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2014 MAR 21 P 4: 52

5 **BEFORE THE ARIZONA CORPORATION COMMISSION**
6 **DOCKET CONTROL**

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

DOCKET NO. W-03514A-13-0111

ORIGINAL

14
15 IN THE MATTER OF THE APPLICATION
16 OF PAYSON WATER CO., INC., AN ARIZONA
17 CORPORATION, FOR AUTHORITY TO (1) ISSUE
18 EVIDENCE OF INDEBTEDNESS IN AN AMOUNT
19 NOT TO EXCEED \$1,238,000 IN CONNECTION
20 WITH INFRASTRUCTURE IMPROVEMENTS TO
21 THE UTILITY SYSTEM; AND (2) ENCUMBER
22 REAL PROPERTY AND PLANT AS SECURITY
23 FOR SUCH INDEBTEDNESS.

DOCKET NO. W-03514A-13-0142

Arizona Corporation Commission
DOCKETED

MAR 21 2014

DOCKETED BY 

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25 **Reply Brief, East Verde Park (EVP) Recommended Resolution for the Payson Water Company**
26 **(PWC) Phase 2 Rate Case**

27
28 **References:**

- 29 1. Tom Bremer Final Brief, East Verde Park (EVP) Recommended Resolution for the Payson Water
30 Company (PWC) Phase 2 Rate Case, ACC Document No. 0000151702, Filed March 10, 2014.
31 2. Staff's Initial Closing Brief, ACC Document No. 0000151688, Filed March 10, 2014.
32 3. PWC's Initial Closing Brief, ACC Document No. 0000151694, Filed March 10, 2014
33

34 I, Thomas Bremer, an intervenor in the subject PWC rate case on behalf of the EVP service community,
35 participated in the Phase 2 rate case hearings on February 4, 5, 7, 10, and 14, 2014. I filed the
36

1 Reference1 brief on March 10, which summarized the positions and recommendations of PWC
2 ratepayers at EVP, which remain unchanged in this reply brief.

3
4 I now add two replies in this rate case:

- 5 1. In Reference 2, page 7, lines 6 and 7, Staff states, "Because of the water supply issues in East Verde
6 Park, Staff has recommended a moratorium on hook-ups. The Company is in agreement with this
7 recommendation".

8
9 EVP ratepayers and property owners are not in agreement with this proposed moratorium. The EVP
10 community is close to 90% built out, with either existing PWC hook-ups (whether active or inactive) or
11 private wells. This leaves only about 20 properties that potentially would need new hook-ups, and
12 there is no indication that a significant number of these properties will have homes constructed and
13 new hook-ups required within the timeframe proposed before the next rate case. Such moratorium is
14 not necessary. However, for the occasional owner who desires or needs to sell his/her vacant
15 property, such moratorium would be devastating to property value and ability to market the property.

16
17 We ask that the Commission does not move forward with a moratorium for water hook-ups at EVP.

- 18
19 2. In Reference 3, page 19, lines 1 through 7, PWC states: "Each of the intervenors appears to have his
20 or her own reasons and agenda for opposition and vehement disdain for this utility. Again, they are
21 entitled to oppose the Company's rates. But even pro per parties and intervenors are held to the
22 same legal standards as everyone else. To say the least, these illusory claims, in whole and in part,
23 do not justify denial of necessary and reasonable rate relief for PWC. These claims are not supported
24 by substantial or competent evidence, like the recommendations of Staff and PWC."

25
26 Although I disagree with the proposed rate increases as proposed by Staff and PWC, I harbor no
27 "vehement disdain" for PWC. Moreover, as stated in the EVP petition that was provided in Phase 2
28 Hearing Exhibits TB-1 and TB-2, and reflected in the 2012 EVP water survey that was provided in
29 Exhibit TB-1, there is a broad consensus at EVP that reasonable rate increases have merit, provided
30 that they are linked to a specific infrastructure improvement plan and a commitment to implement it.

- 31 • The fact that such infrastructure improvements are necessary and have been acknowledged by
32 PWC as far back as 2001, and that EVP is placed under heavy water restrictions every summer,
33 attest to the reasonableness of this this request.
- 34 • The fact that PWC is implementing infrastructure improvements at Mesa Del Caballo in
35 conjunction with the present rate case further demonstrates that a reliable water system is a
36

1 reasonable expectation for PWC's customers, regardless of whether the necessary investments
2 are required by law as a condition for rate increases.

- 3 • The fact that water hauling at EVP is not due to an emergency condition, but is the result of lack
4 of prudent care and investment by PWC to maintain and upgrade the EVP water system over the
5 years, makes water hauling surcharges patently unfair.
- 6 • The fact is that under the proposed EVP water hauling surcharge there is no limit on per-gallon
7 cost of hauled water, putting all the burden and economic risk of water hauling on the backs of
8 EVP ratepayers.

9
10 These facts are far from "illusory claims" and do constitute "substantial or competent evidence" that merit
11 serious consideration by the Commission in finalizing the decision in this rate case.

12 Respectfully,

13 Tom Bremer

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15 Submitted this 21th day of March, 2014.

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20 Copies to:

21 ACC Docket Control (13 copies)

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