

File in 10kt No  
W-02121A-05-0820

ORIGINAL



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ARIZONA CORPORATION COMMISS

UTILITY COMPLAINT FORM

4706

Investigator: Carmen Madrid

Phone: [REDACTED]

Fax: [REDACTED]

Priority: Respond Within Five Days

Opinion      No. 2006 - 49257      Date: 1/12/2006

Complaint Description:      08A Rate Case Items - Opposed

Complaint By:      First: Martha & Bill      Last: McClary

Account Name: Martha & Bill McClary      Home: [REDACTED]

Street: [REDACTED]      Work: (000) 000-0000

City: [REDACTED]      CBR:

State: AZ      Zip: [REDACTED]      is:

Utility Company: Livco Water Company

Division: Water

Contact Name: n/a      Contact Phone: n/a

Nature of Complaint:

January 7, 2006

Arizona Corporation Commission Director of Utilities  
Utilities Division  
1200 West Washington  
Phoenix, AZ 85007-2996

Dear Commissioners,

As residents of Concho Valley, Arizona, we have concerns about the rate increase announced by Livco Water & Sewer Company.

We have lived in Concho Valley for 28 years and are well acquainted with Livco Water Company.

We believe that the current owner purchased Livco for a discounted price due to the mismanagement of the company prior to his purchase. The fact that there was mismanagement of Livco s resources and embezzlement of funds from the company is well known. We are certain the Corporation Commission is aware of Livco s history.

Because Livco s previous owners did not reinvest any profits in the infrastructure of the company over so many years that infrastructure has suffered and is in disrepair. The current owner knew that when he purchased Livco and should have received a discounted price due to the poor condition of the company s operating equipment.

As residents of this community we believe we should not be penalized for the mismanagement of the funds over the years by the previous owner s, including Lake Investment Development. That mismanagement of funds coupled with a lack of prudent maintainance caused the current problems.

We do realize that electric utility prices have increased across the board and are willing to accept a reasonable increase in water rates, but we do not believe we should be penalized, as stated before, for past indiscretions by

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previous owners, nor do we believe we should subsidize the current owner's management of Livco's resources, whether that is to repair and upgrade the system, to fund significant improvements that would result in a windfall profit for the new owner, or to continue patching the system as has been done in the past.

We have had a water leak at our meter for two years. We reported it two years ago, we have reported it more than once, and have been told repeatedly that there are no resources available to repair small leaks on the older meters.

We were instructed in May 2002 (nearly 4 years ago) to install a shut off valve on our side of the meter and were told that a new meter without shut off capability would be installed soon. We responded responsibly by having the shut off valve installed on our side of the meter. We have yet to see any repair of the leak or any sign of new meter installation. This indicates to us that the current owner is not actually making the repairs, upgrades, and improvements he states would necessitate raising water rates across the board in the community.

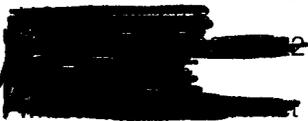
If repairs, upgrades, and improvements are being made somewhere in the community the customers who benefit from those should be shouldering the bulk of the cost for them. As existing (28 years) customers, we see no indication of major improvements being done to the system, nor even an improvement in regular maintenance of equipment. In fact, as recently as last year we were instructed to restrict our water usage due to poor equipment performance on the main water tank. We later learned that a contributing cause of the outage was current employees lack of knowledge of the installed system equipment. This lack of knowledge caused the community to lose water pressure for several days.

The current owner and employees are trying very hard to bring the company and its resources up to standard for as little money and effort as possible. This does not indicate to us, as customers, an intent to upgrade and improve the system, simply to continue on as Livco's past owners did, patching and hoping that they will make a profit on our water usage.

We also truly believe that the current owner should take care to not raise the rates for water usage so high that residents of Concho Valley are discouraged from maintaining their land in the best condition possible, which includes maintaining yards, parks and golf courses. If the rates rise too high residents will let their places go and that will hurt the community in many ways. The current owner is a developer who claims to have community's good at heart. If that is the case he will show concern for the residents who do maintain a nice place, as that will encourage further growth, benefiting his other business which is development.

We request the Corporation Commissioners seriously limit the increase requested by Livco Water & Sewer Company.

Thank you,  
Martha and Bill McClary

  
\*End of Complaint\*

Utilities' Response:

Investigator's Comments and Disposition:

1/12/06 Opinion noted and filed in Docket No. W-02121A-05-0820. closed  
\*End of Comments\*

Date Completed: 1/12/2006

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