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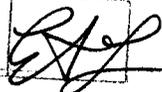
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**BEFORE THE ARIZONA CORPORATION COMMISSION**

8 **IN THE MATTER OF THE APPLICATION**  
9 **OF PAYSON WATER CO., INC., AN**  
10 **ARIZONA CORPORATION, FOR A**  
11 **DETERMINATION OF THE FAIR VALUE**  
12 **OF ITS UTILITY PLANTS AND**  
13 **PROPERTY AND FOR INCREASES IN ITS**  
14 **WATER RATES AND CHARGES FOR**  
15 **UTILITY SERVICE BASED THEREON.**

**DOCKET NO: W-03514A-13-0111**

Arizona Corporation Commission  
**DOCKETED**  
MAR 10 2014

DOCKETED BY 

17 **IN THE MATTER OF THE APPLICATION**  
18 **OF PAYSON WATER CO., INC., AN**  
19 **ARIZONA CORPORATION, FOR**  
20 **AUTHORITY TO: (1) ISSUE EVIDENCE**  
21 **OF INDEBTEDNESS IN AN AMOUNT**  
22 **NOT TO EXCEED \$1,238,000 IN**  
23 **CONNECTION WITH INFRASTRUCTURE**  
24 **IMPROVEMENTS TO THE UTILITY**  
25 **SYSTEM; AND (2) ENCUMBER REAL**  
26 **PROPERTY AND PLANT AS SECURITY**  
27 **FOR SUCH INDEBTEDNESS.**

**DOCKET NO: W-03514A-13-0142**

**INTERVENOR POST-HEARING BRIEF**  
**03/10/14**

30 **FACTS**

31 The Phase 1 Hearing establishes the underlying facts. The Phase 1 Hearing was on September 25, 2013.  
32 The Phase 1 decision was decided on October 25, 2013. The Phase 2 Hearings set the appropriate rates  
33 based upon the facts in Phase 1. The Phase 2 Hearing was held on Feb. 4, 5, 7, 10 and 14, 2014. The  
34 underlying facts cannot be challenged during Phase 2. Therefore, the Phase 1 was the only appropriate  
35 time to debate the facts relevant to setting the rates.

37 **INTERVENORS**

38 Suzanne Nee, **SN**, was not an original party to the action. R14-3-105 allows a person to intervene and  
39 become a party. "Persons, other than the original parties to the proceedings, who are directly and  
40 substantially affected by the proceedings, shall secure an order from the Commission or presiding officer  
41 granting leave to intervene before being allowed to participate." R14-3-105A. Intervenors are treated in  
42 the same manner as parties and are given the same procedural rights. R14-3-109, R14-3-202. The  
43 application for leave to intervene must be served and filed by an applicant at least five days before the

1 proceeding is called for hearing. R14-3-105B. Accordingly, an applicant must file by September 20, 2013  
2 to intervene in Phase 1.

3 Other than intervening, a citizen may appear. "A person so appearing shall not be deemed a party to  
4 the proceedings." R14-3-105C. Accordingly, a citizen appearing does not have the same procedural  
5 rights.

## 6 NOTICE

7 R14-3-109 requires "[n]otice of the place, date and hour of the hearing will be served by the  
8 Commission at least ten days before the time set therefor, unless otherwise provided by law or as  
9 ordered by the Commission." Therefore, timely notice of the phase 1 hearing would have been  
10 September 15, 2013. According to their own affidavit, the earliest PWC mailed notice to any community  
11 was September 18, 2013. SN did not actually receive notice until on or after September 20.

12 As noted in Exhibit SN1, Exhibit B, SN received her mailing of Public Notice of the PWC Rate Increase in  
13 an envelope that did not have "JW Holdings, Inc." or JW Holdings' return address in the return address  
14 section of the envelope. SN's August, SN1 Exhibit A did have the JW Holdings, Inc. name and Denver  
15 return address properly marked on the mailing.

16 When SN asked Mr. Williamson during cross examination what was at (the address) 5135 E. Ingram St.,  
17 Mesa, AZ, 85205? Mr. Williamson answered, "I don't know." (Transcript Vol. II, page 253, lines 23-25.)

18 Since SN could not identify the mailing, she was not able to file to Intervene in Phase 1.

## 19 DISCUSSION

20 SN, as ratepayers, is directly and substantially affected by the proceedings. *Miller v. Arizona Corp.*  
21 *Com'n*, 251 P.3d, 400, 403. Therefore, SN should have been allowed to intervene.

22 The Due Process Clause states that a State cannot "deprive any person of life, liberty, or property,  
23 without due process of law." U.S. Const. amend. XIV, § 1. A rate increase is a deprivation of property.  
24 Due process of law requires that such deprivation be preceded by notice and an opportunity for hearing  
25 appropriate to the nature of the case. *Carlson v. Ariz. State Pers. Bd.*, 214 Ariz. 426, 430-31, ¶¶ 14-15,  
26 153 P.3d 1055, 1059-60 (App.2007) (citation and internal quotation omitted). Additionally, "[p]arties  
27 must be afforded reasonable notice to provide an opportunity to prepare for a hearing." *Hendricks v.*  
28 *Arizona Dept. of Economic Sec.*, 270 P.3d 874, 876 (See A.R.S., § 41-1063(C) (2004).).

29 SN would have received notice less than five days before the Phase 1 Hearing, and therefore been  
30 unable to intervene in its proceedings. Even if SN had time to intervene, SN did not have adequate time  
31 to prepare for such proceedings.

## 32 CONCLUSION

33 SN's Due Process rights were violated because she was unable to intervene during the Phase 1 Hearings.  
34 The Phase 1 Hearings was her only opportunity to argue the facts that led to the decision regarding the  
35 increasing of their rates. The proper remedy for this violation would be to reverse the decision and redo

1 the proceedings consistent with the Due Process Clause. *Hendricks v. Arizona Dept. of Economic Sec.*,  
2 270 P.3d 874, at 879.

3 In addition, SN is seeking rescission of the Phase 1 Decision issued in the case, as per A.R.S. §40-252.  
4 There are serious irregularities noted in these proceedings before the ACC, as well as newly discovered  
5 material evidence, which could not have been discovered and produced at the Phase 1 Hearing.  
6 Additionally, the evidence that was produced during the Phase 2 portion of the case does not justify the  
7 Phase 1 Decision. Therefore, the ACC should rescind that Decision without further delay.

8

9 | How Outcome May Have Been Different if Given Proper, Timely Notice to Intervene |  
10 |  
11 |

12 **“Dire Need” for water at Mesa Del Caballo questionable-**

13 The company claims a “dire need for water in the Mesa del Caballo area. But the Company’s own 2012  
14 MdC Water use data does not support this claim.

15 Per SN’s Exhibit 2, gallons Sold at MdC had decreased to 12,943 (Thousand) gallons in 2012. While  
16 Exhibit C shows gallons Pumped at MdC had increased to 13,635 (Thousand) gallons. In fact, Exhibit E  
17 shows PWC’s MdC Water Use Data sheet 2012, for all four months May, September, October, and  
18 December where the Company is claiming to have purchased water, that gallons Pumped were greater  
19 than gallons Sold. I could have brought this to the Commissioners attention since the Engineer in this  
20 case, Mr. Jian Liu, seemed to have missed this point.

21 Mr. Liu, was out for surgery and could not testify at the Feb. 7<sup>th</sup> Phase 2 Hearing. Mr. Del Smith,  
22 Engineering Supervisor testified in his place.

23 I asked Mr. Smith (Vol. III, pg. 630, lines 10-24) during cross examination about SN2, Exhibit F, which  
24 shows MdC Gallons Pumped + Gallons Purchased divided by the number of MdC Customers. I asked him  
25 specifically about September 2012, the Company claimed that 2,874 (Thousand) gallons were purchased  
26 in addition to the 1,243 (Thousand) gallons pumped. This means that the 362 MdC customers in  
27 September 2012 averaged using 11,373 gallons each. This is far greater than their average monthly  
28 usage.

29 **Q.** If you add in this 2,874 gallons purchased to the gallons pumped, that would be quite, quite a large  
30 water loss in the system, wouldn’t it?

31 **A.** If the gallons purchased were all attributed to Mesa Del Caballo, yes. **And that seems to be what this**  
32 **is saying here.**

33

1 ACALJ Nodes: Does it appear Mr. Smith, that perhaps this report was generated and submitted with  
2 errors on it? I mean for one thing would you expect the largest number of gallons purchased would be  
3 in September...?

4 The Witness: **It is suspicious.**

5 (Vol. III, pg. 632, lines 1-9,)

6 Q: ...if this data is correct, it would have said that the customers in Mesa Del Caballo average using  
7 11,373 thousand (error, should not be units of thousand here) gallons per customer. Doesn't that seem  
8 like a large data outlier, sir?

9 A: **Yes, it sounds pretty high.**

10 **Note:** Payson Water Company issued a Revised Water Use Data Sheet behind both the Mesa Del  
11 Caballo's 2012 Water Use Data Sheet and the East Verde Park's 2012 Water Use Data Sheet. This data  
12 shows a breakdown of water purchased from the Town of Payson (TOP) or Water Hauled In and water  
13 purchased from private individuals' wells in MdC or from Water Sharing Agreements (WSAs). Total  
14 water purchased for the 2012 at MdC was **3,993,580** gallons. Water pumped was **13,635,000** gallons. If  
15 added together this comes to **17,628,580** gallons. Gallons sold in 2012 were **12,943,000** gallons. If one  
16 uses these revised figures for MdC for 2012, the Company's revised data shows a MdC water loss of  
17 **4,685,580** gallons or a **26.6% water leakage**. Even these Company's revised MdC water use data appear  
18 incorrect and highly suspect of being accurate. The Company made an argument at Phase 1 for the  
19 \$275,000 WIFA loan being expedited to save MdC customers from facing such high water hauling  
20 charges. The MdC water use data as per Mr. Smith's testimony, "it is suspicious."

21 |  
22 **2012 PWC Annual Report filed with data that was both "incomplete and incorrect." 2011 PWC**  
23 **Annual Report filed that was "incomplete" missing the MdC 2011 Water Use Data sheet**

24 With such large inconsistencies in water use data at Mesa Del Caballo, it is quite possible that the Mesa  
25 Del Caballos customers were improperly billed in 2011 and 2012. In addition, it is possible that Mr.  
26 Robert T. Hardcastle signed a sworn and verified document, the 2011 and 2012 annual reports, with  
27 such blatant mistakes in order to make his case for Phase I with the Arizona Corporation Commission.

28 (Vol. III, pg. 632 lines 17-25) Additional questions to Mr. Del Smith:

29 Q. ...the Company's 2011 annual report is missing the water use data for Mesa Del Caballo for 2011. It  
30 just isn't in the annual report.

31 (Pg. 633 line 1-3)

32 ...is that typical? And does—whoever is looking at the data, wouldn't they ask the company where the  
33 data is when they are reviewing the report?

34 A: Yes, they would normally ask the company for that information.

35 Mr. Liu did not ask for or obtain the 2011 MdC water use data missing from the 2011 annual report.

1 **The Company is aware that the Annual Reports are “verified and sworn” statements, but still filed**  
2 **“incomplete and incorrect” documents in 2011 and 2012-**

3 In Mr. Thomas J. Bourassa’s Jan. 6<sup>th</sup> Rejoinder Testimony, **Exhibit A-10**, he states on Pg. 9, lines 13-19:

4 I would also include annual reports submitted to the Commission as additional supporting evidence.  
5 The annual reports were prepared from the original books, papers and records of the Company and are  
6 a “verified and sworn statement” executed by a company official attesting to the completeness and  
7 correctness of the report. Absent evidence to the contrary, which Staff does not claim exists, it is not  
8 reasonable to assume that the annual reports are wrong...”

9 Indeed, the **2012 Annual report**, see SN Exhibit 2, PWC 2012 Annual Report, Exhibit P of SN2, pages 228,  
10 230 of 238 the annual report was **signed by Mr. Robert T. Hardcastle**.

11

12 **New PWC owner and manager, Jason Williamson gave Rejoinder Testimony with a math error**  
13 **(subtraction) to make a point for East Verde Park Water Hauling-**

14 Mr. Williamson’s Jan. 15<sup>th</sup> Rejoinder Testimony, Exhibit A-15, on page 6, lines 11-14: A. ... After  
15 researching, the Company determined that the figures in the 2012 annual report were both incomplete  
16 and incorrect. In fact, it appears the correct percent water loss for EVP is only 1.6 percent. (Footnote: to  
17 see JW-SRJ3 (well reading).

18 Mr. Williamson has an error in his math in Exhibit JW-SRJ3. See the 2012 Totals column. Mr. Williamson  
19 takes (Total Production + Water hauled-in) to East Verde Park, **4,020,467** gallons – (Consumption)  
20 **3,736,932** and says this equals 63,828 or a 1.6% leakage.

21 Mr. Williamson in **Exhibit A-15**, pg 6, lines 5-6, in answering the question,

22 Q. ..has the Company hauled water out of EVP to deliver elsewhere”

23 **A. Certainly not since we took over ownership and operation. Nor do I find any evidence that this has**  
24 **occurred in the recent past.**

25 However, if Mr. Williamson had **properly subtracted** 4,020,467 – 3,736,932, he would have come to a  
26 difference of **283,535 gallons or 7.1% leakage**. This level or leakage would indicate that Mr. C.R.  
27 Hewlett, an EVP fuel tank driver, giving public comment on Jan. 13<sup>th</sup> that he noticed trucks **coming into**  
28 **EVP empty and hauling water out** of EVP was telling the truth. (Transcript, Jan. 13<sup>th</sup>, pg. 6, lines 4-5)

29 Mr. Williamson’s exhibit JW-SRJ2 in the same document A-15, states that Payson Water Company’s  
30 2012 cost of hauled water at EVP in 2012 was \$12,059. Was this cost to haul water in or out?

31

32

33

1 **Previous and present owners of PWC made/make no attempt to control Central Office Allocation or**  
2 **Management fees without regard for how this would affect PWC customers' rates-**

3 Similar to the finding in Arizona Community Action Association v. Arizona Corporation Commission, 123  
4 AZ 228, 599 P2d 184 (1979), Payson Water Company has the **power to disregard controlling Central**  
5 **Office Overhead expenses, now called Management fees, without regard for the interests of PWC**  
6 **customers** for two reasons related to their business model.

7 1) Mr. Hardcastle and Mr. Williamson's companies, with **uncontrolled** Central Office Overhead  
8 expenses, can show that they are not earning the required rate of return on their asset base and can ask  
9 the Commission for an **increase in rates** or

10 2) Mr. Hardcastle has twice, in 2009 and again in 2012, demonstrated by spending **little to no money on**  
11 **Repairs & Maintenance (\$200 or less for six years 2001-2012, see SN5, Exhibit A)** and either raising rates  
12 or charging fabricated hauling fees, his **customers eventually get so irritated** that they will buy their  
13 water infrastructures back through **condemnation sales of their water plant**. Pine and Strawberry  
14 Water Co. bought their water infrastructure back from Mr. Hardcastle's Brook Utilities, Inc. in **Oct. 2009**  
15 **for \$3,500,000** (See SN Exhibit 4, pg. 18 of 39) and the Company's 2012 Annual Report confirms that  
16 Star/Quail Valley bought their water infrastructure back in a condemnation sale for **\$775,000**.

17 For example, look at **SN Exhibit 4, pg. 9 of 39**, the people of Pine/Strawberry took out an advertisement  
18 in the Payson Roundup. They state, "It is no secret that Brooke Utilities has:

- 19 - Provided inadequate investment in development of new water resources in light of the fact that  
20 other water districts and individuals have found adequate water for years.  
21 - Failed to provide adequate storage to meet peak demand spikes.  
22 - Performed inferior repairs to our water systems.  
23 - Burdened the **people of Pine-Strawberry with unfair and unnecessary water hauling charges**.

24  
25 Little or no maintenance is part of Mr. Hardcastle and Mr. Williamson's business plan, unless they can  
26 put the debt on the customers in the form of **CIAC, WIFA or other loans**. Both Payson Water Company,  
27 and its parent Company's BUI and JW Holdings appear to be following the same business model.

28 So either way, by not controlling the Overhead Allocation costs, the company gets **higher rates** or a  
29 **large capital gain** through a condemnation sale. Because the ACC staff only looks at two years of the  
30 company's general ledger for "large changes," this practice does not take into account what is "**fair and**  
31 **reasonable**" for customers when these companies' business models' **do not include containing costs**  
32 **nor maintaining water infrastructure**.

33 Ms. Brown testified, "We look at year over year changes from one year to the other. We identify  
34 significant changes and issues that may need further investigation." (Vol IV, pg. 697, lines 8-10 and pg. 698,  
35 lines 9-10) "For example, if there was a salary expense that was higher than normal, we would investigate  
36 that."

37

1 However by only comparing one year to the next, Ms Brown did not look at the big picture of how large  
2 of a return on equity Mr. Hardcastle is actually making with his private water utilities in Arizona nor did  
3 she look at how much exorbitantly Misc. expenses have increased over the period since PWC's last rate  
4 increase.

5 **Arizona Corporation Commission Staff Accountant did not look at PWC Uncontrolled Increases in**  
6 **Discretionary Expenses which Greatly Impact the Need for a PWC Rate Increase-**

7 SN 5 Exhibit A shows the company had 2001 Misc. Expenses of \$36,067 which was 8.1% of Total  
8 Revenue. In the 2012 Annual Report, Misc. Expenses were \$249,525, this amount was 63.2% of a Total  
9 Revenue of \$394,908 and a  $249,525/36,067 = 6.9$  times increase from 2001 to 2012.

10 **Mr. Bourassa's Incorrect Statement about PWC Misc. Expense Increase of about 2.8% going back 5**  
11 **Years-**

12 Mr. Bourassa under Cross Examination by SN (Vol. I, pg. 126, lines 1-12)

13 A. Well if you go back five years and you look at the miscellaneous expense, it increased at a rate of  
14 about 2.8% a year, which was about the rate of inflation, average inflation over the last five years.

15 Mr. Bourassa here clearly misstates the truth. PWC's 2007 (5 years prior to 2012) Misc. Expenses were  
16 \$102,451. Actual inflation rates in 2007, 2008, 2009, 2010, and 2011 were 2.1%, 4.3%, 0%, 2.6%, and  
17 1.6%, respectively, for the last 5 years. So if we take 2007's Misc. Expense of \$102,451 times the  
18 Inflation rate for this period ( $\times 1.021 \times 1.043 \times 1 \times 1.026 \times 1.016 = 1.110$ ) = \$113,720.61.

19 Even if we had used the average of 2.8% per year as suggested by Mr. Bourassa, we would get  $(1.028)^5 =$   
20 1.15, if we take  $\$102,451 \times 1.15 = \$117,620$ . Thus, Mr. Bourassa cannot make the claim that PWC's last  
21 5 years Misc. Expense are simply climbing with an average 2.8% inflation rate.

22 Source: [www.usinflationcalculator.com/inflation/current-inflation-rates](http://www.usinflationcalculator.com/inflation/current-inflation-rates)

23 Vol. I, Lines 13-15. I stated, that from 2007 to 2012, Misc. Expense had gone from 102,000, again, to  
24 almost 250,000, a 250% increase. That's more than 3% a year.

25 Vol I, Lines 16-17. I don't have those figures. I can't comment on them.

26 Payson Water Company's consultant, Mr. Thomas Bourassa is clearly trying to **misrepresent the facts**  
27 **here**. The Company has **demonstrated an inability to budget expenses** to contain its Misc. Expenses,  
28 which were primarily the Central Office Allocation.

29 **Mr. Williamson calls what were Misc. Expenses, "Management Fees," but he is budgeting a 44.6% of**  
30 **Total Revenue to "Management Fee," which is discretionary spending-**

31 Finally, when Mr. Williamson was cross-examined about the companies that he manages under JW  
32 Holdings -Navajo Water Co, Payson Water Co., and Tonto Basin Water Co, and he also confirmed that he  
33 manages Bensch Ranch Utilities, Coronado Utilities, Pine Meadows Utilities ,Verde Santa Fe Wastewater,  
34 and Heartland Utilities. He manages eight companies in total.

1 SN asked Mr. Williamson if his Company kept time sheets. (Vol. II, pg. 269, lines 2-23, and pg. 270, lines  
2 2-9. I asked Mr. Williamson if they (he and his management team) fill out time sheets.

3 He answered, No.

4 I also asked how do you expense to JW Holdings (I meant Payson Water Co.) your fees, if you are not  
5 keeping track of them?

6 Vol. II, pg. 270, lines 16-17, ACALJ Nodes: It is a fair question to ask how costs are allocated for  
7 management fees.

8 Mr. Williamson replied (lines 20-15) We have a range of management fees that we charge to different  
9 companies that we manage. Those fees range between \$10 and \$17 per customer. In this case, you are  
10 looking at the \$13 per month per customer rate, which is average in that scheme.

11 The problem with this he admits he and his team **do not keep track of whom they are working for** with  
12 time sheets. When there is not a rate case, they may work **zero** hours in the month for Payson Water  
13 Company.

14 Mr. Bourassa in his Dec. 6, 2013, **Exhibit A-8**, has a Management Fee Computation for JW Holdings of  
15 **\$360,138.05**. This is similar to BUI's Central Office Allocation. If we add up Payson WC, Tonto Basin WC  
16 and Navajo WC's 2012 Annual Revenue from their Annual Reports, it sums to **\$394,908 + 306,484 +**  
17 **105,392 = \$806,784**, respectively. This means that JW Holdings is budgeting themselves a Management  
18 Fee of **\$360,138.05** to a Total Income of **\$806,784**. That is management fee that is **44.6%** of Total  
19 Revenue. In addition, keep in mind that Mr. Williamson, like Mr. Hardcastle, manages other Arizona  
20 utilities that incur **additional Management fees on other Arizona ratepayers** in a year.

21 Payson Water Company, even under new management is clearly **not controlling its costs**. It is budgeting  
22 them in and the ACC Staff is allowing this atrocity. **It is not fair and reasonable for customers to make**  
23 **up for this management inefficiency with increased water rates.**

24

25 It has been shown by **KMR** in that wells could have been drilled in MdC yielding water for about  
26 \$12,000. But compare the equity returns required on an asset base of \$12,000 versus \$275,000:

27  $\$12,000 \times 9\% = \$1080$  vs  $275,000 \times 9\% = \$24,750$ . The company **does not have incentive** under the  
28 present system to **control their costs**. They have **incentive to increase their costs, via WIFA loans and**  
29 **Capital in Aid of Construction**, as much as possible.

30

31 **Possible previous relationship between Mr. Robert T. Hardcastle and Mr. Williamson?**

32 1) Mr. Williamson under cross examination by SN, when asked how long he had negotiated with Mr.  
33 Hardcastle to purchase the shares of PWC, (Vol. II, pg.255, lines16-22), He said they started about 3 ½  
34 years prior, they didn't come to an agreement, then started again around the beginning of 2012.

SN;  
3/10/14

1 I asked Mr. Williamson if he had reviewed the last several years financial statements of PWC. He said  
2 yes. I asked him if he could tell me what the **\$516,000 Non-Utility Misc. Expense was for in 2010**. Mr.  
2.5 Williamson replied, I can't, (Vol. II, pg 257, lines 4-11).

3 I also asked Mr. Williamson if he had any clauses in his contract to purchase all shares from BUI of  
4 PWC that said that **any major changes in the assets of BUI would require his approval**.  
5 ACALJ Nodes clarified,

6 'He can answer if there was any discussion or clause in the agreement about assets or any conveyance  
7 of assets, if you know.'

8 Mr Williamson replied, **I don't know. I don't this so.** (Vol. II, pgs 255-6, lines 23-25 and lines 1-12).

9 Does anyone, without some prior relationship, sign an agreement to purchase the stock of a company  
10 when they **have not clearly outlined what exactly it is that they will get in return for the payment of**  
11 **their stock and ownership of the assets?** It appears like there was some relationship between Mr.  
12 Hardcastle and Mr. Williamson for such important terms to not be in a purchase agreement.

13 **2011 PWC Negative Retained Earnings and 5 Consecutive Years of an Operating Loss and previous**  
14 **owner, Mr. Robert T. Hardcastle pays BUI shareholder(s) a 2013 Dividend that Leaves PWC in poor**  
15 **financial condition-**

16 In addition, in 2013, after five consecutive years of PWC having an Operating Loss and a 2011 **Retained**  
17 **Earnings of -\$607,360**, only the condemnation sale of Star/Quail Valley, a one time, **non-operating**  
18 **revenue** caused PWC to have a positive 2012 net earnings of \$573,488. How could Mr. Williamson have  
19 allowed Mr. Hardcastle to take a dividend payment of \$352,206 in 2013?

20 **Also, why didn't Payson Water Company pay any Federal or State Income taxes on this 2012 net**  
21 **income of \$573,488?** See Exhibit SN1, pg. 229 of 238.

22  
23 **The community of Mead Ranch, MR, should be put into a different JW Holdings or other private water**  
24 **utility cost of service system -**

25 Mead Ranch is located **8 miles** on a dirt road from Highway 260, it is an additional **14 miles** from the  
26 intersection of Highways 260 and 87 to the turn off for Control Road to Tonto Village (& MR). It is  
27 another couple miles north on Highway 87 to the tie-in. It would **never be cost effective** to tie in MR  
28 water infrastructure into this pipeline for only 69 customers and a distance of greater than 22 miles.

29 At the Jan. 13<sup>th</sup>, Mr. James Holmes, Mr. Jon Gillan, Mr. Emery, Mrs. Jane Adams-Wahlgren, Mrs.  
30 Gretchen Tittle, Mr. Rocky Turner, **six of the nine** that were present for public comment were from  
31 Mead Ranch. There was one person who called in that made public comment. So **60%** of those making  
32 public comment were from Mead Ranch. They complained that the MR system has **not been upgraded**  
33 **in many years/decades**. They also said they would not mind a reasonable increase if there was a **plan in**  
34 **place to improve** the water system at MR. This rate increase will affect the approximately **56% retired**  
35 **and 12% full-time folks** at MR, who rely on gardens for food. It is **not fair to include** us in this rate

1 structure when **MR will clearly not benefit** from the MdC or future PWC pipeline tie-ins. Our Cost of  
2 Service should be included within a different system. (3 others present made public comment, and one  
3 person called in.)

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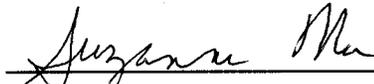
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Respectfully submitted this 10th day of March, 2014.

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By   
Suzanne Nee, Intervenor  
2051 E. Aspen Drive  
Tempe, AZ 85282

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**ORIGINAL** and thirteen (13) copies  
of the foregoing were filed this 10th  
day of March, 2014 with:

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

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**COPY** of the foregoing was mailed  
this 10th day of March, 2014 to:

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26

27

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