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BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

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

**ORIGINAL**

Arizona Corporation Commission  
**DOCKETED**

APR 15 2015

DOCKETED BY	
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DOCKET NO. WS-04235A-13-0331

**FINAL/CLOSING BRIEF**

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.

RESPECTFULLY SUBMITTED THIS 10<sup>TH</sup> day of APRIL , 2015.

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**Original and thirteen (13) copies of the foregoing filed this 10th day of April 2015, with:**

Docket Control  
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**Copy of the foregoing emailed this 10<sup>th</sup> day of April 2015, to:**

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### 15 **CLOSING BRIEF**

16 Terry Fallon, an Intervener, files this Final/Closing Brief in the above referenced matter of  
17 Utility Source, LLC's ("Utility Source" or "Company") application for a revenue increase  
18 totaling \$207,335 for its water division and \$198,773 for its wastewater division. Company  
19 Final Schedules – Schedule C-1.

### 20 **INTRODUCTION**

21 Utility Source is making an unreasonable and unfair request of its customers in this case.  
22 Utility Source's revenue increase for its water division is 100.56 percent over test year  
23 revenues and for its wastewater division 166.39 percent over test year revenues. These  
24 percentages have been refuted and proved to be unreasonable and unfair as revealed by  
25 courtroom and written testimony by Intervener Erik Nielsen, Jeff Michlik of RUCO, and  
26 James Armstrong of the ACC.

### 27 **OTHER ISSUES – TAP IN FEES**

28 During Mr. McCleve's courtroom testimony he stated the Company had not collected any  
tap in fees for water or sewer customer usage in several years. Evidence submitted showed

1 this statement to be blatantly false. As recently as October of 2014 the Company collected  
2 an approximately \$2500.00 tap in fee to a new home owner in the Community. When Mr.  
3 McCleve was confronted with the evidence he stated the Company would return the fees to  
4 the homeowner. The Intervener respectfully asks the ACC to have a third party audit of the  
5 Company's books to insure all unlawfully obtained tap in fees are returned to the customers  
6 affected by such illegal fees.

7  
8 **OTHER ISSUES – FIRE HYDRANT RELIABILITY**

9 Courtroom testimony, interviews with Fire Safety members, community residents, and  
10 recent community history revealed a lack of adequately working fire hydrants during  
11 electrical power outages. Mr. McCleve stated in earlier written testimony that all mechanical  
12 issues had been resolved with the pump house as related to fire hydrant reliability. However  
13 on September 30, 2014 community residents experienced zero water pressure for over one  
14 hour during an electrical outage caused by transformer failure. This is not an unusual event  
15 and according to Fire Safety personnel happens approximately two to three times a year.  
16 On February 19, 2015 during courtroom testimony Mr. McCleve was asked if the unreliability  
17 of the fire hydrant system was due to lack of Company profitability and/or funds to maintain  
18 the fire hydrant system. Mr. McCleve stated this was not an issue and he had instructed the  
19 Company's engineer to resolve the issue. This raises more questions: For several years  
20 there have been reliability issues with the fire hydrant system. Is this from Company  
21 incompetence or blatant disregard for the safety of the Community? The fire hydrant  
22 failure issue is only now being addressed after years of neglect. This Intervener asks that  
23 the ACC consider having Coconino County resume all aspects of the fire hydrant system as  
24 the Company is either unwilling or unable to provide such a public safety service to the  
25 Community. This Intervener requests that the ACC impose a fine on the Company for its  
26 disregard of the Community's safety and for violations of County and/or State fire hydrant  
27 safety violations. This Intervener asks the ACC have the Company keep written and  
28 updated documentation as part of its fire hydrant testing procedures.

1 **OTHER ISSUES – OPERATIONAL COSTS**

2  
3 The Company has put forth several operational costs that have been shown to be  
4 questionable at best:

- 5 1) Ms. Perry's time and office space has been refuted. Ms. Perry's time and office space  
6 are not solely for the Company as outlined by Intervener Erik Nielsen.  
7 2) Phone costs as submitted by the Company are illegitimate as revealed by written and  
8 courtroom testimony.  
9 3) The Company's copier and Staples expenses are outrageously expanded as  
10 explained in item 1.  
11 4) Ms. Perry's auto expenses as submitted by the Company are also questionable. The  
12 Company could not provide any documentation to accurately account for this  
13 expense.  
14 5) Mr. McCleve submitted his household SRP electrical bill as a company expense. This  
15 is unreasonable and without merit.  
16 6) Standpipe profitability underinflated and failure to provide revenue marketing plans  
17 and projections.

18  
19 The facts and evidence as outlined in this case reveal the Company has been less than  
20 forthcoming in its day to day dealings not only with its customers but the ACC as well. This  
21 is evidenced by the Company's misrepresentation of their operational costs including that  
22 of the standpipe revenues. In addition, the existence of the standpipe only came to Staff's  
23 attention during the process of this rate case. The Company's presumption of "managerial  
24 good faith" does not exist. The Company appears to disregard County and ACC codes and  
25 statutes as well as public safety issues with blatant impunity. The Company must be forced  
26 to comply with these issues or risk fines, tariffs, or loss of Company to County authorities.  
27 This Intervener respectfully asks for relief and consideration from the ACC in this matter.  
28