

ORIGINAL



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2 14406 S. Cholla Canyon Dr.
3 Phoenix, AZ 85044
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2014 FEB -3 A 8:15

ARIZONA CORPORATION COMMISSION
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

JAN 31 2014

DOCKETED BY *nr*

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

SUPPLEMENT TO PRE-FILED TESTIMONY
PHASE 2

30 Kathleen M. Reidhead, "KMR", is an Intervener in the above-captioned matter. KMR submits
31 the attached REVISED Exhibit KMR-2 and REVISED Exhibit KMR-3 showing current estimated water bills
32 for Deer Creek Village, "DCV" and Gisela, based on the most recent rate proposals recommended by the
33 Arizona Corporation Commission, "Staff", and Payson Water Company, "PWC". These Exhibits show
34 that the current Staff rate proposal will result in higher estimated water bills than the earlier rate
35 proposal as reflected on the original Exhibit KMR-2 and Exhibit KMR-3 submitted with Surrebuttal
36 Testimony on 12/20/13 (Document #149903).

37
38 Also attached as Exhibit KMR-M is a document submitted by Mr. Robert Hardcastle on Docket
39 #W-03514A-12-0008, Document #136568 posted on 6/21/12, showing the results of a vote taken by
40 Mesa del Caballo ratepayers in 2011 that was referenced in KMR's 1/27/14 Intervenor Response to
41 Supplemental Rejoinder Testimony, page 5, lines 20-24. Please note that this Exhibit shows 167 ballots
42 out of 200 ballots collected voted in favor of the CC Cragin Pipeline. 167 is not a majority of the

1 households in service in Mesa del Caballo in 2011. This evidence shows that there was not a consensus
2 of support for the CC Cragin Pipeline option by the people of MdC in September 2011.

3
4 Respectfully submitted this 3rd day of February, 2014.

5
6 By Kathleen M. Reidhead

7 Kathleen M. Reidhead, Intervener
8 14406 S. Cholla Canyon Dr.
9 Phoenix, AZ 85044

10
11 **ORIGINAL** and thirteen (13) copies
12 of the foregoing were filed this 3rd
13 day of February, 2014 with:

14
15 Docket Control
16 Arizona Corporation Commission
17 1200 W. Washington Street
18 Phoenix, AZ 85007

19
20 **COPY** of the foregoing was mailed
21 this 3rd day of February, 2014 to:

22
23 Jay Shapiro (Attorney for Payson Water Co., Inc.)
24 Fennemore Craig P.C.
25 2394 E. Camelback Road, Suite 600
26 Phoenix, AZ 85016

27
28 Robert Hardcastle
29 3101 State Road
30 Bakersfield, CA 93308

Glynn Ross
405 S. Ponderosa
Payson, AZ 85541

31
32 William Sheppard
33 6250 North Central Avenue
34 Phoenix, AZ 85012

Suzanne Nee
2051 E. Aspen Dr.
Tempe, AZ 85282

35
36 Thomas Bremer
37 6717 E. Turquoise Ave.
38 Scottsdale, AZ 85253
39
40 J. Stephen Gehring & Richard M. Burt
41 8157 W. Deadeye Rd.
42 Payson, AZ 85541

Kathleen M. Reidhead

Revised EXHIBIT KMR-2

Summary of Staff Proposal ****REVISED**** as of January 24, 2014

Estimated water bills for Deer Creek Village Customers

(Deer Creek Village is part of the former United Utilities System)

<u>Example #1 - Water Use for June (reported as High Water Usage Month)¹</u>	<u>Monthly Cost</u>
Staff Recommended Base Rate (5/8 x 3/4-inch meter) ²	\$ 23.00
Staff Recommended Commodity Rate (5/8 x 3/4-inch meter) ^{2*}	<u>\$ 38.44</u>
TOTAL \$ 61.44**	

**Current cost for this same level of usage is \$31.05
(This is a 98% increase)

<u>Example #2 - Water Use for January (reported as Low Water Usage Month)¹</u>	<u>Monthly Cost</u>
Staff Recommended Base Rate (5/8 x 3/4-inch meter) ²	\$ 23.00
Staff Recommended Commodity Rate (5/8 x 3/4-inch meter) ^{2*}	<u>\$ 21.61</u>
TOTAL \$ 44.61**	

**Current cost for this same level of usage is \$21.44
(This is a 108% increase)

<u>Example #3 - Water Use Average (reported as Average Water Usage Month)¹</u>	<u>Monthly Cost</u>
Staff Recommended Base Rate (5/8 x 3/4-inch meter) ²	\$ 23.00
Staff Recommended Commodity Rate (5/8 x 3/4-inch meter) ^{2*}	<u>\$ 22.35</u>
TOTAL \$ 45.35**	

**Current cost for this same level of usage is \$24.77
(This is a 83% increase)

¹ Per Direct Testimony of Jian W. Liu, Document #149555, Page 11

² Per Supplemental Surrebuttal Testimony of Crystal S. Brown, Document #151005, Supplemental Surrebuttal Schedule CSB-17, Pg. 1

³ Per Direct Testimony of Jian W. Liu, Document #149555, Page 11

Revised EXHIBIT KMR-2

Summary of Company Proposal ****REVISED**** as of January 6, 2014

Estimated water bills for Deer Creek Village Customers

(Deer Creek Village is part of the former United Utilities System)

<u>Example #1 - Water Use for June (reported as High Water Usage Month)⁴</u>	<u>Monthly Cost</u>
Company Recommended Base Rate (5/8 x 3/4-inch meter) ⁵	\$ 25.42
Company Recommended Commodity Rate (5/8 x 3/4-inch meter) ^{2*}	<u>\$ 41.39</u>
TOTAL \$ 66.81**	

**Current cost for this same level of usage is \$31.05
(This is a 115% increase)

<u>Example #2 - Water Use for January (reported as Low Water Usage Month)¹</u>	<u>Monthly Cost</u>
Company Recommended Base Rate (5/8 x 3/4-inch meter) ²	\$ 25.42
Company Recommended Commodity Rate (5/8 x 3/4-inch meter) ^{2*}	<u>\$ 14.10</u>
TOTAL \$ 39.52**	

**Current cost for this same level of usage is \$21.44
(This is a 84% increase)

<u>Example #3 - Water Use Average (reported as Average Water Usage Month)¹</u>	<u>Monthly Cost</u>
Company Recommended Base Rate (5/8 x 3/4-inch meter) ²	\$ 25.42
Company Recommended Commodity Rate (5/8 x 3/4-inch meter) ^{2*}	<u>\$ 25.33</u>
TOTAL \$ 50.75**	

**Current cost for this same level of usage is \$24.77
(This is a 105% increase)

⁴ Per Direct Testimony of Jian W. Liu, Document #0000149555, Page 11

⁵ Per Rejoinder Testimony of Thomas Bourassa, Document #150671, Rejoinder Schedule H-3, Page 1.

⁶ Per Direct Testimony of Jian W. Liu, Document #0000149555, Page 11

Revised EXHIBIT KMR-3

Summary of Staff Proposal ****REVISED**** as of January 24, 2014 Estimated water bills for Gisela/Tonto Creek Shores Customers

(Gisela is part of the former C & S System)

<u>Example #1 - Water Use for June (reported as High Water Usage Month)¹</u>	<u>Monthly Cost</u>
Staff Recommended Base Rate (5/8 x 3/4-inch meter) ²	\$ 23.00
Staff Recommended Commodity Rate (5/8 x 3/4-inch meter)*	<u>\$ 75.65</u>
*Based upon high water use of 368 gallons per day per connection ³ = 11,040 gallons/month	
TOTAL	\$ 98.65**

**Current cost for this same level of usage is \$33.34
(This is a 196% increase)

<u>Example #2 - Water Use for March (reported as Low Water Usage Month)¹</u>	<u>Monthly Cost</u>
Staff Recommended Base Rate (5/8 x 3/4-inch meter) ²	\$ 23.00
Staff Recommended Commodity Rate (5/8 x 3/4-inch meter)*	<u>\$ 17.98</u>
*Based upon low water use of 126 gallons per day per connection ³ = 3,780 gallons/month	
TOTAL	\$ 40.98**

**Current cost for this same level of usage is \$22.59
(This is a 81% increase)

<u>Example #3 - Water Use Average (reported as Average Water Usage Month)¹</u>	<u>Monthly Cost</u>
Staff Recommended Base Rate (5/8 x 3/4-inch meter) ²	\$ 23.00
Staff Recommended Commodity Rate (5/8 x 3/4-inch meter)*	<u>\$ 40.97</u>
*Based upon average water use of 226 gallons per day per connection ³ = 6,780 gallons/month	
TOTAL	\$ 63.97**

**Current cost for this same level of usage is \$27.03
(This is a 137% increase)

¹ Per Direct Testimony of Jian W. Liu, Document #149555, Page 11

² Per Supplemental Surrebuttal Testimony of Crystal S. Brown, Document #151005, Supplemental Surrebuttal Schedule CSB-17, Pg 1

³ Per Direct Testimony of Jian W. Liu, Document #149555, Page 11

Revised EXHIBIT KMR-3

Summary of Company Proposal ****REVISED**** as of January 6, 2014

Estimated water bills for Gisela/Tonto Creek Shores Customers

(Gisela is part of the former C & S System)

<u>Example #1 - Water Use for June (reported as High Water Usage Month)⁴</u>	<u>Monthly Cost</u>
Company Recommended Base Rate (5/8 x 3/4-inch meter) ⁵	\$ 25.42
Company Recommended Commodity Rate (5/8 x 3/4-inch meter) ^{2*}	<u>\$ 78.06</u>
*Based upon high water use of 368 gallons per day per connection ⁶ = 11,040 gallons/month	
TOTAL	\$ 103.48**

**Current cost for this same level of usage is \$33.34
(This is a 210% increase)

<u>Example #2 - Water Use for January (reported as Low Water Usage Month)¹</u>	<u>Monthly Cost</u>
Company Recommended Base Rate (5/8 x 3/4-inch meter) ²	\$ 25.42
Company Recommended Commodity Rate (5/8 x 3/4-inch meter) ^{2*}	<u>\$ 20.97</u>
*Based upon low water use of 126 gallons per day per connection ³ = 3,780 gallons/month	
TOTAL	\$ 46.39**

**Current cost for this same level of usage is \$22.59
(This is a 105% increase)

<u>Example #3 - Water Use Average (reported as Average Water Usage Month)¹</u>	<u>Monthly Cost</u>
Company Recommended Base Rate (5/8 x 3/4-inch meter) ²	\$ 25.42
Company Recommended Commodity Rate (5/8 x 3/4-inch meter) ^{2*}	<u>\$ 43.92</u>
*Based upon average water use of 226 gallons per day per connection ³ = 6,780 gallons/month	
TOTAL	\$ 69.34**

**Current cost for this same level of usage is \$27.03
(This is a 156% increase)

⁴ Per Direct Testimony of Jian W. Liu, Document #149555, Page 11

⁵ Per Rejoinder Testimony of Thomas Bourassa, Document #150671, Rejoinder Schedule H-3, Page 1.

⁶ Per Direct Testimony of Jian W. Liu, Document #149555, Page 11

EXHIBIT KMR-M

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OCT 10 2011

BROOKE UTILITIES

BOURQUE LAW FIRM, PC

A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

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October 6, 2011

VIA EMAIL AND U.S. MAIL

Mr. Robert Hardcastle
Brooke Utilities, Inc.
P.O. Box 82218
Bakersfield, California 93380

Re: Mesa del Caballo Water Alternatives Preference

Dear Mr. Hardcastle:

We received 200 ballots as of October 3, 2011. 16 of those ballots could not be counted because no selection or multiple selections were made. Here are the results of all ballots received as of October 3, 2011:

CC Cragin Pipeline	167
Conservation	5
Deep Wells	8
Long-term Hauling	1
US Forest Service Pipeline	3
Could not be counted	<u>16</u>

200

Sincerely,



Arthur J. Bourque