

ORIGINAL



0000017747

# PARK MANAGEMENT & INVESTMENTS

Mobile Home Park Management & Investments

4700

2005 APR 26 P 3: 22

April 22, 2005

AZ CORP COMMISSION  
DOCUMENT CONTROL

Arizona Corporation Commission

DOCKETED

RECEIVED

APR 25 2005

APR 26 2005

Marc Spitzer  
Commissioner  
Arizona Corporation Commission  
Utilities Division  
1200 West Washington  
Phoenix, AZ 85007-2996

DOCKETED BY KS

SW-04305A-05-0086

SW-04305A-05-0087

Dear Mr. Spitzer:

I am writing to you concerning a pending case before the Commission regarding the transfer of ownership of the BHP Copper Sewer System to Coronado Utilities. The docket # is SW-04305A-05-0086. The system is located in San Manuel, Arizona.

I am the owner of a 383 space Mobile Home Park in San Manuel. I have owned the property since 1987. Magma Copper owned and operated the sewer system prior to Magma's sale to BHP Copper. As you may know, BHP Copper shuttered the underground mine and flash furnace several years ago. The loss of employment shattered the local economy, and the property's occupancy dropped from 323 spaces to 223. Space rent is \$185.00 per month. This rent includes the tenant's land lease, cable television, sewer, and trash collection. The rent has increased only \$10.00 per month during the last five years.

I have spoken with Jason Williamson of Coronado Utilities concerning his proposed rate structure. What I find particularly unfair and unconscionable, is his intent to charge the same rate for empty spaces as occupied spaces. I pay BHP a flat rate of \$795.00 per month. Under Coronado's proposed rate structure, I would be forced to pay \$19.00 per month for all 383 spaces, which would total \$7,277. This is an 915% increase and obviously unaffordable. At the property's peak occupancy, only 323 of the 383 spaces were occupied. I am presuming that his proposal to charge for all spaces, occupied or not, is some sort of a capacity charge based upon anticipated increased population growth and occupancy increases. Based upon the remote location of San Manuel, and its' historical sole reliance upon the copper mine, I would defy any credible expert to predict economic growth that would result in an increase in population in San Manuel. In fact, San Manuel's population has dropped significantly since the closure of the mine.

Jason Williamson stated that the existing system is inadequate, antiquated, and would not pass an ADEQ permit application. Magma Copper, and BHP allowed this deterioration to occur. I feel strongly that BHP, whose business decision to devastate San Manuel has led us to our current situation, should shoulder transition costs that would mitigate the costs of bringing the sewer system up to date. I understand that sewer services are not free, but it seems that a combination of BHP and the successor owner of this system should jointly fund the upgrades to facilitate a less rate intensive transfer of the sewer system.

I have been unable to raise rents adequately to cover increases in expenses due to the unemployment created by the mine closure, and the resulting loss of wages and benefits. Many of my residents are retired and on fixed incomes. Others have been forced to accept minimum wage jobs, and have great difficulty making ends meet. Given Mr. Williamson's proposed rate structure for the mobile home park, I would be forced to amortize the proposed fee assessed to 383 spaces over 223 spaces. This would result in a rent increase of \$30.00 per month, which would be unaffordable for many if not all of my residents.

I am formally requesting that the Arizona Corporation Commission reject Coronado's application as submitted. Please consider the joint funding of the costs of upgrading this system to a level acceptable to ADEQ, and scrutinize operating pro formas and the structure of this transaction to determine if the resulting rates from this transfer are inflated due to a reliance upon bond debt as the primary funding source.

Sincerely,



Kim Eggleston