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2014 SEP 16 P 4: 07

AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

SEP 16 2014

DOCKETED BY

**BEFORE THE ARIZONA CORPORATION COMMISSION**

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

DOCKET NO: W-03514A-13-0111

ORIGINAL

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

DOCKET NO: W-03514A-13-0142

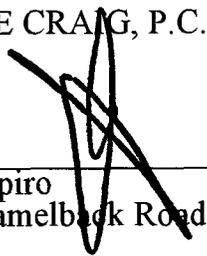
**NOTICE OF COMPLIANCE WITH  
DECISION NO. 74567**

Payson Water Co., Inc. (the "Company") submits this Notice of Compliance pursuant to Decision No. 74567 (June 20, 2014). Decision No. 74567 requires the Company to (1) develop and file a record keeping policy (attached as **Exhibit A**), (2) file, on a quarterly basis, a summary of gallons of water pumped, purchased, and sold for the prior three months (attached as **Exhibit B**), (3) file a plan to notify customers of the various options available to assist with payment of their utility bills (attached as **Exhibit C**), and (4) file a construction work plan (attached as **Exhibit D**).

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RESPECTFULLY SUBMITTED this 16th day of September, 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 16th day of September, 2014, with:

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

**COPY** of the foregoing was hand-delivered this 16th day of September, 2014, to:

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

Brian Smith  
Robin Mitchell  
Legal Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

Carmel Hood, Compliance  
Utilities Division  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

**COPY** of the foregoing was mailed this 16th day of September, 2014, to:

Kathleen M. Reidhead  
14406 S. Cholla Canyon Dr.  
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3 Bill Sheppard  
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405 S. Ponderosa  
10 Payson, AZ 85541

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# **EXHIBIT A**

## **JWW Companies Record-Keeping Policy for Regulated Utilities:**

In the interest of maintaining books in accordance with Arizona Corporation Commission requirements, and for purposes of maintaining consistency between commonly-owned utilities, JW Water Holdings, LLC has adopted the following standards and policies:

1. Any invoices received (whether by email or by physical mail) shall be scanned (if paper) and filed electronically. Electronic files shall be organized by Vendor and by Utility Company, and finally by date invoice was received.
2. The .pdf file name used to name the scanned or electronic invoice shall include the invoice date in the name.
3. Invoices shall be promptly entered as a payable into the Utility's QuickBooks file in accordance with the NARUC account standards. All regulated utilizes shall maintain books according to the accrual accounting method.
4. Care shall be given when entering any invoice to include descriptive language regarding the invoice, including, if applicable, the location where said expense was used (i.e. the system name / ID). Recurring and ongoing expenses that are applicable as a company-wide expense shall require only the time period of the service (i.e. August Phone Bill).
5. Any repair/ replacement invoice greater than \$300 shall be given the general manager to make a determination as to the treatment of the invoice (either an addition to fixed assets/ plant, or an expense). If the invoice is determined to be an addition to Plant in Service, additional detail shall be provided in Quickbooks, including, if possible, the file name of the .pdf used for quick tracking.
6. Paper copies (as applicable) of non-recurring expenses and asset purchases shall be kept in files for a minimum of three years in fireproof cabinets.

# **EXHIBIT B**

## Payson Water Company Water Consumption Loss Report

Month	System Name	Water Pumped		Water Purchased		Water Sold		Water Loss (1000 gal)	NOTES
		(1000 gal)	(1000 gal)	(1000 gal)	(1000 gal)	(1000 gal)	(1000 gal)		
<b>January-14</b>	Deer Creek	571				378			51.1% January Reads Were Estimated
	Gisela/ Tonto Creek Shores	848				585			45.0% January Reads Were Estimated
	E. Verde Park	249				209			19.1% January Reads Were Estimated
	Flowing Spgs.	62				58			6.9% January Reads Were Estimated
	Geronimo/ Elusive Acres	120				98			22.4% January Reads Were Estimated
	Meads Ranch	37				30			23.3% January Reads Were Estimated
	Whispering Pines	231				186			24.2% January Reads Were Estimated
Mesa Del Caballo	1054				860			22.6% January Reads Were Estimated	
	<b>TOTALS:</b>	<b>3172</b>	<b>0</b>	<b>0</b>	<b>2404</b>	<b>31.9%</b>			
<b>February-14</b>	Deer Creek	438				348			25.9% Feb. Actual reads offset Jan Estimated Reads
	Gisela/ Tonto Creek Shores	802				733			9.4% Feb. Actual reads offset Jan Estimated Reads
	E. Verde Park	240				266			-9.8% Feb. Actual reads offset Jan Estimated Reads
	Flowing Spgs.	52				91			-42.9% Feb. Actual reads offset Jan Estimated Reads
	Geronimo/ Elusive Acres	101				123			-17.9% Feb. Actual reads offset Jan Estimated Reads
	Meads Ranch	37				28			32.1% Feb. Actual reads offset Jan Estimated Reads
	Whispering Pines	253				221			14.5% Feb. Actual reads offset Jan Estimated Reads
Mesa Del Caballo	982				1018			-3.5% Feb. Actual reads offset Jan Estimated Reads	
	<b>TOTALS:</b>	<b>2905</b>	<b>0</b>	<b>0</b>	<b>2828</b>	<b>2.7%</b>			
<b>March-14</b>	Deer Creek	482				377			27.9%
	Gisela/ Tonto Creek Shores	1029				656			56.9% New well meter installed
	E. Verde Park	287				270			6.3% New well meter installed (well #3)
	Flowing Spgs.	55				50			10.0%
	Geronimo/ Elusive Acres	79				68			16.2%
	Meads Ranch	38				52			-26.9%
	Whispering Pines	209				188			11.2%
Mesa Del Caballo	961				895			7.4%	
	<b>TOTALS:</b>	<b>3140</b>	<b>0</b>	<b>0</b>	<b>2556</b>	<b>22.8%</b>			

## Payson Water Company Water Consumption Loss Report

Month	System Name	Water		Water		Loss (1000 gal)	Loss (%)	NOTES
		Pumped (1000 gal)	Purchased (1000 gal)	Water Sold (1000 gal)	Water			
April-14	Deer Creek	721		792			-9.0%	
	Gisela/ Tonto Creek Shores	1512		972			55.6%	
	E. Verde Park	332		306			8.5%	
	Flowing Spgs.	85		81			4.9%	
	Geronimo/ Elusive Acres	131		125			4.8%	leak repaired
	Meads Ranch	51		37			37.8%	
	Whispering Pines	336		312			7.7%	
Mesa Del Caballo	1101		1059			4.0%		
<b>TOTALS:</b>		<b>4269</b>	<b>0</b>	<b>3684</b>			<b>15.9%</b>	
May-14	Deer Creek	638		474			34.6%	
	Gisela/ Tonto Creek Shores	1522		1078			41.2%	
	E. Verde Park	337		328			2.7%	
	Flowing Spgs.	119		116			2.6%	
	Geronimo/ Elusive Acres	141		141			0.0%	
	Meads Ranch	79		48			64.6%	Storage Tank Failure/ New tank installed
	Whispering Pines	503		454			10.8%	
Mesa Del Caballo	1016		980			3.7%		
<b>TOTALS:</b>		<b>4355</b>	<b>0</b>	<b>3619</b>			<b>20.3%</b>	
June-14	Deer Creek	919		652			41.0%	
	Gisela/ Tonto Creek Shores	2149		1661			29.4%	
	E. Verde Park	462		457			1.1%	
	Flowing Spgs.	167		154			8.4%	
	Geronimo/ Elusive Acres	240		229			4.8%	
	Meads Ranch	101		104			-2.9%	
	Whispering Pines	827		754			9.7%	
Mesa Del Caballo	814		1327	684		12.9%		
<b>TOTALS:</b>		<b>5679</b>	<b>684</b>	<b>5338</b>			<b>19.2%</b>	

## Payson Water Company Water Consumption Loss Report

Month	System Name	Water			Loss (1000 gal)	Loss (%)	NOTES
		Pumped (1000 gal)	Purchased (1000 gal)	Water Sold (1000 gal)			
July-14	Deer Creek	804		561	43.3%	Major leak repaired	
	Gisela/ Tonto Creek Shores	1900		1419	33.9%	Major service line leak	
	E. Verde Park	367	27	369	6.8%		
	Flowing Spgs.	151		149	1.3%		
	Geronimo/ Elusive Acres	194		224	-13.4%		
	Meads Ranch	91		79	15.2%		
	Whispering Pines	674		631	6.8%		
Mesa Del Caballo	824	651	1361	8.4%			
	<b>TOTALS:</b>	<b>5005</b>	<b>678</b>	<b>4793</b>	<b>18.6%</b>		
August-14	Deer Creek	568		515	10.3%		
	Gisela/ Tonto Creek Shores	1849		917	101.6%	Two major leaks repaired	
	E. Verde Park	331		316	4.7%		
	Flowing Spgs.	148		141	5.0%		
	Geronimo/ Elusive Acres	208		194	7.2%		
	Meads Ranch	76		61	24.6%		
	Whispering Pines	647		606	6.8%		
Mesa Del Caballo	812	567	1185	16.4%	Two major leaks repaired		
	<b>TOTALS:</b>	<b>4639</b>	<b>567</b>	<b>3935</b>	<b>32.3%</b>		
September-14	Deer Creek						
	Gisela/ Tonto Creek Shores						
	E. Verde Park						
	Flowing Spgs.						
	Geronimo/ Elusive Acres						
	Meads Ranch						
	Whispering Pines						
Mesa Del Caballo							
	<b>TOTALS:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		

**Payson Water Company Water Consumption Loss Report**

Month	System Name	Water Pumped (1000 gal)	Water Purchased (1000 gal)	Water Sold (1000 gal)	Water Loss (1000 gal)	NOTES
<b>October-14</b>	Deer Creek					
	Gisela/ Tonto Creek Shores					
	E. Verde Park					
	Flowing Spgs.					
	Geronimo/ Elusive Acres					
	Meads Ranch					
<b>November-14</b>	Whispering Pines					
	Mesa Del Caballo					
	<b>TOTALS:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	Deer Creek					
	Gisela/ Tonto Creek Shores					
	E. Verde Park					
<b>December-14</b>	Flowing Spgs.					
	Geronimo/ Elusive Acres					
	Meads Ranch					
	Whispering Pines					
	Mesa Del Caballo					
	<b>TOTALS:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

# **EXHIBIT C**

## **UTILITY PAYMENT ASSISTANCE**

In accordance with Commission Decision No. 74567 (June 20, 2014), Payson Water Company (the "Company") will provide information on financial assistance programs (<http://www.azcc.gov/divisions/utilities/water/financial-aide.asp>) to any customer who indicates financial concerns or has difficulty paying his or her utility bills. The Company shall make this information available, by U.S. mail or by e-mail, as soon as possible following the customer's request.

### **Financial Assistance Programs**

The following are several programs that provide assistance to qualifying individuals. You may contact the Arizona Department of Economic Security via the internet or call their state-wide toll free number, 1-800-582-5706, for information on eligibility and application requirements. They can also help you locate other agencies and programs in your local area.

**City of Phoenix Human Resources Department** (602) 262-4614

#### **Western Arizona Council of Government**

LaPaz: (928) 669-9466

Kingman: (928) 753-6247

Yuma: (520) 782-1886

Mohave: (928) 753-6247

**Tucson Urban League** (520) 623-9522

**Coconino County Community Services** (928) 522-7979

#### **Northern Arizona Council of Governments (NACOG)**

(Serving Apache, Coconino, Navajo and Yavapai) (520) 774-1895

**Catholic Social Service of Yavapai County** (928) 778-2531

**Gila County Community Action Program** (928) 425-3281

#### **Community Action Human Resources Agency (CAHRA)**

(Pinal County) (520) 466-1112 or (877) 472-2472 (Toll-free)

#### **Southeastern Arizona Human Resources Council**

Cochise: (520) 432-5401

Graham and Greenlee: (928) 428-2872

Santa Cruz: (520) 287-5066

#### **Community Information and Referral**

(602) 263-8856 (24 hours a day from anywhere)

(800) 352-3792 (24 hours a day from area codes 520 & 928)

# **EXHIBIT D**

**Payson Water Co., Inc. Construction Work Plan**

Water System	Expenditure #	Expenditure Description	Expenditure Discussion	Total	2015		2016		2017		2018		2019		2019
					1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	
MDC	8	Well slab and fence at SJ well	CC	\$ 5,000	\$ 5,000										
MDC	8	Craigie/Top Connection	water supply	\$ 950,000						\$ 200,000	\$ 250,000	\$ 250,000			
DC	6	Booster bldg roof repair door and paint	Replace the roof repair door and paint	\$ 6,000		\$ 6,000									
EVP	4	Water supply	WIFA Study - Underway - Needs unknown as yet	\$ 70,000			\$ 30,000	\$ 40,000							
WP	9	WP upper booster	Fence	\$ 2,500								\$ 2,500			
MFR	7	Upper Tank	Install new electrical panel & control setup	\$ 5,000											
FS	10	Luckett easement resolution	plant easement access	\$ 10,000			\$ 10,000								
EVP	4	Paint and line tank (40K tank)	Extend life of tank, prevents leaks	\$ 20,000						\$ 20,000					
GEEA	3	VFD Conversion	Convert from pressure tank setup to VFD	\$ 16,500			\$ 16,500								
TCS	11	Install two (2) isolation Valves	Isolate systems	\$ 800				400							
		<b>Total Annual</b>		\$ 1,435,800	\$ 5,000	\$ 6,000	\$ 55,400	\$ 110,000	\$ 16,900	\$ 200,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 750,000	\$ 20,000
		<b>Total</b>					\$ 116,400		\$ 326,900		\$ 772,500		\$ -		\$ 20,000