



0000161521

ORIGINAL

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

**BEFORE THE ARIZONA CORPORATION COMMISSION
RECEIVED**

COMMISSIONERS

BOB STUMP - CHAIRMAN
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

2015 MAR 24 A 11: 04
AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION
OF UTILITY SOURCE, LLC, AN ARIZONA
CORPORATION, FOR A DETERMINATION
OF THE FAIR VALUE OF ITS UTILITY
PLANTS AND PROPERTY AND FOR
INCREASES IN ITS CHARGES FOR
UTILITY SERVICE BASED THEREON.

DOCKET NO. WS-04235A-13-0331

Initial Brief

RESPECTFULLY SUBMITTED this 20th day of March, 2015.

Terry Fallon
P.O. Box 16104
Bellemont, Az
86015
928-774-4816

**Original and thirteen (13) copies of
the foregoing filed this 20th day of
March, 2015, with:**

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

**Copy of the foregoing emailed this
23rd day of March, 2015, to:**

Steve Wene, Esq.
MOYES SELLERS & HENDRICKS, LTD
1850 North Central Avenue, Suite 1100
Phoenix, Arizona 85004
swene@law-msh.com

Arizona Corporation Commission
DOCKETED

MAR 24 2015

DOCKETED BY **RC**

1 Daniel Pozefsky, Chief Counsel
2 RESIDENTIAL UTILITY CONSUMER OFFICE
3 1110 West Washington Street, Suite 220
4 Phoenix, Arizona 85007

4 Erik Nielsen
5 4680 North Alpine Drive
6 P.O. Box 16020
7 Bellemont, Arizona 86015

6 Wes Van Cleve
7 Matthew Laudone
8 Legal Division
9 Arizona Corporation Commission
10 1200 W. Washington St.
11 Phoenix, Az 85007

10

11

12 Terry Fallon, an Intervener, files this "Initial Brief" in the above referenced matter.

13

14 **1) INTRODUCTION:**

15 I have reviewed the schedules as put forth by RUCO, ACC representative Jorn Keller, and
16 Intervener Erik Nielsen. The schedules, combined with three days of direct testimony on
17 February 17, 18, and 19th, have lead me to my conclusions regarding the rate case in this
18 matter.

19

20 **2) THE SCHEDULES AS PUT FORTH BY RUCO AND INTERVENER ERIK NIELSEN
21 ARE FAIR AND IN THE PUBLIC INTEREST OF THE RATE PAYERS.**

22 Mr. Nielsen and RUCO both agree on several of the issues as brought forth in written and
23 verbal testimony from the two parties. Regarding both RUCO and Mr. Nielsen's schedules I
24 concur that:

25

26 1) \$34,500.00 imputed to the fire hydrants should be classified as CIAC. \$73,252.00
27 related to mains that should have been classified as water distribution line for the water
28 division.

1 2) \$109,206.00 related to mains that should be classified as waste water distribution
2 line for the wastewater division

3 3) Removal of \$92,000.00 from Shallow Wells 1, 2, and 3.

4 4) Imput of water and sewer hook-up fees of \$562,000.00.

5 5) Removal of APS late fee of \$824.00.

6 6) Removal of \$4,950.00 in APS power bills as related to Deep Well #4.

7 7) Removal of \$16,250.00 form Company accounting services.

8 8) Allowed phone expense of \$2,298.00 split between water and sewer divisions.

9 9) Allowed copier expense of \$678.21 split between water and sewer divisions.

10 10) Removal of \$12,040.00 for personal electrical costs to Mr. McCleve.

11 11) Allowed auto expense of \$1,084.

12 12) Allowed Staples expense of \$596.00

13 13) Removal of \$48,458.18 for APS purchased power for FuelCo.

14 14) Removal of \$824.00 for late fees/shutoff notices.

15 15) Removal of \$335,000.00 for 37,500 gallon activated treatment plant.

16 16) Removal of \$210,00.00 for water land

17 17) Removal of \$105,000.00 for sewer land(s)

18 **3) CONCLUSION**

19
20
21 Many of the issues/costs as indicated above were not addressed by Jorn Keller's schedule.

22 While on direct testimony on February 19th before the court Mr. Keller did not or could not
23 adequately explain his reasoning for not including many of the above issues when crossed

24 examined by the other parties. However, Mr. Nielsen's written and courtroom testimony
25 addressed all of the issues as brought forth with reason and factual accounting. This is

26 evidenced by RUCO concurring with most of Mr. Nielsen's issues/costs. Therefore the

27 Commission must reject the schedule as put forth by Mr. Keller as inconclusive.

28 The schedule by the Company is a reiteration of their costs as originally put forth at the

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

beginning of this case. Much like Mr. Keller's schedule, the Company's schedule was refuted by both written and courtroom testimony of Mr. Nielsen, James Armstrong of the ACC, and Jeff Mitchlik of RUCO. Therefore the Commission must reject the Company's schedule as it now stands.