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AZ CORP COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

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

DOCKET NO. W-03514A-13-0111

ORIGINAL

IN THE MATTER OF THE APPLICATION OF PAYSON WATER CO., INC., AN ARIZONA CORPORATION, FOR AUTHORITY TO (1) ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED $1,238,000 IN CONNNECTION WITH INFRASTRUCTURE IMPROVEMENTS TO THE UTILITY SYSTEM; AND (2) ENCUMBER REAL PROPERTY AND PLANT AS SECURITY FOR SUCH INDEBTEDNESS.

DOCKET NO. W-03514A-13-0142

Arizona Corporation Commission
DOCKETED
JAN 13 2014
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PRE-FILED TESTIMONY – RESPONSES TO PAYSON WATER COMPANY (PWC) REGARDING IMPACT OF WATER RATE CASE ON EAST VERDE PARK (EVP) RATE PAYERS 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.

References:

1. **W-03514A-13-0111 Document No. 0000140103, RESPONSES TO PAYSON WATER COMPANY (PWC) REGARDING IMPACT OF WATER RATE CASE ON EAST VERDE PARK (EVP) RATE PAYERS 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 January 6, 2014.**
2. **W-03514A-13-0111 Document No. 0000150385, PWC Rebuttal Testimony, December 6, 2013.**

3. W-03514A-13-0111 Document No. 0000150671, PWC Rejoinder Testimony, January 6, 2014.

I, Thomas Bremer, an intervenor in the cases of the above consolidated dockets, filed the Reference 1 document on January 6, 2014. I have come to understand that the title of the Reference 1 document "RESPONSES TO PAYSON WATER COMPANY..." does not secure for me the same opportunity to provide further testimony in the upcoming Phase 2 rate case hearing as would have been secured by my filing being classified as "TESTIMONY". This nuance of the ACC process was explained to me recently by ACC legal staff, Ms. Robin Mitchell.

Therefore, I request that the Reference 1 document, including all of its references and attachments are reclassified as "PRE-FILED TESTIMONY".

During the Phase 2 pre-hearing of January 8, 2014, Judge Nodes made an effort to accommodate the schedules of Intervenors Reidhead and Nee in re-scheduling the Phase 2 hearing. I expect to be provided the same consideration and privilege.

This request is of particular importance because the latest rate proposal from PWC (References 2 and 3) includes water curtailment provisions specifically for the East Verde Park community, which I represent. The curtailment plan as defined in Reference 2, Exhibit JW-RB3, includes water hauling surcharges as well as unjust water disconnection and reconnection fees for violations of the curtailment requirements. The criteria defined by PWC to determine an EVP customer's compliance with curtailment requirements, if strictly applied, can practically guarantee frequent non-compliances. For example, depending upon a customer's previous usage history, PWC can disconnect water service for use of as little as a single gallon of water, and then extract exorbitant fees, up to $3000, to re-connect service. The fact that PWC's criterion for disconnect is not based on actual monthly usage during the curtailment period, but on a single day's use of water multiplied by 30, increases the likelihood of EVP water users being assessed in violation of the curtailment plan, even if they implement severe water conservation measures. As another example, if water curtailment is in effect for successive months, then the curtailment plan requires month-over-month decreases in water usage by 30 to 50 percent of each previous month, depending upon water stage level. This can drive the allowable water use for latter months of the curtailment period to unreasonably low per-day levels, which again is very likely to trigger violations repeatedly, with escalating reconnection fees for each violation. The curtailment plan as defined in Reference 2 is patently unfair, unjust, and unreasonable, and should be disallowed. My claims are not a matter of interpretation—rather, they are the direct outcome of the mathematics derived from the water curtailment plan in Exhibit JW-RB3 of the Reference 2 PWC rebuttal testimony document.

Further detail of my objection to the proposed water curtailment plan, including water hauling surcharges, is in the Reference 1 document.

I encourage ACC staff to carefully review PWC's proposed EVP curtailment plan, and give it the same level of scrutiny as has been applied to the PWC's base fees, commodity charges, and financing for the Mesa Del Caballo / Cragin interconnect pipeline and infrastructure.

And my expectation is to be granted the same participation rights in the upcoming Phase 2 hearing as Intervenors Reidhead and Nee, in order to fully address all aspects of the PWC rate case as it impacts the customers, residents, and owners in the EVP community.

Submitted this 13th day of January, 2014.

Copies to:
ACC Docket Control (13 copies)

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