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Sahuarita, Az. 85629
September 14, 2005
Phone (520) 625 - 3327

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ARIZONA CORPORATION COMMISSION
HEARING DIVISION

AZ CORPORATION
DOCUMENT CONTROL
Judge L. Rodda
Administrative Law Judge
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

RE: Las Quintas Serenas Water Co. ("LQS")
Docket Nos. W-01583A-04-0178, W-01583A-05-0326 and
W-01583A-05-0340

Dear Judge Rodda:

I have problems and I hope you can help me, or direct me to the proper people. My wife and I have lived at the above address since about 1965. We live in the LQS franchise area and have always received our water from LQS. I am a graduate mining engineer and I worked for a while as a design engineer for the U S Navy on mostly submarine piping and hydraulics. So I have some knowledge of handling fluids. I have no legal experience so I have no idea how to write this letter, or to whom.

In Docket No. W-01583A-04-0178 on March 9, 2004 LQS filed an application with the Commission for a permanent rate increase. On or before January 15, 2005 LQS was ordered to use the new rate schedule. According to paragraph number 30 in this rate case the Staff thought LQS was getting a 2.9 % increase in revenue over the test year. Actually LQS spent over \$40,000 on the rate case and we got a rate decrease so we have had to sell tens of thousands of dollars of investments to pay our employees and purchase power to run the wells.

In paragraph number 43 in this rate case the Staff calculated preliminary estimate of arsenic removal of \$186,992 in capital costs. LQS has a Westland Resources report that the cost for arsenic removal will be about \$1,700,000. I have been President, Vice President, Operator, Co - Operator Manager, and Treasurer at various times for LQS for about forty years, and a Director for that entire time, and I felt the \$1,700,000 system was poorly designed and would not be reliable so I got information on a

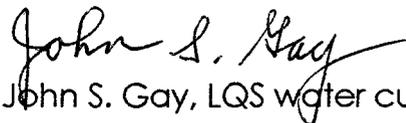
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system which would be reliable costing about \$600,000 and presented this to the two Plelps Dodge Directors. At first one of them said that was just a salesman's idea so my wife and I paid Miller Brooks Environmental over \$7,000 to do the engineering and they came up with what I think is a good system with costs just over \$700,000. This would be a much better system and \$1,000,000 less in cost.

LQS attorney Lawrence V. Robertson in his August 22, 2005 letter to Jason Gellman of the Arizona Corp. Comm. Legal Division had a proposed schedule for Docket W-01583A-05-0340 which looked to me like December 9, 2005 would be the first time I as an Intervenor would be able to present my case. After seeing that LQS had to spend over \$40,000 to answer all of Staff's requests it looks like LQS could end up spending lots of money on the engineering, etc requirements Staff probably will require. And then if Staff goes for the \$700,000 system, or Staff's preliminary \$186,992 system, LQS could have spent a lot of money for nothing. So as soon as possible I would like Staff to know that an intervenor will at some time like to present a system with costs around \$700,000.

Is there someone I should notify now that I plan to be an Intervenor on December 9th, or preferably sooner if possible?

Yours truly,



John S. Gay, LQS water customer.

cc: Steve Gay, LQS Manager
Rohn Householder, LQS Director
Mike Wood, LQS Director

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