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0000149597

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2013 NOV 19 P 1:50

Thomas Bremer
6717 E. Turquoise Ave.
Scottsdale AZ 85253
480-209-7112

November 19, 2013

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

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

NOV 19 2013

DOCKETED BY 

Subject: NOTICE OF ERRATA AND REVISION- REQUEST FOR DISCOVERY in the Applications of Payson Water Company for an Increase in its Rates and Charges for Utility Service, and to Incur Debt and Encumber its Property as Security for Such Indebtedness.

**DOCKET NO. W-03514A-13-0111 and W-03514A-13-0142 (consolidated)
Document No. 0000149561**

On November 15 I, Thomas Bremer, an intervenor in the cases of the above consolidated dockets, filed the subject Request for Discovery document with the Arizona Corporation Commission (ACC), and provided electronic copies to Payson Water Company (PWC) and their consultant and attorneys.

It was pointed out by one of the document recipients, that the copy of the document provided to him electronically is missing Page 2. Because the electronic copy was scanned directly from one of the thirteen hard copies provided to ACC Docket Control, it is likely that some or all of the other hard copies were likewise missing Page 2.

It should be noted that the original document provided to Docket Control correctly included all pages, since Document No. 0000149561 available on the ACC E-Dockets web page correctly displays all pages. I can only conclude that the missing page was the result of a copy machine mis-feed. I apologize for any inconvenience.

In order to ensure that all recipients of the subject document receive the complete document with no omissions, I am filing this Notice of Errata with the original document attached to re-file the document in its entirety.

Furthermore, per discussion during the EVP board meeting on November 16, Question 10 of Document No. 0000149561 is revised as shown below to clarify the infrastructure maintenance and upgrade items raised in the 2012 EVP water survey, and emphasizing the need to assess the soundness of asbestos cement (AC) water pipes of the type commonly used in the 1950's, when the EVP water system was installed.

Finally, it was pointed out to me via e-mail by PWC's attorney, Mr. Jay Shapiro, that requests for discovery need not be filed in the ACC docket documents. However, I consider the questions asked in the subject document to be of interest to all parties involved in the above consolidated dockets, as well as to the public at large.



Tom Bremer, East Verde Park Water Committee

Revision to Question 10 of Document No. 0000149561:

Question 10 is hereby revised as follows. The revised text is identified in italics font.

10. The PWC customers in the East Verde Estates (aka "East Verde Park" (EVP) have long complained that the current base fee and rates for water service, though affordable, do not provide a good value in light of the decrepit state of the water infrastructure in the community. The complaints of EVP residents are summarized in the attached "Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water, Proposed by Payson Water Company, for Owners & Residents of the East Verde Estates Community near Payson, Arizona" (**Attachment 1**), currently being circulated in the EVP community. The EVP Water Committee requested that infrastructure improvements be made as early as September 2000 (**Attachment 2A**), and was promised that improvements would be made as priorities permit (**Attachment 2B**). No infrastructure improvements were made then or since. The poor condition of the EVP water system was the most significant concern identified in the 2012 EVP water survey (**Attachment 3, Section 5**), which was reviewed with Brooke Utilities' Robert Hardcastle in March, 2013. *Concerns raised in the survey included:*

- a) *Lack of sufficient well capacity to service EVP without frequent water restrictions, seasonal water hauling, and considering future development of the EVP community.*
- b) *Condition of the well by the East Verde River, the foundation of which has been undermined by erosion from floods.*
- c) *The condition of the water tank and ancillary equipment, including concerns about potential silt build-up.*
- d) *The condition of the water pipes of the EVP system, which were assessed in 1976 to be the asbestos cement (AC) type commonly used in the 1950's when the EVP water system was installed, and which are known to have a finite life (internet sources suggest as low as 50 years, depending upon water softness and soil movement).*

Please explain in detail what improvements to EVP water infrastructure will be implemented by PWC, that justify increases in the average monthly water bill for EVP customers of \$25.58 per month, or \$306.96 per year.

Attachment: "REQUEST FOR DISCOVERY in the Applications of Payson Water Company for an Increase in its Rates and Charges for Utility Service, and to Incur Debt and Encumber its Property as Security for Such Indebtedness, dated November 14, 2013, DOCKET NO. W-03514A-13-0111 and W-03514A-13-0142 (consolidated)", Filed as ACC Document No. 0000149561 on November 15, 2013.

Copies to:

ACC Docket Control (13 copies)

Jason Williamson, President of Payson Water Company
7581 E. Academy Boulevard, Suite 229
Denver, CO 80230

Thomas J. Bourassa, Consultant for Payson Water Company
139 W. Wood Drive
Phoenix, Arizona 85029

Jay Shapiro, Attorney for Payson Water Company
Fennemore Craig P.C.
2394 E. Camelback Road, Suite 600
Phoenix, AZ 85016

Kathleen M. Reidhead, Intervenor
14406 S. Cholla Canyon Dr.
Phoenix, AZ 85044

William Sheppard, Intervenor
6250 North Central Avenue
Phoenix, AZ 85012

J. Stephen Gehring & Richard M. Burt, Intervenors
8157 W. Deadeye Rd.
Payson, AZ 85541

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0000149561

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2013 NOV 15 P 4 03

November 14, 2013

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

AZ CORP COMMISSION
DOCKET CONTROL

Thomas Bremer
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Arizona Corporation Commission

DOCKETED

NOV 15 2013

DOCKETED BY 

Subject: REQUEST FOR DISCOVERY in the Applications of Payson Water Company for an Increase in its Rates and Charges for Utility Service, and to Incur Debt and Encumber its Property as Security for Such Indebtedness.

DOCKET NO. W-03514A-13-0111 and W-03514A-13-0142 (consolidated)

I, Thomas Bremer, Water Chairman of the East Verde Park (EVP) community, have been granted status as an intervenor in the subject consolidated dockets. I request that Payson Water Company (PWC) answers the following written interrogatories:

1. Please explain the relationship between the Mesa del Caballo (MDC)-Cragin project and its financing, and the general fee and rate increase affecting all communities served by PWC. If there is no relationship between these two matters, then why did PWC find it necessary to propose both in the same request, Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013?
2. Referring to Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: PWC's consultant, Thomas J. Bourassa, notes that "the Company is proposing to consolidate rates for all of its systems into one." [Bourassa Testimony, p14] There is no explanation given why, other than "this makes the most sense". Please explain why it is deemed just and reasonable per Arizona Revised Statute 40-361 to charge all PWC customers the same base fees and rates throughout the various communities served by PWC, without regard to differences in the cost of providing services in the individual communities.
3. Will all of the costs of financing and operating the MDC-Cragin project be entirely paid by PWC customers in the MDC community, specifically through debt recovery surcharges, operating and maintenance recovery (O&M) surcharges, and Town of Payson commodity cost recovery surcharges?
4. Will any of the costs of financing and operating the MDC-Cragin project ever be charged to PWC customers in communities outside the MDC community?
5. Referring to Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: PWC's accountant, Thomas Bourassa is asked by ACC staff, "When would

the debt recovery surcharge [for the MDC-Cragin Pipeline] cease?"[Bourassa Testimony, p18] Mr. Bourassa responds, "In the next rate case, I anticipate the recovery of the capital costs and depreciation would be included in base rates and the Debt Recovery Surcharge could be discontinued." In light of PWC's stated objective to consolidate rates for all of its systems into one, this suggests that in the next rate case the recovery of the capital costs and depreciation for the MDC-Cragin Pipeline will be included in base rates for all customers of PWC, not only customers at MDC. This contradicts PWC's previous statement in the referenced document that the costs of the MDC Cragin project will be paid entirely by PWC customers in the MDC community. Please explain.

6. Referring to Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: PWC's accountant, Thomas J. Bourassa is asked by ACC staff, "When would the O&M recovery surcharge [for the MDC-Cragin Pipeline] cease?"[Bourassa Testimony, p19] Mr. Bourassa responds, "In the next rate case, I anticipate the recovery of the O&M costs would be included in base rates and the O&M Cost Recovery Surcharge would be discontinued." In light of PWC's stated objective to consolidate rates for all of its systems into one, this suggests that in the next rate case the operating and maintenance costs for the MDC-Cragin Pipeline will be included in base rates for all customers of PWC, not only customers at MDC. This contradicts PWC's previous statement in the referenced document that the costs of the MDC Cragin project will be paid entirely by PWC customers in the MDC community. Please explain.
7. Referring to the financial data on page 3 of Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: The following summary of the basis for rate and fee increases is given "During the test year [2012], PWC's adjusted gross revenues were \$320,525 from water utility service. The adjusted operating income (loss) was \$182,479, leading to an operating income deficiency of \$255,020." [p3]. Please explain the difference between an "operating income (loss)" and an "operating income deficiency".
8. Referring to the financial data on page 3 of Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: Since revenue minus operating expenses equals operating income, PWC's operating expenses in the 2012 test year are calculated to be approximately \$503,004 [i.e.: $\$320,525 - (-\$182,479) = \$503,004$]. Furthermore, PWC's requested revenue increase of \$399,785 will provide a total revenue after the rate and fee increase of \$720,310 [i.e.: $\$320,525 + \$399,785 = \$720,310$]. PWC is not claiming any change in operating expenses, other than costs related to the MDC-Cragin project, which are claimed to be supported by charges to MDC customers separate from the general rate and fee increases for all PWC customers. Therefore, the financial data on page 3 of the reference document indicate an operating income after the rate and fee increases of \$217,306 [i.e.: $\$720,310 - \$503,004 = \$217,306$], providing a return on the stated \$659,457 fair value rate base of 32.95% [i.e.: $\$217,306 / \$659,457 = 32.95\%$]. This is considerably higher than the stated target 11% rate of return on the fair value rate base from water operations. Please explain the disconnect.

9. What are the benefits of the MDC-Cragin project to PWC customers in communities outside of MDC?
10. The PWC customers in the East Verde Estates (aka "East Verde Park" (EVP)) have long complained that the current base fee and rates for water service, though affordable, do not provide a good value in light of the decrepit state of the water infrastructure in the community. The complaints of EVP residents are summarized in the attached "Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water, Proposed by Payson Water Company, for Owners & Residents of the East Verde Estates Community near Payson, Arizona" (**Attachment 1**), currently being circulated in the EVP community. The EVP Water Committee requested that infrastructure improvements be made as early as September 2000 (**Attachment 2A**), and was promised that improvements would be made as priorities permit (**Attachment 2B**). No infrastructure improvements were made then or since. The poor condition of the EVP water system was the most significant concern identified in the 2012 EVP water survey (**Attachment 3, Section 5**), which was reviewed with Brooke Utilities' Robert Hardcastle in March, 2013. Please explain in detail what improvements to EVP water infrastructure will be implemented by PWC, that justify increases in the average monthly water bill for EVP customers of \$25.58 per month, or \$306.96 per year.
11. The PWC customers in the East Verde Estates (aka "East Verde Park" (EVP)) have long complained that the current base fee and rates for water service, though affordable, do not provide a good value in light of the frequent water restrictions in the community. The complaints of EVP residents are summarized in the attached "Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water, Proposed by Payson Water Company, for Owners & Residents of the East Verde Estates Community near Payson, Arizona" (**Attachment 1**), currently being circulated in the EVP community. In short, PWC customers at EVP are facing a huge increase in costs for water service, but then PWC frequently and for prolonged periods imposes severe restrictions on the availability of water. The impact on EVP customers and their frustration are well-stated in the attached Payson Roundup "Letter to the Editor" in October, 2012 (**Attachment 4**). Most recently, in 2013, the EVP community was at Stage 3 water restrictions continuously from May through most of September. Please explain in detail what improvements to EVP water availability will be implemented by PWC, that justify increases in the average monthly water bill for EVP customers of \$25.58 per month, or \$306.96 per year.
12. Referring to Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013: PWC's accountant, Thomas J. Bourassa is asked by ACC staff, "Why didn't the Company provide a cost of service study?" [Bourassa Testimony, p2] Mr. Bourassa responds simply that, "The substantial expense of doing a cost of service study could not be justified" However, the determination of whether PWC's proposed rate and fee increases for EVP customers are "just and reasonable" per Arizona Revised Statute 40-361 cannot be made without considering the cost of providing water service. Please provide the actual cost of providing water service to PWC customers at EVP, including supporting data.

In accordance with Item 3 of Document 0000145511 of Docket W-03514A-13-0111, dated April 22, 2013, copies of this Request for Discovery and attachments have been sent to:

- J. Williamson, Payson Water Company (Supersedant of T. Hardcastle, Brooke Utilities)
- T. Bourassa (tibl14@cox.net)
- J. Shapiro (jshapiro@fclaw.com and wbirk@fclaw.com)

CC: Arizona Corporation Commission (13)

Attachments:

1. "Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water, Proposed by Payson Water Company, for Owners & Residents of the East Verde Estates Community near Payson, Arizona", currently being circulated in the EVP community.
2. A. Letter from Robert E. Gardner, EVP Water Chairman, to Robert T. Hardcastle, President, Brooke Utilities, regarding water system improvement plans, September 28, 2000.
B. Letter from Robert T. Hardcastle, President, Brooke Utilities, to Robert E. Gardner, EVP Water Chairman, regarding water system improvement plans, January 23, 2001
3. East Verde Park Water Survey, December 2012
4. Payson Roundup Newspaper, Letter to the Editor, "Yes, We Have No Water", October 12, 2012

**Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water,
Proposed by Payson Water Company,
for Owners & Residents of the East Verde Estates Community near Payson, Arizona
(Reference ACC consolidated dockets W-03514A-13-0111 and W-03514A-13-0142)**

We, the undersigned owners and residents of the East Verde Estates community (aka: East Verde Park [EVP]), north of Payson, Arizona, object to the fee and rate increases for water service provided by JW Holdings, dba Payson Water Company (PWC), as described in PWC's application for fee and rate increase, filed with the Arizona Corporation Commission (ACC) on docket W-03514A-13-0111, and announced to EVP customers via Public Notice in September water bill enclosure.

The justification for our objection is as follows:

1. The rate and fee increases result in water bills at EVP increasing by 115% to over 220%. Such a large increase is unjust and unreasonable, inconsistent with Arizona Revised Statute 40-361: "Charges demanded or received by a public service corporation for any commodity or service shall be just and reasonable. Every unjust or unreasonable charge demanded or received is prohibited and unlawful."
2. While the owners and residents of EVP properties understand that water is a precious commodity, PWC's increases are driven in large part by a base fee increase of \$145%, from \$16.00 to \$39.24 per month, which is completely unrelated to the cost of water. Such a large increase in the base fee is unjust and unreasonable.
3. The extreme base fee increase is especially outrageous considering the frequency of water restrictions imposed on EVP owners and residents. For example, in 2013 PWC imposed Stage 3 water restrictions at EVP, continuously during the months of May through September. It is unjust and unreasonable to levy an enormous increase in the fee for water service, without assuring reasonable availability of water.
4. Review of PWC's application for rate and fee increase reveals that PWC's justification for the magnitude of the rate and fee increase is unrelated to the actual cost of providing water service at EVP. The increases are instead based on a target profit relative to asset value. While the owners and residents at EVP acknowledge PWC's right to a reasonable profit, the proposed increases are not commensurate with the historical low level of service and water system maintenance provided by PWC. It is not reasonable to impose a monthly base fee of \$39.24 per customer per month, in order to support the cost of little more than running the well pumps, reading the water meters, and billing.
5. The decrepit condition of the water infrastructure and frequent water restrictions at EVP attest to the lack of necessary maintenance and water system improvements, needed to justify any increases in fees and rates for water service at EVP.
6. The rate and fee increases proposed for EVP are inextricably linked in ACC dockets W-03514A-13-0111 and W-03514A-13-0142 for water infrastructure improvements proposed by PWC at the Mesa del Caballo community, which are completely unrelated to the circumstances at EVP. This administrative linkage between unrelated communities and issues is driving the implementation of rate and fee increases at EVP without adequate attention to the specific considerations appropriate for EVP.
7. The public notice of the rate and fee increases was given by PWC as little as 1 day prior to the Phase 1 hearing on September 25, in violation of Arizona Administrative Code R14-3-109, requiring 10 day's advance notice, thereby violating the due process rights of PWC customers at EVP.

Attachment 1, page 1 of 2

**EAST VERDE PARK, INC.
HC 3, Box 510-A
Payson, AZ 85541**

September 28, 2000

Robert T. Hardcastle, President
Brooke Utilities, Inc.
P. O. Box 82218
Bakersfield, CA 93380-2218

Dear Mr. Hardcastle:

Thank you for your quick response to my letter of July 20. However, you provided little information for me to take to my Board, a matter they felt very strongly should be communicated back to you.

Please respond to our specific questions as follows:

1. We appreciate that your budgeted improvement plans remain unchanged. However, we still would like to understand what the specifics are in your budget item for East Verde Park improvements in Year 2000 for "well exploration; remodel well/tank site" at a cost of \$16,000.
2. With the marked increase in full time residents in East Verde Park, how will you address incidents where the water is inadequate and interrupted? We hope you will take this opportunity to be proactive in providing adequate water by including in future budgets needed improvements to our water system, i.e., additional storage and pumping facilities, line upgrades and improved water quality.

As I stated before, East Verde Park has a small water system with no backup. The one storage tank we have can drop from full to empty in less than a day with any excess usage and takes several days to recover. Long before the tank is empty, those residents at higher elevations are out of water. All of this leaves the pressure in the lines at dangerously low or nonexistent levels. Once again, I urge Brooke Utilities to provide additional storage and pumping facilities and increased water supply for the East Verde Park system.

We are polling our members to determine their interest in providing e-mail addresses to add to your list for communicating with customers. Those received to date are: 1) matgard@futureone.com (Bob and Matalyn Gardner); 2) pate56@yahoo.com (Patti Morris); 3) rb747@aol.com (Ray Balcerzak); 4) mmbaz@aol.com (Christa and Mike Hitt).

Thank you for your time and consideration.

Sincerely,


Robert E. Gardner, Water Chairman
East Verde Park Homeowners Association
HC 3, Box 510-G
Payson, AZ 85541
520-474-3883

C: Carl J. Kunasek, Chairman
Arizona Corporation Commission

Jim Irvin, Member
Arizona Corporation Commission

Attachment 2A, page 1 of 1

Brooke Utilities, Inc.

P. O. Box 82318 • Bakersfield, California 93380-2218
Customer Call Center • P.O. Box 9016 • San Dimas, California 91773-9016 • (800) 270-6084

ROBERT T. HARDCASTLE
(661) 633-7526
Fax (800) 748-6981
RTH@brookeutilities.com

January 23, 2001

Robert E. Gardner
East Verde Park Homeowners Association
HC 3, Box 510-G
Payson, AZ 85541

Re: Water System Improvements

Dear Mr. Gardner,

Thank you for your correspondence of January 11. I recall reading the prior correspondence dated September 28, 2000 and believed I had replied thereto. Apparently, this was my error for which I apologize. We take pride in our timely response to such issues and this is one of very few that were not handled as well as expected.

We have recently developed our fiscal 2001 Operating Budget for all of our water companies. This budget includes a significant portion devoted to prioritized capital expenditures through 2006. Obviously, not all capital improvement projects can be completed as early as desired and, in some cases, as necessary. However, there is only a certain amount of funding available annually. We are required to make subjective judgement decisions that have historically been accurate more frequently than not. We examine many factors including customer demand, growth, hydrological conditions, recent precipitation and numerous business issues. Unfortunately, we cannot accomplish everything we deem necessary. Our 2001 Operating Budget has been approved by our Board of Directors.

We recognize the East Verde Park water system of Payson Water Co. requires improvements as well. However, our review of current conditions and water systems facilities conclude that our previously budgeted improvements must be deferred until the second or third quarter of 2002. This is an unfortunate but necessary decision. We have budgeted improvements totaling \$16,000 which involve water production, storage, site security, instrumentation and controls, and pressurization.

The second contention of your September 28 correspondence is not supported by the demand and production data available from our records. It is clear that the existing 40,000 gallon storage tank far exceeds daily demand since July 1999. It is also

*Brooks Water LLC, Circle City Water Co. LLC, Strawberry Water Co., Inc. Pine Water Co., Inc.
Payson Water Co., Inc. Navajo Water Co., Inc. Tonto Basin Water Co., Inc.*

Attachment 2B, page 1 of 2

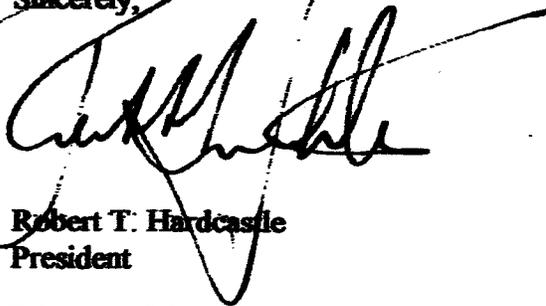
Robert E. Gardner
East Verde Park Homeowners Association
January 23, 2001

clear that customer growth since the same period has increased only 2%. Accordingly, the demand per customer (which is the most relevant consumption statistic) has steadily decreased since this same period. While I am aware of supply shortages during previous periods the available reasonable production qualifies as adequate for the periodic demand that exists. In some cases, this production surplus is not as great as desired and contributes to our recognition that the improvements scheduled for next year are warranted and necessary. It does not, however, appear that a regular water outage condition should be anticipated during similar periods in the future. Obviously, unexpected water main breaks or similar serious conditions can cause service interruptions.

I'm fully aware that this response is not what you desired. However, all of our more than 10,000 customers throughout Arizona believe their needs and priorities are equally or more important than East Verde Park. It is regrettable that sufficient funds do not exist to fully capitalize all of our improvements simultaneously. Reasonable, factual, and difficult decisions must be sensitively made based the best data available. We believe we have followed this course in our current capital improvements plan.

For your convenience I have attached some of the data that supports this conclusion. Please contact me if you have further questions.

Sincerely,



Robert T. Hardcastle
President

Enclosure (if applicable)

cc:

RTH correspondence file
DS, MI
WAM, H, MS ACC Commissioners
MS, ACC Engineering Dept.
:brockout@msa.comletter

Survey Respondents		Total Responses																									
Lots	40	Responses omitted for privacy	30																								
<p>1. Lot Number: Responses omitted for privacy</p>																											
<p>2. Name of Property Owner or Resident: Responses omitted for privacy</p>																											
<p>3. Approximately how many days a month do you occupy your EVP property?</p> <table border="1"> <thead> <tr> <th>Min</th> <th>Max</th> <th>Ave</th> <th>Summary:</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>30</td> <td>16.32</td> <td>> About half of the survey respondents are full-time residents. > Remainder of respondents part time, varying from a few days a month, to being full time but only seasonally.</td> </tr> </tbody> </table>				Min	Max	Ave	Summary:	1	30	16.32	> About half of the survey respondents are full-time residents. > Remainder of respondents part time, varying from a few days a month, to being full time but only seasonally.																
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1	5	2.571	Other than one score of 5, there is general consensus that water quality is poor due to high mineral content and chlorine taste and smell.																								
<p>6. Quality of Water:</p> <p>a) Rate the quality of your tap water: (Scale of 1 to 5: 1=Poor, 3=Adequate, 5=Excellent):</p> <table border="1"> <thead> <tr> <th>Min</th> <th>Max</th> <th>Ave</th> <th>Summary:</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>5</td> <td>2.571</td> <td>Other than one score of 5, there is general consensus that water quality is poor due to high mineral content and chlorine taste and smell.</td> </tr> </tbody> </table>				Min	Max	Ave	Summary:	1	5	2.571	Other than one score of 5, there is general consensus that water quality is poor due to high mineral content and chlorine taste and smell.																
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Comments from Survey Respondents:

- > Taste of high chloride
- > Extremely Hard and cloudy
- > We have to use an RO filter system in the kitchen. And we still seem to have a lot of particulates that you can see as sediment in the bottom of the drinking glass.
- > We don't drink the water and have been warned not to because of contaminants.
- > Too hard, but expected due to source.
- > Sometimes we can smell chlorine in the water. We buy bottled water for tea/coffee because the water is so hard.
- > Acceptable water quality - we buy water for coffee, etc. usually at a cost of \$24 dollars a year at most.
- > Water is good, except there is a lot of calcium in it and it shows up in the ice cubes also.
- > Hardness and minerals.
- > No odor problems; taste as it comes from the system is not great, but that is primarily a matter of preference and what you're used to; no one can tell you if their water is contaminated unless they are having it tested regularly. The water is hard on your system and appliances. I personally use the water for everything and have no problem, but I have a softener on all water coming into the house and a reverse osmosis system on drinking and refrigerator water.
- > [I don't drink the water] I use only for bath, toilet, washing, and landscape.
- > Taste is usually pretty bad.
- > Very silty and undrinkable.
- > Very hard, sometimes smells like chlorine, sometimes like frogs.
- > Would rather not drink it, also makes cloudy ice cubes.

7. Cost of Water:

	Min	Max	Ave	Summary:
a) Rate the cost of the monthly service fee from Brooke: (Scale of 1 to 5; 1=Unaffordable, 3=Reasonable, 5=Very Affordable):	3	5	3.552	> General consensus that per-gallon and service fees are reasonable. > Comments from respondents suggest that in spite of low cost, the frequency of restrictions, water quality, or other issues do not make Brooke water a good value.
b) Rate the cost of the per-gallon charge for water from Brooke: (Scale of 1 to 5; 1=Outrageously high, 3=Reasonable, 5=Very Affordable):	2	5	3.5	> Comments suggest that some people would be willing to pay more for better quality water or to avoid frequent water restrictions.

Comments from Survey Respondents:

- > The cost per gallon does seem to be an issue with us, as (a) we only come up a few days each month so usage is always low and (b) there are continued restrictions on outside watering so we cannot even wash a gear or keep flowers watered for most of the year.
- > [Cost is] reasonable, but we use very minimal gallons as we are seasonal owners.
- > I HATE that I pay \$17/month to Brooke for a water meter on a lot that has no building on it. It uses zero water.
- > Rates seem reasonable - our water bill is never more than \$21 that I recall, usually our bill at each location is around \$17 or \$18 dollars. Use 1000 gal or less for our seven days a month.
- > Would be willing to pay more for fewer restrictions.
- > The water bill here is cheap and I can't imagine where you could get it for less. Just understand that if and when Brooke Utilities is required to invest much into this system, the prices will have to go up -- so what do the people really want?
- > I would very much like to know if there is provision in the costs we pay for operation, maintenance, replacement, and upgrades since I have never seen any done. It appears that the system is maintained in its current condition with minimal expense to satisfy share holders to pay dividends.
- > The cost of water in East Verde Park is very low. Which is good, considering sometimes we don't have any and when we do it tastes awful!
- > Would gladly pay more for better quality, availability

8. Service shut off:

	Yes	No	Summary:
a) Has Brooke Utilities ever shut off your water service, other than by your request?	7	23	> Water shut-off by Brooke reported by 7 respondents over the time period from 2006 to 2012. > Main reasons given were late payment, billing error, and water leak detected by Brooke.
b) How many times?	Min	Max	Ave
	1	3	1.429
c) Approximately when?	2006 thru 2012		
d) Reason(s)?	Yes	No	Summary:
e) Did you receive notification in advance from Brooke?	0	4	> Of the 7 respondents who reported water shut-off by Brooke, 4 noted that they received no advance notice. Others did not respond whether they were given advance notice or not.
f) How long were you without water service?	See Summary		
g) Were you charged a fee to resume water service?	See Summary		
	Yes	No	Summary:
	0	4	> Of the 7 respondents who reported water shut-off by Brooke, 1 noted water was off for a day; 1 for 3 hours. Others did not.

<p>- Approximate amount of the fee:</p>	<p>See Summary</p>
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not note the duration without water service.
 > Of the 7 respondents who reported water shut-off by Brooke, 2 noted a re-connect fee of \$22-26; 1 noted no fee was charged. Others did not note whether a reconnect fee was charged or not.

Comments from Survey Respondents:

> Received mail from Brooke threatening to shut off water for non-payment. Tried to resolve but did not receive response from Brooke. Turns out the person did not have the correct contact information for Brooke.

> We have two lots and they misapplied the payments so we had a credit on one account and a shortage on the other.

> Shut off due to leak. We are glad they shut it off.

> When I plan to be in AZ, I arrange service way ahead of time, and arrange a specific date for water connection. In the past, the service person has been relatively prompt in arriving within a reasonable timeframe. They disconnect after I have left.

> We have not reported any problems except during the week our water was shut off because of late payment. The check we sent did not arrive in time to avert the cutoff of service. We paid in cash downtown and service was restored promptly.

> I was not particularly happy because I had an extremely high water bill from it [undetected leak] and they wouldn't give me any kind of adjustment. However, I did understand they really can't do much of that because of the small system. I was from a major water system where we gave our customers a pretty good break when they had a hidden leak and had it repaired, so I did try.

> Until I returned to the house I had know idea that the water was off or there was a turn on fee. All bills were paid immediately and I assume the water is back on. Since I do not live there the impact was marginal except for the time spent paying the bills and not being able to stay at the house over the weekend.

> I was charged an additional EVP Reconnection for \$21.52 and Service Charge 5/8x3/4 Meter of \$16.00. Should have not been a reconnection amount as I have not had the water turned off. I called Brooke Utilities but of course no one is available to speak to me. Have not received any other notification.

> Field representative had a shut off order for this address even though the payment had been made on time and Brooks Utilities had received payment. Water was shut off despite the field representative being told that a non-ambulatory hospice patient lived in the house.

9. Financial Impact:	Yes	No	Summary:
a) In the last year, have you incurred monetary loss due to water availability?	12	18	> Monetary loss due to water restrictions reported by 10 respondents.
b) Estimated cost of purchasing potable water (ie: bottled water, bulk water for storage tank, water hauling cost, etc):	Min 20	Max 500	Avg 163.2
c) Estimated cost of lost landscaping plants:	100	500	175
d) Other losses:	Not Quantified		

Comments from Survey Respondents:

> Purchased a 300 gallon water tank that I fill when we are at level 1, and use the stored water to keep my plants alive when we are at stage 3 or higher. I also have a 55 gallon tank that I capture rain water and also use to water my plants.

> We put in a rain barrel and watered our plants with that.

> Reduced property value because of inadequate water supply—guess 1-2% of value. A Realtor or appraiser could better determine this impact.

> Hard to quantify reduced enjoyment, inconvenience and fear that the water will run out. Afraid to plant additional plants for fear of not being able to adequately water them. Currently we only have four watered plants. Probably the biggest quantifiable cost to each of us is reduced property values.

> How do you estimate the value of mature trees? We also had to pay for removal.

> Losses would have been more extensive had it not been for using a generous neighbor's well water that was used to keep shrubbery and trees alive!!

10. Problem Resolution	Yes	No	Summary:
a) In the last year, have you contacted Brooke regarding problems with your water service?	8	22	> 8 respondents (28% of total respondents) contacted Brooke in past year to resolve problems. > Comments indicate frustration with poor communication and lack of responsiveness from Brooke.

Comments from Survey Respondents:

- > Challenges getting in contact with representatives for help & answer the phones... very frustrating to communicate with their team
- > Sent an email requesting why we were at stage 3 and 4 for so long.
- > Contacted Brooke to find out what the water usage was during the leak.
- > In 2010 there was a water meter leak at the street. The water service to the cabin had NOT been connected, and the problem was theirs, the leak was in their pipes and meter. I had to deal with their customer service people in Costa Rica ? to get a service person out. It took several days for them to arrive, and then several days to fix the problem. In the meantime, I was worried that the retaining wall in front of the cabin was eroding away due to the water that was seeping into it - as evidence, there was standing water on the concrete foundation in front of the cabin, in the hot summertime. Communication between the local Brooks repair people and the Costa Rica people was little or nonexistent and my only contact was with Costa Rica, hence no information on when the repair was scheduled, delayed, ignored. Frustrating. Perhaps there is now a local number to phone with problems ?
- > The BROOKE phone number is seldom answered by a real person. In the one instance where we called repeatedly, they did not answer at all.
- > No water. WE figured it out without Brooke's help. They never responded to calls/messages. Absolutely unacceptable from a utility company. Their customer service is absolutely the worst. They don't even bother to call to say they won't help you—they seem to avoid any personal interaction with customers.
- > Brooke's responsiveness and customer service is extremely poor. Communication is practically non-existent, and when it is possible to speak to a human being they speak very poor English.

Summary:
 > Scores for Brooke's customer service are consistently low.
 > Response time once contact was made was up to 7 days

See Summary	
Min	Max
1	3
Ave	2.2

Summary:
 > No respondents have filed a complaint with the Arizona Corporation Commission.

11. Concluding comments:

- a) Comments from Survey Respondents (General):**
- > It's the whole whistle-blower fear. If we complain too much then they might cut us off from the water. This isn't really OUR water in the tank it is Brooke's water supply and they can allocate that scarce resource however they wish. I am afraid to bite the hand that might 'water' me.
 - > We cannot help but wonder what effect there will be on the East Verde River and our water supply when Payson begins drawing water from Blue Ridge.
 - > I do, however, believe that they are quite reasonable in their cost of supplying water. For example, we have never been charged for the water hauled in by truck. We have always had a very low monthly bill, usually around \$22 or \$23. Where in Arizona can a person have water as cheap as ours?
 - > We conserve more than most. It irritates me so when I see my friends and neighbors using outside water when we are on restrictions or to hear them say, "I will use all the water I want as long as it is coming through the pipes." Sad to say, but I think most people do what they want, some so sneaky that they do it in the dark and then gripe about our water supply.
 - > As we do not live at EVP full time we do not have any recent water issues. In the past there have been restrictions during the extra hot Summers, but were easy to comply to.
 - > We very much appreciate a committee being formed to grapple with this issue. We understand that there is a lack of water in many parts of Arizona. But hopefully some solutions can be found in the near term because future solutions will be much harder to achieve and be much more costly. A win-win arrangement would be ideal such that Brooke could avoid trucking water and the residents could realize a more reliable water supply.
 - > We are happy with current water and don't have any issues.
 - > The cost of our water is very reasonable and I commend Brooke for hauling in the massive amounts of water that they did this year—with no extra charge to EVP residents.
 - > One other beef (as long as I'm on a roll)—the individuals who have private wells need to recognize that THE WATER THEY'RE USING COMES FROM THE SAME WATER TABLE AS EVERYONE ELSE!! So while they're watering their lawns when we're on stage 4 they're taking water that all the rest of us need to drink and flush toilets!

b) Comments from Survey Respondents - Maintenance and Condition of Water System in East Verde Park:

- > Comments that deal with maintenance and condition of EVP water system equipment have been extracted from other sections, because it became apparent that this is a widespread and significant concern to residents.
- > I have attended Board meetings in the past where the Brooke spokesperson shows up to answer questions and nothing is ever resolved. I feel that the major issue for EVP, and Brooke, is the age and condition of the water storage tank. It has to be 1/3 full of sediment by now and needs to be cleaned, or expanded with more reserve capacity. Unfortunately for all of us in EVP, the funds do not exist for EVP to make a suitable investment in the water infrastructure. Maybe there are some government grants which could be applied to fund improvements to the existing EVP water system?
- > I realize that Brooke Utilities has not done much in the way of updating their equipment in EVP.
- > Yes, it would be nice to have a better, up to date system, and yes, it would be good if residences at higher elevations didn't sometimes have problems with low water pressure and no water pressure. If the utility is required to make improvements to the system, the cost will have to be covered through rates.
- > I would be interested in seeing requirements for Brookes to provide service through the ACC. I am deeply concerned that the system is being strictly run for profit with minimal expense and at some point parts of the system will fail and upgrade costs will be necessary. These costs should be calculated and set aside in our monthly payments. I doubt that they are.
- > What makes me crazy about them [Brooke] is that they obviously have let the system continue to deteriorate into deplorable shape. I don't foresee them doing anything about this and it worries me that one day we will experience a water emergency that means the community will have NO water for days while the company tries to fix the system in a half-ass manner at a huge expense to all of us.
- > Land surrounding well is eroding away. I've sent pictures and a letter to Brooke's as well as pointing this out to service people who service the well. They don't seem concerned. Well platform could wash away with next flood creating a water emergency.
- > Concern is that entire system is old and decrepit. Risk of major system failure increases with passing time.
- > Brooke bought the EVP water system only as a revenue-producing investment. It isn't certain that they have the expertise to engineer a better system, or even maintain the existing one properly.
- > Came to EVP one weekend a few years back to find water out for entire neighborhood. Broken water line was under repair. Scattered throughout the neighborhood were digging sites where they were trying to find buried valves to isolate the area with leak. I was told that valve enclosures were full of silt (why was that not maintained?), which delayed the troubleshooting and repair. Makes you wonder what will break next.
- > Need more storage capacity. The tank is pathetically small for a community the size of EVP. During Stage 1, surplus water should be stored, but tank can barely keep up with daily demand.
- > Community water pipes contain asbestos as identified in an engineering survey conducted in 1976 by Bartholemew & Follet and are overdue to be replaced.
- > Suspect that frequent water restrictions have little to do with aquifer water level, but are mostly due to inadequate system capability and tank capacity.

Payson Roundup

As of Friday, October 12, 2012

Editor:

Approximately 10 years ago I bought a piece of property in a beautiful community on the East Verde River. After many weekend trips from the Valley we can now call this home.

Yes, we have no water.

Awhile back, even before driving through our entrance I could see the ominous number 5. Doesn't get much worse than that.

Yes, we have no water.

I do my part — I go downtown to Walmart and I buy extra bottled water, fill several five-gallon water containers, take my vehicles to the car wash and collect rain water to help water my trees that are now almost mature. This won't help the trees I put in last year, which are dead and dying.

Yes, we have no water.

I take our laundry to the Laundromat in town and bring the dog to the groomer for a bath and flush only as required.

Yes, we have no water.

In 1971 while on board a ship in the Tonkin Gulf I took military showers, wet, turn off water, soap, turn water back on and rinse. It's 2012 and once again the military shower is in effect but not on board a ship.

Yes, we have no water.

Properties are for sale, but who will buy when there isn't enough water? New homes have been built and continue to be built, some quite large; we have a bed and breakfast and weekend rentals.

Yes, we have no water.

Best of all, we have a brand new beautiful monument at the entrance to our beautiful community, stating, "A River Runs Through It."

Yes, we have no water.

As people attempt to sell their homes or just live their daily lives I wonder why we have this problem? Well permits continue to be issued to build new homes and does anyone believe visitors will be concerned about our water issues. Will we all have to absorb the expense to drill our own well? A water truck pulls up to fill the only storage tank we have. We go from stage 5 to 4 and then we get a half-inch of rain and go to stage 3, how does that work? Did that amount of rain give us that much more water? The powers to be are quick to shut off your water without much explanation, but slow to provide the water we should have. I am quite sure my concern for our water situation has been voiced by others in the past, and I certainly don't have the answer today. I wonder how many others feel the same as I do and what can we do about it? As I load the back of my pickup with seven evergreens and my seven-foot blue spruce which are now dead and will cost approximately \$800 to replace, I wonder — A river runs through it, but a "brook" controls our water. Yes, we have no water (in) East Verde Park.

Lou Manganiello

Attachment 4, page 1 of 1