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AZ CORP COMMISSION
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March 8, 2006
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Arizona Corporation Commission
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Phoenix, Az. 85007

AND Mark Taylor
Westland Resources, Inc.
2343 E. Broadway Blvd.
Suite 202
Tucson, Arizona. 85719

Docket Nos. W-01583A-04-0178, et al.

W-01583A-04-0178
W-01583A-05-0326
W-01583A-05-0340

Dear M/s Hains and Mr. Taylor;

I am writing this letter to see if you can help me clear up some items that should help Judge Rodda and the Commissioners understand the case better. At the hearing on March 1st, and in testimony, Judge Rodda has heard one engineer (Dorothy Hains) say that an on-site or backup generator was not necessary, a second engineer (Mark Taylor) say that the back-up generator was necessary, and would cost $80,000, and a third engineer (Miller Brooks - John Gay) say it is already there and has been in sucessful usage for 15 or 20 years. This should make it difficult for Judge Rodda to make a decision, but I think if I explain the entire situation it will make sense.

1. On-site or backup generator. Most of the electric power companies in Arizona have rates where a user of power pays about one half the price of regular power if they can turn the customer off when the power company has very high demand. This is referred to as "interruptible service". I started this in about 1970 with Sulphur Springs Valley Coop. on a well pump near St David, Arizona, and I was very pleased with it, so I guess is was maybe about 1985 that LQS worked with Trico Electic, our electricity supplier, and put in the necessary equipment at #6 well so we could operate either on electricity or natural gas for our power source so that we could qualify for the half-price rate on regular demand days.

I gave the Corp. Commission in Tucson on January 25th 11 copies of what I labeled as Exhibit G-1 to G-12 on the accompanying index. As I understand what went on at the hearing on March 1st this packet was labeled as Exhibit I - 1. What I listed as G-12 is "Manager showing L.Q.S. savings of $40,000 per year because we use Elec. Interrupt Service." The

January 22, 2006 letter that was included in the packet gives quite a little information under item 11. **Interrupt Service (IS).**

If LQS goes with the Miller Brooks proposal everything is left as it is presently and part of the pump discharge water goes through the arsenic treatment system and then joins the untreated water to go into the LQS water system to supply customers. (See my Exhibit G-5 Figure 5 PROPOSED ARSENIC REDUCTION SYSTEM WELL NO. 6 PIPING SCHEMATIC).

If LQS goes with the Westland proposal they first remove bowls at #6 well costing $15,000 (See Applicant's Exhibit A-1 on Appendix A, item 11 Re-equip well --- unit price $15,000 -- Well Nos. 6 and 7 to remove bowls) then they treat the water and put it into a 400,000 gallon reservoir (See in same Applicant's Exhibit A-1 on Exhibit 2 LAS QUINTAS SERENAS WATER COMPANY Well No. 6) and then they must have a new BOOSTER STATION 850 GPM TRANSFER (In Applicant's Exhibit A-13 the BOOSTER STATION is now 1000 GPM TRANSFER). to get the water into the LQS water system to supply customers. As Westland's proposal has removed bowls at both #6 and #7 wells, neither is able to put water into the system, so it becomes quite important that the TRANSFER STATION has power at all times so they want to spend $80,000 for the back-up generator. (Appendix A again, Item No. 9 Back-up Generator)

With the Westland proposal if LQS still wants to save about $40,000 per year on Trico Interrupt Service we must have **both** the natural gas well operating (after we use up the 250,000 or 400,000 reservoir water) and the back-up generator so that there will always be an operating unit to push water under pressure into the customers' pipes.

Dorothy Hains is correct that the Westland's back-up generator is not necessary to make the system work. But somewhere LQS has to change our rates to make up the $40,000 lost here per year. Also if we do not have the back-up generator with Westland's system we can not put any water into the system for customers' use if there is a power outage, while with the Miller Brooks system it will put about 400 GPM into the system indefinitely.

2. Miscelaneous Both the Westland and Miller Brooks proposed systems are exactly the same for the small #5 well.

Applicant's Exhibit A-1 on line 8 of Appendix A has "200 gpm Adsorption Arsenic Treatment System $100,000 To treat Well No.5". In fact, they seem to like the Miller Brooks data so well that Applicant's Exhibit AR-3 line 9 now reads "200 gpm Adsorption Arsenic Treatment System $150,071 To treat well No.5, per Miller Brooks estimate".

If Westland thought a central arsenic treatment plant was so good I am surprised that they picked the #6 well location when in Exhibit AR-3 they state in line 12, "Fencing and Site Work at Well Sites -- $43,000 -- Well No. 6, includes grading for **floodplain**".

In my packet which is now called Exhibit I - 1 under what I called Exhibit G-11 was a resolution voted for by all three Directors to have Westland give us figures because they stated "In general, it is most efficient .... into a single centralized system .... " I had lots of information in Exhibit G-11, and more in the letter of Jan. 22, 06 under "**IS A CENTRAL ARSENIC TREATMENT LOCATION MOST EFFICIENT?** and the **CONCLUSION.** Finally we have an answer. On page 10 of PREPARED REBUTTAL CASE TESTIMONY OF MARK TAYLOR he states that the Westland Proposal is $675,000 more costly than the Miller Brooks. Dorothy Hains usually is looking at the cheaper proposals so I am surprised she didn't do anything with this item.

3. Maximum water pressure in the system. In the PREPARED REBUTTAL CASE TESTIMONY OF MARK TAYLOR it says in line 12 of page 7, "System pressures reach as high as 110 psi in the lowest elevations in the water system." In Mark's testimony on March 1st I think I heard him mention the 110 psi figure several times, but in either case I do not know if he thinks the 110 psi continues for long periods of time. It seems to me that this pressure is why he doesn't like the idea of treating this well the same way that everybody agrees to do at #5 well.

In about 1983 when we moved the small 30,000 gallon tank to its present site on the dikes we put in a float valve on the 6" discharge into the tank (same idea as float on toilet tank in one's home) so when the tank got full the float would close and raise the pressure in the system because our controls were either Square D, or Mercoid switches located at #5 and #6 wells. The Square D switches have a spring and a nut to tighten to get what pressure one wants it to work at. There is another spring and nut to adjust the span from turn on, to turn off. The tank was

only about 12 feet high, so from full to empty was only about 6 psi and we wanted the assigned well to turn on before the tank got nearly empty, so that was the reason for the float valve. On the Square D switch the span does not go as low as maybe 2 or 3 psi so that is why the float valve was there to make a larger pressure differential. As Mark was concerned about the 110 psi pressure I checked with LQS Operator Steve Gay and he said the float valves were not operational now.

Steve says our SCADA (System Control Data Acquisition) system is set to shut down the wells when the pressure reaches 106 psi. We have a large valve on the side of the pressure tank at #6 well that Steve says is set to open at 108 or 109 psi (This is similar to the pressure relief valve on the top of everyone's hot water tank) and he thinks it has opened for short periods of times maybe 4 or 5 times during the year.

Steve has tried to get the owners of the property where our two storage tanks are to agree to raising our tanks to give us about another 10 psi in the system. Also he has talked to the Directors on this, so from this I gather he doesn't think a little more pressure would be all that bad.

If one does not have control, and one turns too many pumps on, the pressure is bound to rise. It may be there, but in Applicant's Exhibit A-1 I could not find out what size pumps they plan. On Exhibit 2 in A-1 booklet it says, "BOOSTER STATION 850 GPM TRANSFER" and shows two pumps with pipes for 4 pumps. (So I wonder if they planned for two 425 GPM pumps.) In Applicant's Exhibit A-13 in APPENDIX C it says, "BOOSTER STATION 1000 GPM TRANSFER" and shows four pumps. So I now wonder if they planned for four 250 GPM pumps) It is hard to know what their plans are because one time in the Exhibits they argue for a 400,000 gallon storage and next time for a 250,000 gallon.

LQS now has about 200 GPM from #5 well, 400 GPM from #6 well, and 800 GPM from #7 Well. So you see we have now, and would also have with Miller Brooks proposal, the ability to pump at the following rates: 200 GPM (just #5 Well), 400 GPM (just #6 Well), 600 GPM (#5 plus #6), 800 GPM (just # 7 well), 1,000 GPM (#5 plus #7), and 1,400 GPM (#5 plus #6 plus #7). I have been at the wells quite a few times during the past two weeks recording pressures at the wells and the flow rates and then going to the office to check there, and note how full sthe storage tanks

are. The highest I have gotten so far is 100 psi on the gauge at #6 well with #5 and #7 operating and the pressure at the office for #6 showing 95.3 psi with the water level of the big tank at about 18 feet. I have not calibrated the pressure gauges in the field and I understand the pressures shown on the charts in the office come from transducers at each well. Attached are copies of the displays in the office. The originals are in color, but for my 12 to 17 copies they will be black and white, so Dorothy Hains, Mark Taylor, Jason Gellman, and Judge Rodda will each get one of the colored ones and all the rest will be black and white.

If Mark still has more concerns about the high pressure at #6 well if we use Miller Brooks proposal there, let me know as this proposal could save LQS around $600,000 over the Westland proposal.

Yours truly,

John S. Gay

John S. Gay

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Mailed March 10, 2006

John S. Gay

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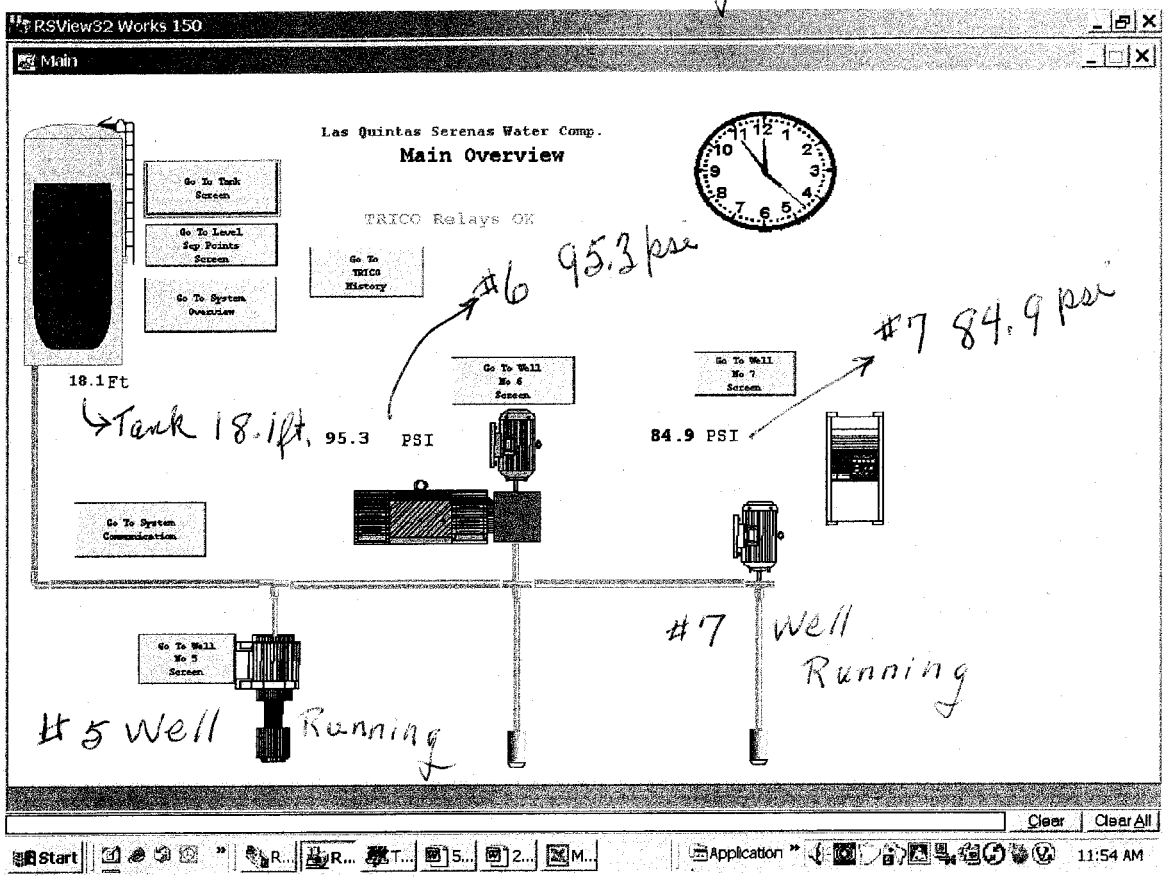


Monday, March 6, 2006

Kayce printed at 11:50 AM

#5 & #7 wells running

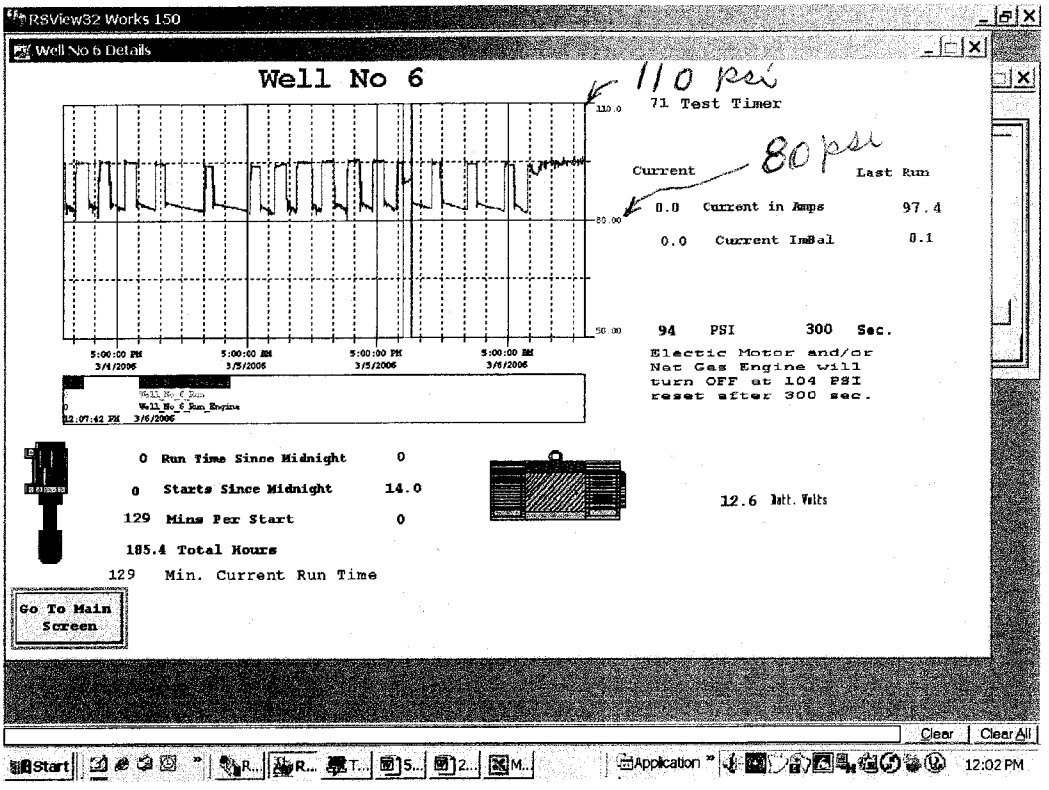
Field measurements March 6, 2006 by John Gay:—

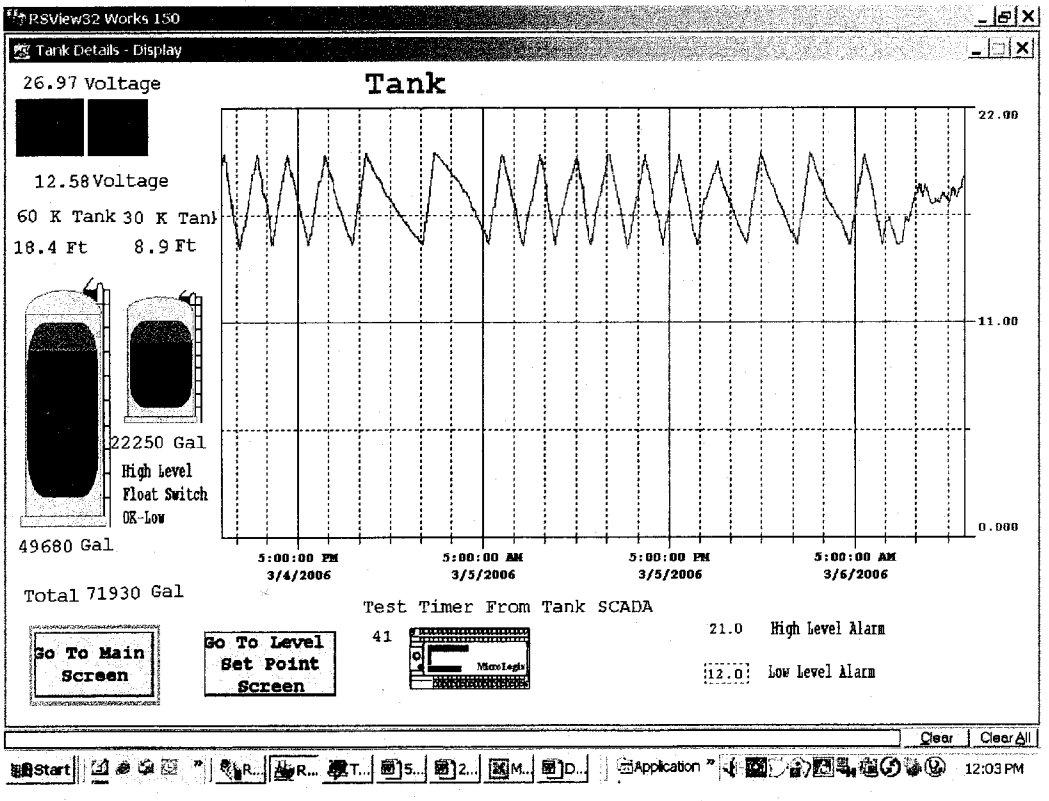
#5 Well running 11:10 AM @ 225 gpm 65 psi 13,468.5 hr 63,724,000 gal

#6 Not running 11:25 AM 0 100 psi 3974.8 hr 59,911,800 gal

Nat Gas engine 2731.6 hrs

#7 Well running 11:40 AM 84 psi 23,890.4 hr 42,135,800 gal

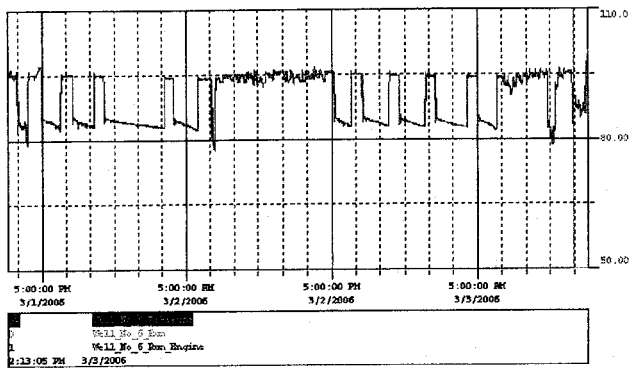

RSView32 Works 150
Well No 6 Details
Well No 6
110 psi
71 Test Timer
80 psi
Current
Last Run
0.0 Current in Amps 97.4
0.0 Current ImBal 0.1
94 PSI 300 Sec.
Electic Motor and/or Nat Gas Engine will turn OFF at 104 PSI reset after 300 sec.
0 Run Time Since Midnight 0
0 Starts Since Midnight 14.0
129 Mins Per Start 0
185.4 Total Hours
129 Min. Current Run Time
12.6 Batt. Volts
Go To Main Screen
Clear
Clear All
Start
Application
12:02 PM


RSView32 Works 150
Tank Details - Display
26.97 Voltage
12.58 Voltage
60 K Tank 30 K Tank
18.4 Ft 8.9 Ft
22250 Gal
High Level Float Switch OK-Low
49680 Gal
Total 71930 Gal
Tank
22.00
11.00
0.000
5:00:00 PM 3/4/2006
5:00:00 AM 3/5/2006
5:00:00 PM 3/5/2006
5:00:00 AM 3/6/2006
Test Timer From Tank SCADA
41
21.0 High Level Alarm
12.0 Low Level Alarm
Go To Main Screen
Go To Level Set Point Screen
Clear
Clear All
Start
Application
12:03 PM

RSView32 Works 150

Well No 6 Details

Well No 6



10 Test Timer

3-3-06

Current		Last Run
0.0	Current in Amps	97.4
0.0	Current ImBal	0.1

99 PSI 300 Sec.

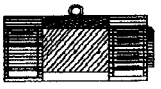
Electic Motor and/or Nat Gas Engine will turn OFF at 104 PSI reset after 300 sec.

0 Run Time Since Midnight 74

0 Starts Since Midnight 14.0

129 Mins Per Start 0

185.4 Total Hours



14.3 Batt. Volts

129 Min. Current Run Time

Go To Main Screen

Clear | Clear All

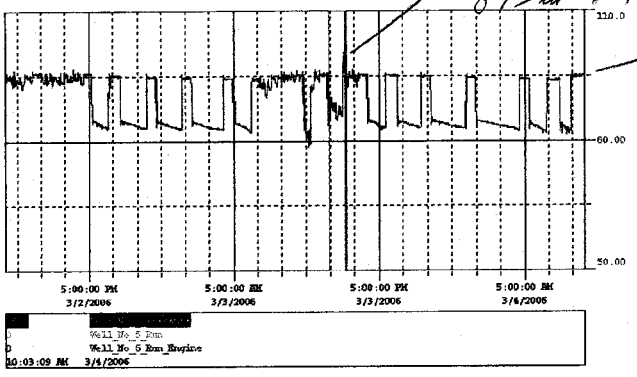
2 wells running

RSView32 Works 150

Well No 6 Details

Well No 6

100 at #6
893 at #7



16 Test Timer

95 #6
95 #7

3-4-06
9 50PM

Current		Last Run
0.0	Current in Amps	97.4
0.0	Current ImBal	0.1

95 PSI 300 Sec.

Electic Motor and/or Nat Gas Engine will turn OFF at 104 PSI reset after 300 sec.

0 Run Time Since Midnight 0

0 Starts Since Midnight 14.0

129 Mins Per Start 0

185.4 Total Hours

12.6 Batt. Volts

129 Min. Current Run Time

Go To Main Screen

Clear | Clear All

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3-3-06 12:30 PM