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ARIZONA CORP COMMISSION  
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ORIGINAL

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Attorneys for Payson Water Co., Inc.  
4

5 **BEFORE THE ARIZONA CORPORATION COMMISSION**

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

DOCKET NO: W-03514A-13-0111

Arizona Corporation Commission

DOCKETED

JUN 04 2014

DOCKETED BY

10  
11 IN THE MATTER OF THE APPLICATION  
OF PAYSON WATER CO., INC., AN  
12 ARIZONA CORPORATION, FOR  
AUTHORITY TO: (1) ISSUE EVIDENCE  
13 OF INDEBTEDNESS IN AN AMOUNT  
NOT TO EXCEED \$1,238,000 IN  
14 CONNECTION WITH INFRASTRUCTURE  
IMPROVEMENTS TO THE UTILITY  
15 SYSTEM; AND (2) ENCUMBER REAL  
PROPERTY AND PLANT AS SECURITY  
16 FOR SUCH INDEBTEDNESS.

DOCKET NO: W-03514A-13-0142

**NOTICE OF ERRATA**

17 On June 2, 2014, Payson Water Company ("PWC" or the "Company") filed its  
18 Response to Docketed Letter from Commissioner. PWC submits these errata to make two  
19 corrections to the attachment to that response. First, the attachment contained an incorrect  
20 usage figure for Customer 1 (average or low usage).<sup>1</sup> Second, the Company has  
21 confirmed that it has tax-exempt status and will not be required to pay sales tax to the  
22 Town of Payson for water purchased from the Town.<sup>2</sup> Provided herewith is an Amended  
23 Attachment 1 with updated calculations.

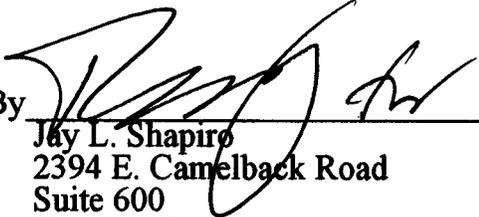
24 <sup>1</sup> Monthly usage is 2,903 gallons. In its response (at 2:25-26) the Company rounded the  
25 number to 2,900 gallons.

26 <sup>2</sup> The Company wishes to acknowledge and thank Staff for pointing out that it should not  
be paying sales tax to the Town.

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RESPECTFULLY SUBMITTED this 4th day of June, 2014.

FENNEMORE CRAIG, P.C.

By   
Jay L. Shapiro  
2394 E. Camelback Road  
Suite 600  
Phoenix, Arizona 85016  
Attorneys for Payson Water Co., Inc.

**ORIGINAL** and thirteen (13) copies  
of the foregoing were filed  
this 4th day of June, 2014, with:

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

**COPY** of the foregoing was hand-delivered  
this 4th day of June, 2014, to:

Chairman Bob Stump  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

Commissioner Gary Pierce  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

Commissioner Brenda Burns  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

Commissioner Bob Burns  
Arizona Corporation Commission  
1200 W. Washington Street  
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Commissioner Susan Bitter Smith  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

1 Dwight D. Nodes  
Assistant Chief Administrative Law Judge  
2 Arizona Corporation Commission  
1200 W. Washington Street  
3 Phoenix, AZ 85007

4 Robin Mitchell, Esq.  
Legal Division  
5 Arizona Corporation Commission  
1200 W. Washington Street  
6 Phoenix, AZ 85007

7 **COPY of the foregoing was mailed**  
this 4th day of June, 2014, to:

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

10 Thomas Bremer  
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12 Bill Sheppard  
13 6250 N. Central Ave.  
Phoenix, AZ 85012

14 J. Stephen Gehring  
15 8157 W. Deadeye Rd.  
Payson, AZ 85541

16 Suzanne Nee  
17 2051 E. Aspen Dr.  
Tempe, Arizona 85282

18 Glynn Ross  
19 405 S. Ponderosa  
Payson, AZ 85541

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21 By   
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**AMENDED  
ATTACHMENT 1**

<b>Current Town of Payson Water Rates:</b>		
Cost of first 20,000 Gal:	\$116.78	
Cost of each 1000 Gal above:	\$6.86	
Tax Rate on all Purchases:	0.00%	

<b>PWCo Proposed Water Rates (as recommended in ROO):</b>		
Base Rate:	\$23.00	
First Tier (up to 3,000 gal)	\$4.00	per 1000 gal.
Second Tier (up to 10,000 gal)	\$7.66	per 1000 gal.
Third Tier (above 10,000 gal)	\$9.62	per 1000 gal.

	CUSTOMER #1	CUSTOMER #2	CUSTOMER #3
	Low Avg. Usage	Medium Usage	High Usage
Monthly Use (Gal)	2903		
Monthly Use (Gal)		4000	
Monthly Use (Gal)			12000
<b>Estimated Bill using ROO Recommendations:</b>			
Estimated Bill using ROO (No TOP Purchases - not incl. tax):	\$34.61	\$42.66	\$107.88

<b>Purchased Gallons from TOP (using 2013 actual numbers):</b>				
<b>May-June Billing Cycle PWAM Calculation using 5/22/14 Decision 74484</b>				
Total Consumption (gal):	1467000			
TOP Purchased Water (gal):	509160			
% of water sold purchased from TOP:	34.71%			
Cost of TOP Water:	\$3,472.42			
Effective Actual Commodity Rate minus avoided costs (\$.60) (per 1000 gal):	\$6.22			
PWAM Surcharge:		\$6.27	\$8.64	\$25.91
Surcharge under Previous Augmentation Tariff now replaced by PWAM:	\$0.022108	\$64.18	\$88.43	\$265.30
Customer's Savings using PWAM vs. Hauling Surcharge:		\$57.91	\$79.80	\$239.39
PWCo Tariff (per ROO):				
Base Rate:		\$23.00	\$23.00	\$23.00
First Tier Consumption:		\$11.61	\$12.00	\$12.00
Second Tier Consumption:		N/A	\$7.66	\$53.65
Third Tier Consumption:		N/A	N/A	\$19.23
<b>Total Estimated Bill Including PWAM (not incl. tax):</b>		<b>\$34.61</b>	<b>\$42.66</b>	<b>\$107.88</b>

<b>Purchased Gallons from TOP (using 2013 actual numbers):</b>				
<b>June-July Billing Cycle PWAM Calculation using 5/22/14 Decision 74484</b>				
Total Consumption (gal):	993050			
TOP Purchased Water (gal):	664125			
% of water sold purchased from TOP:	66.88%			
Cost of TOP Water:	\$4,535.48			
Effective Actual Commodity Rate minus avoided costs (\$.60) (per 1000 gal):	\$6.23			
PWAM Surcharge:		\$12.09	\$16.66	\$49.99
Surcharge under Previous Augmentation Tariff now replaced by PWAM:	\$0.036710	\$106.57	\$146.84	\$440.52
Customer's Savings using PWAM vs. Hauling Surcharge:		\$94.48	\$130.18	\$390.53
PWCo Tariff (per ROO):				
Base Rate:		\$23.00	\$23.00	\$23.00
First Tier Consumption:		\$11.61	\$12.00	\$12.00
Second Tier Consumption:		N/A	\$7.66	\$53.65
Third Tier Consumption:		N/A	N/A	\$19.23
<b>Total Estimated Bill Including PWAM (not incl. tax):</b>		<b>\$46.71</b>	<b>\$59.33</b>	<b>\$157.87</b>

<b>Purchased Gallons from TOP (using 2013 actual numbers):</b>				
<b>July-Aug Billing Cycle PWAM Calculation using 5/22/14 Decision 74484</b>				
Total Consumption (gal):	1001506			
TOP Purchased Water (gal):	142234			
% of water sold purchased from TOP:	14.20%			
Cost of TOP Water:	\$955.31			
Effective Actual Commodity Rate minus avoided costs (\$.60) (per 1000 gal):	\$6.12			
PWAM Surcharge:		\$2.52	\$3.47	\$10.42
Surcharge under Previous Augmentation Tariff now replaced by PWAM:	\$0.013225	\$38.39	\$52.90	\$158.70
Customer's Savings using PWAM vs. Hauling Surcharge:		\$35.87	\$49.43	\$148.28
PWCo Tariff (per ROO):				
Base Rate:		\$23.00	\$23.00	\$23.00
First Tier Consumption:		\$11.61	\$12.00	\$12.00
Second Tier Consumption:		N/A	\$7.66	\$53.65
Third Tier Consumption:		N/A	N/A	\$19.23
<b>Total Estimated Bill Including PWAM (not incl. tax):</b>		<b>\$37.13</b>	<b>\$46.14</b>	<b>\$118.31</b>

<b>Purchased Gallons from TOP (using 2013 actual numbers):</b>				
<b>Aug-Sept. Billing Cycle PWAM Calculation using 5/22/14 Decision 74484</b>				
Total Consumption (gal):	949670			
TOP Purchased Water (gal):	31694			
% of water sold purchased from TOP:	3.34%			
Cost of TOP Water:	\$197.00			
Effective Actual Commodity Rate minus avoided costs (\$.60) (per 1000 gal):	\$5.62			
PWAM Surcharge:		\$0.54	\$0.75	\$2.25
Surcharge under Previous Augmentation Tariff now replaced by PWAM:	\$0.003445	\$10.00	\$13.78	\$41.34
Customer's Savings using PWAM vs. Hauling Surcharge:		\$9.46	\$13.03	\$39.09
PWCo Tariff (per ROO):				
Base Rate:		\$23.00	\$23.00	\$23.00
First Tier Consumption:		\$11.61	\$12.00	\$12.00
Second Tier Consumption:		N/A	\$7.66	\$53.65
Third Tier Consumption:		N/A	N/A	\$19.23
<b>Total Estimated Bill Including PWAM (not incl. tax):</b>		<b>\$34.61</b>	<b>\$42.66</b>	<b>\$107.88</b>