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ARIZONA CORPORATION COMMISSION



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May 1, 2014

ORIGINAL

RE: Payson Water Company
Docket No. W-03514A-13-0111 & W-03514A-13-0142

AZ CORP COMMISSION
DOCKET CONTROL

Dear Parties:

I have followed the proceedings in this matter, and I have reviewed the filings, the testimony, and the public comments. As a result of my review of these matters, I have some questions about possible rate design changes that may ameliorate the rate impacts of the proposed rate increase. It would assist me in my consideration of this case if the parties would address the following questions:

- 1) What would be the rate impacts to the customers in each of the systems if we were to retain the current separate rate structure and forego consolidating rates at this time?
- 2) What would be the rate impacts to customers in each of the systems if we were to adopt the proposed rate consolidation, but change the break-over points in the commodity charge to include more gallons in the first tier?
- 3) What would be the rate impacts to customers in each of the systems if we were to adopt the proposed rate consolidation, but increase the monthly usage charge, thereby decreasing the amounts to be collected through the commodity charge?

Please docket your responses by May 12, 2014. In answering these questions, both the Company and Staff should address the customer rate impacts by meter size for both average monthly usage and median usage for each system. As for the remaining parties, I would welcome any input that they wish to provide.

The information that I am requesting by this letter will be helpful to me in my full consideration of the issues presented by this matter. I have not yet determined how best to resolve this very complex case and I will continue to review all relevant information.

I thank you in advance for your responses to my questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Pierce".

Gary Pierce
Commissioner
Arizona Corporation Commission

Arizona Corporation Commission

DOCKETED

MAY 01 2014

DOCKETED BY

A handwritten signature in black ink, appearing to be a stylized name.