation of our water systems as needed.

Major projects should be vetted fully to the ratepayers, who should be afforded a reasonable period of time to consider the viability, benefits, cost and scope of the project. When you fail to properly notify the ratepayers in a timely manner, you generate immediate suspicion, distrust and ill will. The five day notice I received about the hearing last week on 09/25/13 was insufficient and did not meet the requirements of the 30-day notice under Rule #R14-3-208. In fact, it violated my rights to due process. Any ruling to move forward with the construction project will further violate my rights to due process, since I have not been afforded adequate time to fully understand the entire scope of the problems or the project under consideration to solve those problems.

I believe that with an atmosphere of working together, PWC will regain the public trust and assure a better relationship between all parties, and that is a goal we should all work towards.

I strongly urge Judge Nodes and the Commissioners to deny the expedited request for financing based on the lack of transparency in this matter. I also ask the ACC to strongly consider all of my areas of concern.

Sincerely,



Kathleen M. Reidhead  
14406 S. Cholla Canyon Dr. (Mailing Address)  
Phoenix, AZ 85044

Reference:  
Deer Creek Village - Lot 86  
198 S. Four Peaks Rd.  
Payson, AZ 85541