

W-03514A-13-0111
W-03514A-13-0142



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ARIZONA CORPORATION COMMISS
UTILITY COMPLAINT FORM

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Investigator: Jenny Gomez

Phone: FEB -4 P 12: 06

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Priority: Respond Within Five Days

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

ORIGINAL

Opinion No. 2014 - 114833

Date: 1/31/2014

Complaint Description: 08A Rate Case Items - Opposed
N/A Not Applicable

Arizona Corporation Commission

DOCKETED

FEB 04 2014

Complaint By: **Richard & Sandra Barry**

First:

Last:

Account Name: Richard & Sandra Barry

Home: (

Street: n/a

Work:

DOCKETED BY

City: n/a

CBR:

State: AZ **Zip:** n/a

is:

Utility Company: Payson Water Co., Inc.

Division: East Verde Park Estates

Contact Name:

Contact Phone:

Nature of Complaint:

*****DOCKET NO. W-03514A-13-0111 & W-03514A-13-0142*****
OPPOSE

Petition to Prevent Unjust and Unreasonable Increase in Fees and Rates for Water, Proposed by Payson Water Company,
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 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.

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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 Cabillo 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 days advance notice, thereby violating the due process rights of PWC customers at EVP.

Therefore, we, the owners and residents of East Verde Park, hereby petition the Arizona Corporation Commission

to require Payson Water Company to:

- A. Exclude EVP from the rate and fee increases proposed by PWC in consolidated dockets W-03514A-13-0111 and 0142.
- B. Address any proposed rate and fee increases at EVP by an application to the ACC that is separate from the applications in Dockets W-03514A-13-0111 and W-03514A-13-0142.
- C. Support any proposed rate and fee increases at EVP with an analysis of the actual costs of providing service at EVP.
- D. Conduct an evaluation of EVP water system vulnerabilities and upgrade needs to sustain future reliable operation, as requested in the meeting between several EVP residents and PWC's Robert Hardcastle at the offices of Fennemore Craig law firm in Phoenix on March 20, 2013, and tie any proposed rate and fee increases at EVP to the implementation of necessary upgrades.
- E. Provide Public notice to their EVP customers at least 10 days in advance of ACC hearings, consistent with Arizona Administrative Code R14-3-109.

Signed by Residents and Owners at East Verde Park, Customers of Payson Water Company:

Richard Barry
Sandra Barry
End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

Noted and filed for the record in Docket Control.

End of Comments

Date Completed: 1/31/2014

Opinion No. 2014 - 114833
