



0000154557

1 Kathleen M. Reidhead  
2 14406 S. Cholla Canyon Dr.  
3 Phoenix, AZ 85044  
4 Telephone: 480-704-0261

RECEIVED

2014 JUL -8 A 9:38

AZ CORP 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

JUL 8 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

ORIGINAL

REQUEST FOR RE-HEARING OF DECISION  
#74567 (PHASE 2) AND TO REOPEN AND  
RECONSIDER DECISION #74175 (PHASE 1)

30 Intervenor Kathleen M. Reidhead, "KMR", files the following request for a rehearing and  
31 reconsideration of Decision 74567 as set forth by A.R.S. §40-253 and to reopen and reconsider Decision  
32 #74175 as set forth by A.R.S. §40-252. The grounds are that the Arizona Corporation Commission, "ACC"  
33 or "Staff", has violated A.R.S. §40-256 and Arizona Administrative Code (A.A.C.) Rule R14-2-103 (11.) (d.)  
34 by not issuing a final order within 270 days as required for a Class C Utility.

36 Additionally, the ACC has not conducted an impartial and unbiased review of all evidence in its  
37 complete and proper context due to the bifurcation of the case and has wrongly determined the fair  
38 value of Payson Water Company's utility plant and property, and therefore, has not come to a just and  
39 reasonable Decision as required by A.R.S. §40-361.  
40

1 If the proceedings had not been bifurcated and if Payson Water Company, "PWC", had given  
2 timely notice to the ratepayers, KMR would have been heard on all pertinent matters in this case and  
3 would have been able to bring her full arguments and evidence to the record.  
4

5 Further, the bias shown by Staff, the Executive Director of the ACC and the Administrative Law  
6 Judge, "ALJ", has resulted in an extremely positive outcome for Payson Water Company, "PWC", and an  
7 extremely negative outcome for the ratepayers. The ACC has engaged in serious procedural errors, such  
8 as defective notice given to the ratepayers during the course of this case, not once, but *twice*<sup>1</sup>, violating  
9 their constitutional rights to due process. There are other procedural and structural errors discussed  
10 later in this document that have resulted in an unjust and unreasonable Decision and those are also  
11 grounds for re-hearing and re-consideration of both Decisions #74567 and #74175.  
12

13 KMR points to numerous pieces of evidence to support these assertions. She requests a review  
14 of both Phases of this case as one so that the facts will be viewed in their proper context. She requests  
15 a complete review of all Documents she has filed in this case<sup>2</sup>, as well as her verbal testimony given at  
16 the Phase 1 Hearing on 09/25/2013, the Phase 2 Hearing on 02/04/2014, 02/05/2014, 02/07/2014, and  
17 02/10/2014, the emergency PWAM Hearing on 05/22/2014, and the Open Meeting on 06/10/2014.  
18

---

<sup>1</sup> See Exceptions to the Recommended Opinion and Order, "ROO", filed by Kathleen M. Reidhead on 06/05/2014, Document #153746, page 7, lines 5-33 and page 11, lines 7-29. Also, see Post-Hearing Brief filed by Kathleen M. Reidhead on 03/10/2014, pages 1-4.

<sup>2</sup> See Motion to Intervene filed on 09/26/2013, Document #148515, Public Comment letter dated 09/26/2013, Document #148514, Public Comment letter dated 09/30/2013, Document #148600, Public Comment letter dated 10/01/2013, Document #148650, Public Comment letter dated 10/04/2013, Document #148735, FOIA request filed on 10/07/2013, Document #148972, Public Comment letter dated 10/07/2013, Document #148764, Public Comment letter dated 10/07/2013, Document #148765, Consumer Complaint filed on 10/10/2013 (posted on 10/21/2013 with an incorrect date listed as 10/18/2013 and typographical errors), Document #149033, Consumer Complaint filed on 10/22/2013, revision posted on 10/24/2013 as Document #149107, Public Comment letter dated 10/10/2013, Document #148849, Public Comment letter dated 10/15/2013, Document #148891, Direct Testimony filed on 11/14/2013, Document #149527, Request to Amend Page 5 of Direct Testimony filed on 11/18/2013, Document #149575, Motion for Discovery filed on 12/03/2013, Document #149758 and Motion to Compel Discovery filed on 12/30/2013, Document #150577, Surrebuttal Testimony filed on 12/20/2013, Document #149903, Supplement to pre-filed Testimony filed on 01/06/2014, Document #150656, Motion for Extension of Time for Intervenor Response filed on 01/09/2014, Document #150712, Supplement to pre-filed Testimony filed on 01/07/2014, Document #150679, Intervenor Response to Supplemental Rejoinder Testimony filed on 01/27/2014, Document #151008, Supplement to pre-filed Testimony filed on 02/03/2014, Document #152519, Intervenor Post-Hearing Brief filed on 03/10/2014, Document #151657, Intervenor Reply to Post-Hearing Briefs filed on 03/21/2014, Document #151936, Supplemental Intervenor Reply to Post-Hearing Briefs filed on 03/31/2014, Document #152168, Response to Notice of Filing Miscellaneous filed on 04/15/2014, Document #152459, Letter posted on 05/07/2014 advising that copies of a DVD video from the Public Comment Hearing were sent to Commissioners Gary Pierce & Brenda Burns, Document #153254, Intervenor Response to Gary Pierce letter of 05/01/2014 filed on 05/12/2014, Document #153321, Comments on Staff's Recommended Emergency Interim PWAM Tariff filed on 05/21/2014, Document #153488, Exceptions to Staff's Recommended Emergency Interim PWAM Order filed on 05/22/2014, Document #153500, Request for Re-Hearing of Decision #74484 filed on 06/05/2014, Document #153747, Exceptions to Recommended Opinion & Order Phase 2 filed on 06/05/2014, Document #153746, Motion for a Continuance for Legal Consultation filed on 06/06/2014, Document #153757, and Consumer Complaint submitted on 06/06/2014 and filed on 06/10/2014, Document #153792.

1 The ACC granted Decision #74175 on an expedited basis after bifurcating the proceedings.  
2 Defective notice was given to the ratepayers prior to the Phase 1 Hearing on 09/25/2013, which  
3 prevented any ratepayer from submitting a request for Intervention in a timely manner<sup>3</sup>, effectively  
4 silencing any opposition voice that might have been raised by ratepayers who may have been granted  
5 Intervention under the normal course of procedure<sup>4</sup>. KMR asserts this has violated her rights to due  
6 process<sup>5</sup>. The necessity of bifurcating and expediting the Phase 1 proceedings is highly dubious. The  
7 late mailing and the inconspicuous nature of the return address on the Public Notice is suspicious. The  
8 Phase 1 financing is necessary only because of Payson Water Company's own mismanagement and  
9 misconduct. PWC should not be given a break in an administrative proceeding when their own  
10 misconduct created the alleged "need". And, the clear evidence of fraud that was discovered during  
11 Phase 2 and described in KMR's Post Hearing Brief of 03/10/2014<sup>6</sup> and other filings<sup>7</sup> and Suzanne Nee's  
12 filings<sup>8</sup> have largely been ignored, along with KMR's requests to reopen Decision 74175 and reconsider  
13 it, as set forth by A.R.S. §40-252<sup>9</sup>. She repeats that request here, formally, and asks the ACC to reopen  
14 and reconsider Decision 74175 in light of the evidence produced during Phase 2 of the case. This is  
15 necessary to assure a just and reasonable result is achieved for permanent rates.

16  
17 The ACC contends that notice was not required for the Phase 1 proceeding "because the  
18 Commission was granting emergency interim rate relief, which does not require notice or an  
19 opportunity to be heard"<sup>10</sup>. However, the basis for the "emergency" claim has been shown to be based  
20 on *false* evidence and *contrived* circumstances<sup>11</sup>, which should nullify any justification to violate the  
21 rights of the ratepayers to due process. The government cannot take a person's property (rates are

<sup>3</sup> In accordance with A.A.C. Rule R14-3-105(B).

<sup>4</sup> See Post Hearing Brief of Kathleen M. Reidhead filed on 03/10/2014, Document #151657, pages 1-4. Also see Intervenor Exceptions to ALJ Nodes ROO of Suzanne Nee, Document #153742 filed on 06/05/14, pages 1-7.

<sup>5</sup> See Exceptions to the Recommended Opinion and Order, "ROO", filed by Kathleen M. Reidhead on 06/05/2014, Document #153746, page 7, lines 5-33 and page 11, lines 7-29. Also, see Post-Hearing Brief filed by Kathleen M. Reidhead on 03/10/2014, pages 1-4.

<sup>6</sup> See Post Hearing Brief of Kathleen M. Reidhead filed on 03/10/2014, Document #151657, pages 5-17.

<sup>7</sup> See Motion for a Continuance for Legal Consultation filed on 06/06/2014, Document #153757, Exceptions to the ROO filed on 06/05/2014, Document #153746, Exceptions to Staff's Recommended Emergency Intrim PWAM Order filed on 05/22/2014, Document #153500, Supplemental Intervenor Reply to Post-Hearing Briefs filed on 03/31/2014, Document #152168, Intervenor Reply to Post-Hearing Briefs filed on 03/21/2014, Document #151936, Intervenor Post-Hearing Brief filed on 03/10/2014, Document #151657, Intervenor Response to Supplemental Rejoinder Testimony filed on 01/27/2014, Document #151008, Supplement to pre-filed Testimony filed on 01/07/2014, Document #150679, Supplement to pre-filed Testimony filed on 01/06/2014, Document #150656, and Surrebuttal Testimony filed on 12/20/2013, Document #149903.

<sup>8</sup> See Exceptions to the ROO filed by Suzanne Nee on 06/05/2014, Document #153742, page 10, lines 25-28 and page 11, lines 7-21 and page 13, lines 20-25. Also, Supplement to Pre-Filed Testimony, Document #150673 filed on 01/06/2014. Also, Intervenor Exceptions to Recommended PWAM Order, Document #153506 filed on 05/22/2014.

<sup>9</sup> See Post Hearing Brief of Kathleen M. Reidhead filed on 03/10/2014, Document #151657, page 4, lines 27-29, citing **Hendricks v. Arizona Dept. of Economic Security, 270 P.3d 874, at 879 (2012)**. Also, see Exceptions to the Recommended Opinion & Order by Kathleen M. Reidhead filed on 06/05/2014, Document #153746, page 6, lines 20-22.

<sup>10</sup> See Decision 74567, page 26, lines 23-24 and page 37, lines 1-2.

<sup>11</sup> See Exceptions to the ROO by Kathleen M. Reidhead, Document #153746 filed on 06/05/2014.

1 considered property) without affording that person due process to defend against such action. Because  
2 the ACC bifurcated the case into Phase 1 and Phase 2, then PWC served defective notice on the  
3 ratepayers so that none could participate in the Phase 1 portion of the case, they will suffer the  
4 deprivation of property without being afforded due process of the law to defend against that  
5 deprivation. The language in the Phase 1 order impacts the permanent rates that were set in Phase 2.  
6 And no ratepayer was able to participate as Intervenor in Phase 1 because of the defective Public  
7 Notice. Hence, KMR's rights to due process have been violated by that order. This is a very serious  
8 abuse of governmental power.

9  
10 As stated in her "Exceptions to the Recommended Opinion and Order"<sup>12</sup>, Decision 74567  
11 does not properly document all the relevant information impacting this case. In fact, it takes details out  
12 of their proper context, which conceals and minimizes many actions taken by PWC that have harmed  
13 the ratepayers and will impact them further under the new rates that are effective July 1, 2014.

14  
15 For example, the paying of a Dividend of \$352,206 to the former shareholder, Brooke Utilities,  
16 during 2013 is evidence that PWC contributed to the financial duress that they claimed to be suffering  
17 from throughout the rate case. At the Open Meeting on 06/10/2014, Commissioner Gary Pierce asked  
18 Staff to explain the \$352,206 dividend that was paid to the former shareholder, Brooke Utilities in  
19 2013<sup>13</sup>. Commissioner Pierce led the Staff to acknowledge that the payment was "cash" and suggested  
20 that KMR had a misunderstanding of how cash would be considered in the factoring of the rate increase.  
21 However, Crystal Brown gave clear testimony regarding this matter at the Phase 2 Hearing on  
22 02/10/2014:

23  
24 ***"If that money had remained with the Company, Staff could have asked for a portion***  
25 ***of that gain to offset a portion of the increase."***<sup>14</sup>

26  
27 ***"If Staff had recommended that a portion of the gain be used to offset the increase,***  
28 ***Staff's rationale would have been that customers would have paid the owner for the***  
29 ***plant through the depreciation rates that it paid. So the portion of the plant that was***  
30 ***fully depreciated, the owner of the Company would have recovered the full cost of that***  
31 ***plant, and customers would have paid for the repair and maintenance on that plant,***  
32 ***so the owner would have been made whole on that plant. So, the owner would have***  
33 ***been paid once through rates and again through the gain, so the gain would have been***  
34 ***a windfall and Staff would have recommended a sharing of that gain based upon the***  
35 ***amount of plant that was fully depreciated."***<sup>15</sup>

36  
37 ***"Staff and many Commissions view that as a windfall and recommend a sharing of***  
38 ***that gain."***<sup>16</sup>

<sup>12</sup> See Document #153746 filed on 06/05/2014.

<sup>13</sup> See the report at the Open Meeting on 06/10/2014, 03:52:11 - 03:54:24 of the archived video.

<sup>14</sup> See testimony of Crystal Brown on 02/10/2014 at 02:47:50 - 02:48:10 of the archived video.

<sup>15</sup> See testimony of Crystal Brown on 02/10/2014 at 05:30:05 - 05:31:35 of the archived video.

1  
2 Therefore, the removal of \$352,206 from PWC's Treasury prior to the filing of their rate  
3 application certainly has impacted the rate determination, as it denied the ratepayers any opportunity  
4 to receive an offset in the rate increase, as described by Crystal Brown, from the sale of the Star  
5 Valley/Quail Valley plant<sup>17</sup>. KMR has requested remedy for this<sup>18</sup>, but has been ignored. In her  
6 Surrebuttal Testimony, she cited A.R.S. §40-426 may have been violated, although other statutes may  
7 apply as well.  
8

9 Additionally, through a complex set of maneuvers<sup>19</sup>, the ACC has allowed PWC to achieve the  
10 revenue level necessary for PWC to qualify for the WIFA loan that was authorized in Phase 1 by Decision  
11 74175<sup>20</sup>. While the surcharge for the TOP-MdC interconnect pipeline was referred to as "interim" in the  
12 Phase 1 Decision 74175<sup>21</sup> and again recently, in the interim PWAM Decision #74484<sup>22</sup> as well as twice in  
13 the Phase 2 Decision 74567<sup>23</sup>, Judge Nodes stated at the Open Meeting on 06/10/2014 that ***"it was  
14 made permanent in the Phase 1 order and it continues in existence unabated by this subsequent order,  
15 so it continues in existence and continues to be charged by the Company at this time"***<sup>24</sup>. That  
16 statement contradicts the written language in three Decisions saying the surcharge for the TOP-MdC  
17 interconnect pipeline was "interim". No language in Decision #74175 indicates it is permanent. In fact,  
18 the language indicates quite the contrary<sup>25</sup>. KMR, while acknowledging that she is not an Attorney,  
19 understands that a common principle of law says a written document takes precedence over a verbal  
20 statement. Typically, a written order can only be modified by a later executed written order. Therefore,  
21 this discrepancy put forth by ALJ Nodes during the Open Meeting appears to be judicial misconduct, in  
22 violation of the Arizona Code of Judicial Conduct<sup>25</sup> and/or the Ethical Standards of the Arizona Office of

---

<sup>16</sup> See testimony of Crystal Brown on 02/10/2014 at 05:33:30 - 05:33:43 of the archived video.

<sup>17</sup> See testimony of Crystal Brown on 02/10/2014 at 05:28:15 - 05:37:20 of the archived video.

<sup>18</sup> See Intervenor Reply to Post-Hearing Briefs by Kathleen M. Reidhead filed on 03/21/2014, Document #151936, page 2, lines 13-19 and Post Hearing Brief of Kathleen M. Reidhead file don 03/10/2014, Document #151657, page 13, lines 30-34 and page 14, lines 1-9.

<sup>19</sup> See Post Hearing brief of Kathleen M. Reidhead filed on 03/10/2014, Document #151657, pages 11, 12 & 13.

<sup>20</sup> See Exceptions to the ROO by Kathleen M. Reidhead filed on 06/05/2014, Document #153746, page 5, lines 16-33 and page 6, lines 1-6.

<sup>21</sup> See Decision #74175 issued on 10/25/2013, Findings of Fact #14 & #15 on page 8, lines 10-27 and page 9, lines 1-10....in part, " **Staff asserts that approval of interim rates, through the WIFA loan surcharge and purchased water adjustor, is justified in this case given the substantial rate increases experienced by Mesa del Caballo customers over the last two summers associated with water hauling. (Ex. S-2, at 3.)** " as well as page 15, Conclusions of Law, #6, "The interim rates represented by the Phase 1 WIFA loan surcharge are reasonable and in the public interest because PWC has a pending permanent rate case pending, as well as a financing application for the remainder of the Cragin Pipeline project; ...."

<sup>22</sup> See Decision #74484 issued on 05/22/2014, Findings of Fact #3 on page 2, lines 9-10. "In Phase 1, the Commission granted the Company interim emergency rate relief related to the costs of constructing the pipeline".

<sup>23</sup> See Decision #74567 filed on 06/20/2014, page 26, lines 22-24 and page 37, lines 1-2.

<sup>24</sup> See the comments of Judge Dwight D. Nodes at the Open Meeting on 06/10/2014, @ 04:29:00 - 04:30:11 of the archived video.

<sup>25</sup> Available at this link: <http://www.azcourts.gov/Portals/137/NewCode/2014CodeofJudicialConduct.pdf>.

1 Administrative Hearings<sup>26</sup>. As noted in her Exceptions to the ROO, there is a clear indication of bias by  
2 the Staff, the Executive Director of the ACC and the Administrative Law Judge in this case<sup>27</sup>. Therefore,  
3 this new development is **very** concerning, as it shows that the scope of that bias has now expanded.  
4

5 It is certain that the TOP-MdC interconnect pipeline is in the rate base, despite the effort to  
6 obscure the matter, ALJ Nodes going so far as to stop KMR from cross-examining Staff witness Crystal  
7 Brown about the language from the Phase 1 Decision relating to the DSC of 1.2 or greater during the  
8 Phase 2 Hearing on 02/10/2014<sup>28</sup>. KMR contends the stoppage of that line of questioning was another  
9 violation of her rights to due process.  
10

11 The interim TOP-MdC interconnect pipeline surcharge (currently calculated at \$6.76/month) has  
12 not been ordered to be made permanent by Decision 74567. The statement made by ALJ Nodes at the  
13 06/10/2014 Open Meeting is designed to deceive the Commissioners and the ratepayers into believing  
14 that only the ratepayers of MdC will continue to pay for that TOP-MdC interconnect pipeline. However,  
15 Judge Nodes' statement<sup>23</sup> does not clearly indicate that the TOP-MdC interconnect pipeline surcharge  
16 will **remain** a permanent surcharge going forward and KMR states that it will not, it will be cancelled  
17 sometime after the time clock runs out to file applications for a re-hearing of this case. To continue it  
18 would be to double collect from the ratepayers of the MdC system, once through base rates and once  
19 through the interim TOP-MdC interconnect pipeline surcharge. When that interim TOP-MdC  
20 interconnect pipeline surcharge is cancelled at a future date, KMR will unequivocally be paying for that  
21 pipeline loan and associated costs through her rates, which affirms that her due process rights were  
22 indeed violated, as previously asserted<sup>29</sup>. This recent statement by Judge Nodes muddles the matter  
23 and puts forth discrepancies to the record that **does** rise to the level of "shock the conscience" in the  
24 violation of her rights to due process.  
25

26 Additionally, under CONCLUSIONS OF LAW, Item 2 of the interim emergency PWAM Decision  
27 #74484, states, "**Appropriate notice of the proceeding and an appropriate opportunity to be heard**  
28 **have been given in the manner prescribed by law.**" However, it has been shown that appropriate  
29 notice was not granted<sup>30</sup>, therefore, that Decision cannot be binding by law, nor should be made  
30 permanent in the current Decision 74567. Defective notice was again served<sup>31</sup> without a **true**  
31 emergency being established, therefore there is no justification to nullify ratepayers' rights to due  
32 process. KMR further asserts that this action also violates the Arizona Code of Judicial Conduct<sup>32</sup> and/or

<sup>26</sup> Available at this link: <http://www.azoah.com/ethics.html>.

<sup>27</sup> See Exceptions to the ROO by Kathleen M. Reidhead filed on 06/05/2014, Document #153746, page 12, lines 26-34 and page 13, lines 1-22.

<sup>28</sup> See testimony of Crystal Brown at Phase 2 Hearing on 02/10/2014, Document #151335, pages 29-33, specifically page 32/202, lines 10-25 & page 33/202, lines 1-7. Also available @ 46:20 - 51:10 of the archived video.

<sup>29</sup> See Post Hearing Brief of Kathleen M. Reidhead filed on 03/10/2014, Document #151657, pages 1-4.

<sup>30</sup> See Request for Re-Hearing of Decision #74484, filed by Kathleen M. Reidhead on 06/05/2014, Document #153747.

<sup>31</sup> Ibid.

<sup>32</sup> Available at this link: <http://www.azcourts.gov/Portals/137/NewCode/2014CodeofJudicialConduct.pdf>.

1 the Ethical Standards of the Arizona Office of Administrative Hearings<sup>33</sup>. KMR filed a request for re-  
2 hearing of that Decision on June 5, 2014<sup>34</sup> but received no response, indicating it was denied, as per  
3 A.R.S. §40-253.

4  
5 Cost of service has been wrongly determined<sup>35</sup> and must be remedied. PWC violated A.A.C. Rule  
6 R14-2-103 and A.A.C. Rule R14-2-411 (D.) (1., 2., & 3.) which caused an incorrect determination of the  
7 fair value of its utility plants and property. This results in a violation of A.R.S. §40-361. Even  
8 Commissioner Pierce acknowledged that the sale of the Star Valley/Quail Valley plant reduced the rate  
9 base significantly<sup>36</sup>, which reflects the same logic that KMR asserted in her Supplemental Intervenor  
10 Reply to Post Hearing Briefs on 03/31/2014<sup>37</sup>:

11  
12 ***"The Company has failed to make their case for the exorbitant rate increase they***  
13 ***are seeking. Since the last rate case in 2000, the plant in service has depreciated***  
14 ***and there is no known new infrastructure investment in these 14+ years since.***  
15 ***With the sale of the Star Valley/Quail Valley plant in 2012, PWC's total plant in***  
16 ***service is now smaller. It has been argued that under the management of parent***  
17 ***Company JW Water Holdings, some operating costs are less than under the***  
18 ***former owner during the Test Year 2012. There is no justification in the computation***  
19 ***of this huge rate increase that overcomes these facts except for their pursuit of***  
20 ***Cragin water resources."***

21  
22 ...and the same logic that Suzanne Nee asserted in her Intervenor Response to Commissioner Gary  
23 Pierce Letter submitted on 05/12/2014.<sup>38</sup> Without the addition of the \$275,000 TOP-MdC interconnect  
24 pipeline to the rate base, and the inflated expenses reported by PWC, rates would be lower, not higher  
25 in this case.

26  
27 A criminal investigation has been requested<sup>39</sup> and ignored. There is a volume of evidence to  
28 indicate that PWC has engaged in fraud to support this rate request and KMR respectfully requests the  
29 ACC contact the appropriate authority, either the Attorney General or the County Attorney, to request  
30 and aid in a criminal investigation based upon the evidence presented during this case as well as on

---

<sup>33</sup> Available at this link: <http://www.azoah.com/ethics.html>.

<sup>34</sup> See Document #153747 filed on 06/05/2014.

<sup>35</sup> See Exhibit KMR-5, Document #151008 filed on 01/27/2014 and Exhibit KMR-2, Document #149903 filed on 12/20/2013, page 7, lines 16-40 and page 8, lines 1-5 and Post Hearing Brief of Kathleen M. Reidhead, Document #151657 filed on 03/10/2014.

<sup>36</sup> See the comments of Commissioner Gary Pierce at the Open Meeting on 06/10/2014, @ 03:54:10 - 03:54:22 of the archived video.

<sup>37</sup> See Document #152168 filed on 03/31/2014, pages 1-2. Also, see Suzanne Nee's filing on 05/12/14, Document #153320, pages 2-3.

<sup>38</sup> See Document #153320 filed on 05/12/14 by Suzanne Nee, pages 1-3.

<sup>39</sup> See Exhibit KMR-5, Document #151008 filed on 01/27/2014 and Post Hearing Brief of Kathleen M. Reidhead, Document # 151657 filed on 03/10/2014 and Motion for a Continuance for Legal Consultation, Document #153757 filed on 06/06/2014, page 3, lines 9-14.

1 Dockets #W-03514A-12-0007 and W-03514A-12-0008 indicating consumer fraud was perpetrated by  
2 Brooke Utilities and/or PWC through water hauling exercises and grossly inflated expenses, per A.R.S.  
3 §40-421.  
4

5 **A.R.S. §40-421. Enforcement of laws relating to public service corporations**

6 **(A.) The commission shall require that the laws affecting public service corporations,**  
7 **the enforcement of which is not specifically vested in some other officer or tribunal,**  
8 **are enforced and obeyed, and that violations thereof are promptly prosecuted and**  
9 **penalties due the state therefor recovered and collected, and for such purposes may**  
10 **bring actions in the name of the state.**

11  
12 **(B.) Upon request of the commission, the attorney general, or the county attorney**  
13 **of the proper county, shall aid in any investigation, hearing or trial conducted under**  
14 **the provisions of this chapter and shall institute and prosecute actions or proceed-**  
15 **ings for enforcement of the provisions of the constitution and statutes of this state**  
16 **affecting public service corporations and for punishment of all violations thereof.**  
17

18 The questionable water use data reported by PWC for MdC in 2012 was explained by Mr. Steven  
19 Olea to Commissioner Brenda Burns at the Open Meeting by comparing the numbers to 2013, stating,  
20 *"the 2012 numbers show two columns, pumped and purchased, but if you look at those numbers and*  
21 *compare them to the 2013 numbers, the 2012 numbers don't make sense if you look at those two*  
22 *columns separately. But the way that we looked at it was, that the gallons pumped included the*  
23 *gallons purchased and the gallons purchased aren't just the water purchased from the Town of Payson*  
24 *from the hauling, purchased could be water that was purchased from the wells that were not owned*  
25 *by the Company, but they had purchase agreements with certain customers up there in Mesa del."*<sup>40</sup>  
26 KMR asserts that to look at the 2013 numbers to attempt to figure out what happened in 2012 is  
27 illogical, since PWC was managed by Mr. Robert Hardcastle in 2012 and by Mr. Jason Williamson in  
28 2013. What makes sense is to look back historically at the way Mr. Robert Hardcastle filed his water use  
29 data numbers in prior years.  
30

31 Attached as Exhibit A are water use data sheets for Mesa del Caballo submitted by Robert  
32 Hardcastle for the years 2006, 2007, 2008, 2009 & 2010<sup>41</sup>. The 2011 Water Use data sheet has been  
33 missing, which was why the Company was out of compliance with ADWR throughout this rate case.  
34 From these Water Use Data Sheets, you can see that Robert Hardcastle reported the gallons pumped  
35 separately from gallons purchased in all five prior years, in stark contrast to the 2012 Water Use Data  
36 Sheet. The narrative given by Steven Olea to excuse PWC from the highly irregular water use numbers  
37 filed in 2012 is invalid. He says 2013 appears to have "better record keeping", but if you look at the  
38 Water Use Data for MdC in 2006, 2007, 2008, 2009 & 2010, you will see that Robert Hardcastle provided  
39 "better record keeping" in all those prior years, showing separation of the gallons pumped and gallons

<sup>40</sup> See Steven Olea's explanation at the Open Meeting on 06/10/2014 @ 03:45:00 - 03:48:10 of the archived video.

<sup>41</sup> All submitted in Suzanne Nee's Supplement to Pre-Filed Testimony filed on 01/06/2014, Document #150673.

1 purchased each time. In fact, the month of September 2012 data clearly illustrates the impossibility of  
2 Mr. Olea's explanation for the water data discrepancy. 2,874,000 gallons is reported as being delivered  
3 via water sharing agreements, while consumption was only 1,072,000 gallons for that month and the  
4 gallons pumped shows 1,243,000 gallons for that month. The storage capacity of 105,000 gallons in  
5 MdC could not have held the additional 1,802,000 gallons that is reported as purchased in that month.  
6 So, *clearly* there is inaccurate data reported for 2012.

7  
8 There is no valid excuse put forth to overcome the fact that the 2012 water use data numbers  
9 show highly irregular and unreliable data was submitted by PWC, and that data clearly should be  
10 investigated along with other questionable data submitted by PWC indicating consumer fraud was  
11 perpetrated against the ratepayers of MdC<sup>42</sup>. There is a pattern of irregular and suspicious data in the  
12 filing of this case that has been ignored. See the in-depth analysis by Suzanne Nee showing the trends  
13 over 2006-2012<sup>43</sup> as well as the indication of fraud in PWC's own filing, Exhibit A-17<sup>44</sup>, as described in  
14 KMR's Post Hearing Brief<sup>45</sup> as well as the formal complaints and evidence filed on Dockets W-03514A-  
15 12-0007 and W-03514A-12-0008.

16  
17 The 589,000 gallons of water hauled in 2012 is stated by PWC to have cost the MdC ratepayers  
18 approximately \$40,000<sup>46</sup>, which comes out to approximately \$67.91/1,000 gallons of hauled water. The  
19 Town of Payson, "TOP", charged (on average) \$6.46/1,000 gallons for the water sold to PWC in 2012<sup>47</sup>.  
20 To believe that the truck driver received all of the approximately \$60.00/1,000 gallons, around  
21 \$35,000.00 to deliver it (nearly 10 times as much as the cost of the water), is highly objectionable. PWC  
22 either profited from some of that money collected from the ratepayers of MdC for hauled water in  
23 2012 in violation of the Water Augmentation Tariff issued by Decision #71902<sup>48</sup> or grossly overpaid for  
24 delivery of it. It is outrageous that Staff did not scrutinize these details more carefully to see that there  
25 was no clear indication of a need to haul water in 2012 and that water hauling abuses very likely have  
26 taken place, as asserted in two formal complaints filed back in 2012<sup>49</sup> that have still not been  
27 adjudicated by ALJ Nodes. It is even more outrageous that Staff now tries to defend their lack of proper  
28 oversight with such a lame excuse as that given by Steven Olea at the Open Meeting on June 10, 2014<sup>50</sup>.  
29 Accordingly, these facts are additional grounds for the ACC to reconsider Decisions 74567 and 74175 in

---

<sup>42</sup> See Post Hearing Brief of Kathleen M. Reidhead, Document #151657 filed on 03/10/2014 and Intervenor Reply to Post Hearing Briefs, Document #151936 filed on 03/21/14. Also, see Docket #W-03514A-12-0007 and #W-03514A-12-0008.

<sup>43</sup> See Supplement to Pre-Filed Testimony submitted on 01/06/2014, Document #150673, Pages 1-2 & Exhibits A, B, C & D.

<sup>44</sup> See Document #148688, filed on 10/01/2013 by PWC.

<sup>45</sup> See Document #151657 filed on 03/10/14 by Kathleen M. Reidhead, pages 5 & 6.

<sup>46</sup> See Exhibit A-15, Rejoinder Testimony of Jason Williamson, Document #150671 filed on 01/06/2014, page 14, lines 22-23.

<sup>47</sup> See attached Exhibit B - Town of Payson Published Water Rates & PWC Water Purchased from Town in 2012.

<sup>48</sup> See Document #118338 issued on 09/28/2010 under Docket #W-03514A-10-0116.

<sup>49</sup> See Docket #W-03514A-12-0007 and Docket #W-03514A-12-0008.

<sup>50</sup> See Steven Olea's explanation at the Open Meeting on 06/10/2014 @ 03:45:00 - 03:48:10 of the archived video.

1 accordance with A.R.S. §40-253 and A.R.S. §40-252 respectively and cooperate with a criminal  
2 investigation into the Company's practices, to comply with A.R.S. §40-421.

3  
4 There are other procedural problems that have not been adequately addressed, such as the *very*  
5 late filing of evidence<sup>51</sup> outside of the Hearing process, which KMR asserts would violate A.A.C. rule R14-  
6 3-109(L) under ordinary circumstances.<sup>52</sup> KMR objects to the Attachments A, B & C that were  
7 introduced via PWC's Exceptions to the ROO and Notice of Clarification on 06/05/2014<sup>53</sup> and amended  
8 into Decision 74567, as the late filing of these documents has prevented all parties to this proceeding  
9 from having a full and fair opportunity to present their cases. On June 6, 2014, KMR requested a 90-day  
10 continuance in the case in order to consult with an Attorney on how best to re-open the Hearing or re-  
11 take testimony regarding these exhibits<sup>54</sup>, but was ignored. While she is aware that the A.A.C. Rule R14-  
12 3-109 (L) states, in part: "**Whenever practicable, or when ordered by the Commission or presiding**  
13 **officer, the parties shall interchange copies of exhibits before or at the hearing...**" and the Commission  
14 may deem this not "practicable" at this late stage of the case, KMR argues that since the date of the  
15 letter in Attachment A is April 7, 2014, nearly two months prior to its disclosure, it is entirely reasonable  
16 to suspect that PWC withheld this information intentionally, and presented it at the latest possible  
17 opportunity, to avoid proper scrutiny of the details. And since there is an abundance of evidence  
18 showing fraud may have been committed by PWC contained in the record of this case, greater care  
19 should be undertaken to assure that additional evidence is not overlooked. Decision 74567 cites "**Mr.**  
20 **Williamson testified that neither BUI nor Mr. Hardcastle have any interest in PWC, and that Mr.**  
21 **Williamson has "no ongoing business or personal relationship with Mr. Hardcastle" and "Mr.**  
22 **Hardcastle is no longer affiliated with the company in any capacity." (Tr. 185.)**"<sup>55</sup> This testimony is  
23 accepted as truthful, despite the late produced data PWC put forth in their filing on 06/05/2014<sup>56</sup> that  
24 shows evidence to the contrary. KMR has indicated in her Motion for a Continuance<sup>57</sup>, that the well  
25 information introduced in PWC's filing shows there is a relationship between Robert T. Hardcastle  
26 (President of Brooke Utilities) and Jason Williamson (President of PWC), as the well #55-585747 that is  
27 hooked up to PWC's MdC distribution system under a well-sharing agreement is owned by Brooke  
28 Utilities. This relationship, and the effort put forth to hide that relationship, may very well indicate  
29 collusion between Mr. Hardcastle and Mr. Williamson in their efforts to deceive and defraud the  
30 ratepayers in this complicated scheme to obtain access to Cragin water resources, including, but not  
31 limited to, the approval for the TOP-MdC interconnect pipeline approved in Phase 1. It is, therefore,  
32 vitally important to the case. Additional justification to grant this Motion for Continuance is contained

---

<sup>51</sup> See PWC's Exceptions to ROO and Notice of Clarification filed on 06/05/2014, Document #153745, pages 8-10 and attachments A, B & C.

<sup>52</sup> See Complaint filed by Kathleen M. Reidhead on 06/06/2014, Document #153792.

<sup>53</sup> See Document #153745 filed by PWC on 06/05/2014.

<sup>54</sup> See Motion for a Continuance filed by Kathleen M. Reidhead on 06/06/2014, Document #153757.

<sup>55</sup> See Decision 74567 at page 14, lines 15-18.

<sup>56</sup> See PWC's Exceptions to the ROO and Notice of Clarification filed on 06/05/2014, Document #153745, Attachment A. Also, see KMR's Motion for a Continuance for Legal Consultation filed on 06/06/2014, Document #153757.

<sup>57</sup> See Document #153757 filed on 06/06/2014.

1 within that Motion<sup>58</sup>. KMR again requests the ACC cooperate with a criminal investigation into the  
2 Company's practices. KMR asserts that the lack of adherence to the rules of evidence so that all parties  
3 are granted a fair opportunity shows additional evidence of bias by the ACC, which has unfairly  
4 disadvantaged the Intervenor throughout this case and is grounds for reconsideration of the Decisions.  
5

6 Additionally, the 90-day extension requested by Intervenor Bill Sheppard for Richard Burt's heirs  
7 to come forward and be substituted in the proceedings under Rule 25 of the Arizona Rules of Civil  
8 Procedure was denied. The Decision 74567 states, "*In this case, it is clear that Mr. Burt's claim has  
9 been extinguished because he no longer has an interest in the future rates and charges that will  
10 ultimately be set by the Commission. As a result, it is not appropriate to substitute Mr. Burt for his  
11 estate as an Intervenor in this proceeding.*"<sup>59</sup> However, it has not been established that Mr. Burt's  
12 estate has been settled and/or that his heirs have no future interest in the future rates and charges that  
13 will ultimately be set by the Commission, as his heirs may inherit his property and may, therefore, have  
14 a very direct interest in the matter. Therefore, this violation of Rule 25 of the Arizona Rules of Civil  
15 Procedure may also violate the Arizona Code of Judicial Conduct<sup>60</sup> and/or the Ethical Standards of the  
16 Arizona Office of Administrative Hearings<sup>61</sup>.  
17

18 And there are numerous allegations of misconduct by Staff, the Executive Director of the ACC  
19 and the ALJ that have not been adequately addressed<sup>62</sup>. These actions may also violate the Arizona  
20 Code of Judicial Conduct<sup>63</sup> and/or the Ethical Standards of the Arizona Office of Administrative  
21 Hearings<sup>64</sup>.  
22

23 Lastly, there are structural problems with the Decision 74567. Deer Creek Village, "DCV",  
24 should be deconsolidated and placed into the same rate structure as the Gisela system<sup>65</sup> and both  
25 communities should be placed on a much lower rate structure, based on actual cost of service in order  
26 for a just and reasonable rate to be established. KMR asserts that the rate increase that has been  
27 ordered in Decision 74567 is discriminatory, as the DCV rate for average usage is 87.3% higher than prior  
28 rates and Gisela's rate for average usage is 116.8% higher than prior rates, while the other 6 systems are  
29 ordered to pay between 58.6% to 69.6% higher rates for average usage than the prior rates. Thus, DCV  
30 and Gisela are much harder hit at 87.3% and 116.8% respectively. The new inverted tier rate structure is  
31 discriminatory towards the DCV and Gisela systems, as they are being asked to pay a disproportionate  
32 share of the rate increase, which violates A.R.S. §40-203. This is particularly unjust, since those two

<sup>58</sup> See Complaint filed by Kathleen M. Reidhead on 06/06/2014, Document #153792. Also, see KMR's Motion for a Continuance for Legal Consultation filed on 06/06/2014, Document #153757.

<sup>59</sup> See Decision 74567 at page 39, lines 25-26 & page 40, lines 1-2.

<sup>60</sup> Available at this link: <http://www.azcourts.gov/Portals/137/NewCode/2014CodeofJudicialConduct.pdf>.

<sup>61</sup> Available at this link: <http://www.azoah.com/ethics.html>.

<sup>62</sup> See Exceptions to the ROO by Kathleen M. Reidhead, Document #153746 filed on 06/05/2014, Page 12, lines 26-34 and page 13, lines 1-22.

<sup>63</sup> Available at this link: <http://www.azcourts.gov/Portals/137/NewCode/2014CodeofJudicialConduct.pdf>

<sup>64</sup> Available at this link: <http://www.azoah.com/ethics.html>.

<sup>65</sup> See Exhibit KMR-5, Document #151008 filed on 01/27/2014 and Exhibit KMR-2, Document #149903 filed on 12/20/2013 and Post Hearing Brief of Kathleen M. Reidhead filed on 03/10/2014, Document #151657.

1 communities reside in the Tonto Creek water basin, at a lower elevation, where climate conditions are  
2 hotter, underground water resources are abundant, and their higher water usage is known to be due to  
3 these conditions.<sup>66</sup> *State ex rel. Corbin v. Ariz. Corp. Comm'n*, 143 Ariz. 219, 223-24, 693 P.2d 362, 366-  
4 67 (App. 194), states in part, "Facts and circumstances which ought to be considered must not be  
5 excluded." Inverted tier "conservation rates" imposed on these two systems with groundwater wells  
6 known to have abundant groundwater resources are patently unreasonable and unjust. Furthermore,  
7 the base rate of \$21.00/month for Gisela and \$24.10/month for the other 7 systems that was offered as  
8 an amendment on the last day of this case indicates that the base rate has been arbitrarily set for Gisela,  
9 not based on *actual cost of service* for that community, in violation of A.A.C. Rule R14-2-103 and A.A.C.  
10 Rule R14-2-411 (D.) (1.). This shows that the ACC has wrongly determined the fair value of PWC's utility  
11 plant and property for the Gisela system, and therefore, has not come to a just and reasonable Decision  
12 for rates as is required by A.R.S. §40-361. Therefore, KMR requests the ACC reconsider Decisions 74567  
13 and 74175 in accordance with A.R.S. §40-253 and A.R.S. §40-252 respectively.

14  
15 Respectfully submitted this 8th day of July, 2014.

16  
17 By Kathleen M. Reidhead  
18 Kathleen M. Reidhead, Intervenor  
19 14406 S. Cholla Canyon Dr.  
20 Phoenix, AZ 85044  
21  
22

23 **ORIGINAL** and thirteen (13) copies  
24 of the foregoing were filed this 8th  
25 day of July, 2014 with:

26  
27 Docket Control  
28 Arizona Corporation Commission  
29 1200 W. Washington Street  
30 Phoenix, AZ 85007  
31

32 **COPY** of the foregoing was mailed  
33 this 8th day of July, 2014 to:

34  
35 Jay Shapiro (Attorney for Payson Water Co., Inc.)  
36 Fennemore Craig P.C.  
37 2394 E. Camelback Road, Suite 600  
38 Phoenix, AZ 85016  
39

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

<sup>66</sup> See Post Hearing Brief of Kathleen M. Reidhead filed on 03/10/2014, Document #151657, page 15, lines 28-37 and page 16, lines 1-31.

1 Robert Hardcastle  
2 3101 State Road  
3 Bakersfield, CA 93308  
4

5 William Sheppard  
6 6250 North Central Avenue  
7 Phoenix, AZ 85012  
8

9 Thomas Bremer  
10 6717 E. Turquoise Ave.  
11 Scottsdale, AZ 85253

Glynn Ross  
405 S. Ponderosa  
Payson, AZ 85541

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

Kathleen M. Reidhead

# EXHIBIT A

From Suzanne Nee's Supplement to Pre-Filed  
Testimony filed on 01/06/2014, Document #150673

COMPANY NAME: PAYSON WATER CO., INC.

Name of System: Moon Del Caballo Water System

ADWD Public Water System Number (if applicable): PWS 00-010

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (THOUSANDS)	GALLONS PUMPED (THOUSANDS)	GALLONS PURCHASED (THOUSANDS)
JANUARY	369	1,631	302	1,510
FEBRUARY	375	1,359	158	1,284
MARCH	375	1,358	214	1,133
APRIL	375	1,287	172	1,282
MAY	375	1,980	507	1,498
JUNE	375	2,411	507	1,603
JULY	375	2,374	875	2,005
AUGUST	375	1,723	1,183	1,024
SEPTEMBER	375	1,314	196	1,289
OCTOBER	373	1,647	1,190	877
NOVEMBER	376	1,550	950	1,305
DECEMBER	376	1,287	170	1,404
TOTALS		19,921	6,824	16,214

What is the level of arsenic for each well on your system? See page 18 Mg/l  
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? n/a GPM for n/a hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

Yes       No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

Yes       No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

Yes       No

If yes, provide the GPCPD amount: \_\_\_\_\_

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

Exhibit Q

Pg. 233/238

Sue Nee - 01/06/14 - Document #150673

COMPANY NAME: PAYSON WATER CO., INC.

Name of System: Moon Bell Cutoff Water System

ADWR Public Water System Number (if applicable): PWS 04-010

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	385	1,402	150	1,277
FEBRUARY	377	1,332	172	1,438
MARCH	378	1,347	159	1,250
APRIL	376	1,444	193	1,283
MAY	375	1,636	396	1,206
JUNE	378	1,731	638	1,107
JULY	377	1,702	623	1,146
AUGUST	373	1,558	325	800
SEPTEMBER	376	2,050	1,536	760
OCTOBER	377	1,810	583	678
NOVEMBER	376	1,291	398	581
DECEMBER	377	1,275	457	981
TOTAL		18,578	5,650	12,507

What is the level of arsenic for each well on your system? See Page 18 Mg/l  
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? n/a GPM for n/a hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

Yes       No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

Yes       No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

Yes       No

If yes, provide the GPCPD amount: \_\_\_\_\_

Notes: If you are filling out this form for a system that is not a public water system, please provide separate data sheets for each system.

Exhibit Q Pg. 234/238  
Sue Nee - 01/06/14 - Document #150673  
35

COMPANY NAME: PAYSON WATER CO., INC.

Name of System: Mesa Del Cabaño Water System

ADFQ Public Water System Number (if applicable): PWS 04 030

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2008

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	377	1,255	436	602
FEBRUARY	376	1,314	469	1,051
MARCH	376	1,271	328	1,163
APRIL	376	1,709	637	1,018
MAY	376	1,465	662	851
JUNE	376	1,744	1,014	857
JULY	376	1,521	840	772
AUGUST	378	1,416	794	741
SEPTEMBER	376	1,418	897	740
OCTOBER	374	1,813	718	912
NOVEMBER	373	1,335	775	699
DECEMBER	371	1,313	508	759
TOTAL		<del>16,524</del> 17,574	8,078	10,165

What is the level of arsenic for each well on your system? See Page 18 Mg/l

(If more than one well, please list each separately.)

If system has five hydrants, what is the flow rate in GPM for each hydrant?

Exhibit Q Pg. 235/238  
Sue Nee - 01/06/14 - Document #150673

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2009**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	512	1,416	759	527
FEBRUARY	511	1,426	735	312
MARCH	517	1,388	755	633
APRIL	511	1,471	756.7	728
MAY	511	1,395	862.5	616.6
JUNE	514	1,394	811.8	162.2
JULY	514	1,462	879.3	<del>888</del> 646
AUGUST	515	1,452	862.6	651.4
SEPTEMBER	511	1,509	450.1	628.6
OCTOBER	512	1,266	508.8	752.0
NOVEMBER	511	1,258	655.6	549.4
DECEMBER	511	1,394	144.1	652.6
TOTALS →		17,596	8,155	7,782

What is the level of arsenic for each well on your system? 0.1 mg/l  
 (If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for \_\_\_ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
 Yes       No

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
 Yes       No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
 Yes       No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

Exhibit Q

Pg. 236/238

Sue Nee - 01/06/14 <sup>37</sup> - Document #150673



COMPANY NAME: Payson Water Co., Inc.

Name of System: Mesa del Caballo ADEQ Public Water System Number: PWS 04-030

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2012

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	364	1001	1005	
FEBRUARY	361	1010	1170	
MARCH	364	940	977	
APRIL	364	1093	1192	
MAY	361	1125	1187	508
JUNE	362	1279	1226	
JULY	365	1292	1298	
AUGUST	360	1129	1163	
SEPTEMBER	362	1072	1243	2874
OCTOBER	363	1022	1105	12
NOVEMBER	363	951	1003	
DECEMBER	364	1029	1066	10
TOTALS →		12948	13441	3404

What is the level of arsenic for each well on your system? .003 mg/l  
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement?      GPM for      hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?  
 Yes  No

Is the Water Utility located in an ADWR Active Management Area (AMA)?  
 Yes  No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?  
 Yes  No

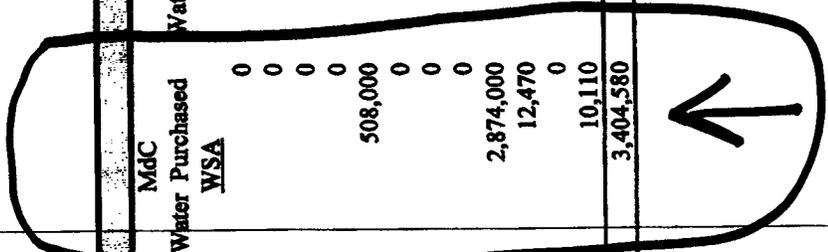
If yes, provide the GPCPD amount:     n/a    

Note: If you are filing for more than one system, please provide separate data sheets for each system.

Exhibit P Pg. 216/238  
Sue Nee - 01/06/14 - Document # 150673

2012 Gallons

	MdC		EVP		EVP		EVP		Water Purchased	
	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased	Water Purchased
	TOP	WSA	TOP	WSA	TOP	WSA	TOP	WSA	Total	Total
January	0	0	0	0	0	0	0	0	0	0
February	0	0	0	0	0	0	0	0	0	0
March	0	0	0	0	0	0	0	0	0	0
April	0	0	0	0	0	0	0	0	0	0
May	51,000	508,000	559,000	0	0	0	0	0	559,000	559,000
June	286,000	0	286,000	74,000	74,000	0	0	0	360,000	360,000
July	163,000	0	163,000	74,000	74,000	0	0	0	237,000	237,000
August	47,000	0	47,000	15,000	15,000	0	0	0	62,000	62,000
September	0	2,874,000	2,874,000	0	0	0	0	0	2,874,000	2,874,000
October	42,000	12,470	54,470	26,000	26,000	0	0	0	80,470	80,470
November	0	0	0	18,000	18,000	0	0	0	18,000	18,000
December	0	10,110	10,110	0	0	0	0	0	10,110	10,110
<b>Total</b>	<b>589,000</b>	<b>3,404,580</b>	<b>3,993,580</b>	<b>207,000</b>	<b>207,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,200,580</b>	<b>4,200,580</b>



Water Sharing Agreements

Hauled Water

Exhibit P Pg. 215/238  
Sue Nee - 01/06/14 - Document # 150673

# EXHIBIT B



## COUNCIL DECISION REQUEST

SUBJECT: Supplemental Water Supply to Mesa del Caballo Subdivision

MEETING DATE: July 25, 2013

SUBMITTED BY: Buzz Walker

SUBMITTAL TO AGENDA  
APPROVED BY TOWN MANAGER

AMOUNT BUDGETED: N/A

EXPENDITURE REQUIRED: N/A

EXHIBITS (If Applicable, To Be Attached): N/A

---

**POSSIBLE MOTION: I MOVE TO DIRECT STAFF TO PREPARE AN ADMINISTRATIVE POLICY FOR THE TOWN OF PAYSON TO PROVIDE AS-NEEDED SUPPLEMENTAL WATER SUPPLY TO THE MESA DEL CABALLO SUBDIVISION.**

**SUMMARY OF THE BASIS FOR POSSIBLE MOTION:** JW Water Holdings, LLC doing business as Payson Water Company provides public water service to its customers in the Mesa del Caballo subdivision approximately one mile north of the Payson town limits has requested that the Town of Payson provide supplemental water supply from the Town of Payson. This supply is needed to prevent frequent summertime water shortages and occasional water shortages during other months within the subdivision due to the effects of drought on the company's groundwater wells located throughout the subdivision. The company has entered into an agreement with the Town of Payson and the Salt River Project for utilization of the Town's proposed CC Cragin water pipeline and water treatment plant as a new source of water supply for the subdivision and an answer to the subdivisions chronic water supply problem. The company has established its own water right for use within the Mesa del Caballo subdivision. It is the intent of the Town of Payson to work with outlying communities adjacent or near to the proposed pipeline for development of adequate water supplies for those communities. This supplemental water supply will be available to the subdivision only until Payson's water treatment plant is constructed and in operation. At that time the subdivision will be supplied with water from the water treatment plant adjacent to the subdivision and will be utilizing its own water supply from CC Cragin Reservoir. Payson currently provides water to the subdivision on a seasonal basis. The new policy would allow for the sale of supplemental water on an as-need basis year around. Water will be sold at Payson published water rates.

**PROS:** Helps to alleviate chronic water supply problems in the Mesa del Caballo subdivision. Provides additional revenue to the Town of Payson to help defray costs associated with the CC Cragin water supply project. Continues current Town policy of assisting subdivision residents in times of water shortage.

**CONS:** N/A

JUL 25 2013 I. I

Pg. 1/3



	JUL 2010	OCT 2011	OCT 2012	OCT 2013
<b>Consumption</b>	<b>Rates Per 1,000 Gallons Over Minimum</b>			
0 to 2,000 Gal (Minimum)	\$ 21.71	\$ 23.78	\$ 25.68	\$ 26.96
2,001 to 5,000 Gal	\$ 2.93	\$ 3.21	\$ 3.46	\$ 3.64
5,001 to 10,000 Gal	\$ 3.87	\$ 4.23	\$ 4.57	\$ 4.80
10,001 to 20,000 Gal	\$ 4.42	\$ 4.84	\$ 5.23	\$ 5.49
20,001 + Gal	\$ 6.00	\$ 6.05	\$ 6.53	\$ 6.86
<b>2,000</b>	\$ 21.71	\$ 23.78	\$ 25.68	\$ 26.96
<b>3,000</b>	\$ 24.64	\$ 26.99	\$ 29.14	\$ 30.60
<b>4,000</b>	\$ 27.57	\$ 30.20	\$ 32.60	\$ 34.24
<b>5,000</b>	\$ 30.50	\$ 33.41	\$ 36.06	\$ 37.88
<b>6,000</b>	\$ 34.37	\$ 37.64	\$ 40.63	\$ 42.68
<b>7,000</b>	\$ 38.24	\$ 41.87	\$ 45.20	\$ 47.48
<b>8,000</b>	\$ 42.11	\$ 46.10	\$ 49.77	\$ 52.28
<b>9,000</b>	\$ 45.98	\$ 50.33	\$ 54.34	\$ 57.08
<b>10,000</b>	\$ 49.85	\$ 54.56	\$ 58.91	\$ 61.88
<b>11,000</b>	\$ 54.27	\$ 59.40	\$ 64.14	\$ 67.37
<b>12,000</b>	\$ 58.69	\$ 64.24	\$ 69.37	\$ 72.86
<b>13,000</b>	\$ 63.11	\$ 69.08	\$ 74.60	\$ 78.35
<b>14,000</b>	\$ 67.53	\$ 73.92	\$ 79.83	\$ 83.84
<b>15,000</b>	\$ 71.95	\$ 78.76	\$ 85.06	\$ 89.33
<b>16,000</b>	\$ 76.37	\$ 83.60	\$ 90.29	\$ 94.82
<b>17,000</b>	\$ 80.79	\$ 88.44	\$ 95.52	\$ 100.31
<b>18,000</b>	\$ 85.21	\$ 93.28	\$ 100.75	\$ 105.80
<b>19,000</b>	\$ 89.63	\$ 98.12	\$ 105.98	\$ 111.29
<b>20,000</b>	\$ 94.05	\$ 102.96	\$ 111.21	\$ 116.78
<b>25,000</b>	\$ 124.05	\$ 133.21	\$ 143.86	\$ 151.08
<b>30,000</b>	\$ 154.05	\$ 163.46	\$ 176.51	\$ 185.38
<b>35,000</b>	\$ 184.05	\$ 193.71	\$ 209.16	\$ 219.68
<b>40,000</b>	\$ 214.05	\$ 223.96	\$ 241.81	\$ 253.98
<b>45,000</b>	\$ 244.05	\$ 254.21	\$ 274.46	\$ 288.28
<b>50,000</b>	\$ 274.05	\$ 284.46	\$ 307.11	\$ 322.58
<b>60,000</b>	\$ 334.05	\$ 344.96	\$ 372.41	\$ 391.18
<b>70,000</b>	\$ 394.05	\$ 405.46	\$ 437.71	\$ 459.78
<b>80,000</b>	\$ 454.05	\$ 465.96	\$ 503.01	\$ 528.38
<b>90,000</b>	\$ 514.05	\$ 526.46	\$ 568.31	\$ 596.98
<b>100,000</b>	\$ 574.05	\$ 586.96	\$ 633.61	\$ 665.58
<b>150,000</b>	\$ 874.05	\$ 889.46	\$ 960.11	\$ 1,008.58
<b>200,000</b>	\$ 1,174.05	\$ 1,191.96	\$ 1,286.61	\$ 1,351.58
<b>300,000</b>	\$ 1,774.05	\$ 1,796.96	\$ 1,939.61	\$ 2,037.58
<b>400,000</b>	\$ 2,374.05	\$ 2,401.96	\$ 2,592.61	\$ 2,723.58
<b>500,000</b>	\$ 2,974.05	\$ 3,006.96	\$ 3,245.61	\$ 3,409.58

Taxes not included on worksheet

**TOWN OF PAYSON WATER DEPARTMENT**  
**Customer Maintenance - Master View**

Date : 2/26/2013 10:47:01 AM

User Name : CGildroy

Account Number : 00009634  
 Home Phone : (928) 476-2500 x  
 Class : Bulk  
 Address : 1010 S STOVER ROAD  
 PAYSON, AZ 85541

Customer Name : PAYSON WATER COMPANY (BROOKE UTIL)  
 Work Phone : (928) 231-2035 x  
 Billing Status :

Status : Active  
 Billing Type : Normal  
 Billing Cycle : Normal

Service Location Description	11/1/2012	10/1/2012	9/1/2012	8/1/2012	7/1/2012	6/1/2012	5/1/2012	4/1/2012	3/1/2012	2/1/2012	1/1/2012
Charges	28.18	28.18	28.18	26.09	392.17	1,554.97	2,405.68	319.29	26.30	26.30	26.30
Payments	0.00	104.91	466.37	466.37	26.09	26.09	26.09	0	62.000	237.000	365.000
Service - Service Usage	0	0	0	17,000	68,000	68,000	68,000	0	51,000	51,000	51,000

↓      ↓      ↓      ↓      ↓      ↓      ↓      ↓      ↓      ↓      ↓  
 ↑      ↑      ↑      ↑      ↑      ↑      ↑      ↑      ↑      ↑      ↑  
 \$6.17    \$6.85    \$6.32    \$6.56    \$6.59    \$6.26/1,000 gal.

Average cost is  
 \$6.46/1,000 gallons