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1241 W. Calle De La Plaza
Sahuarita, Az. 85629
February 20, 2006
Phone (520) 625 - 3327

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

AND 400 w. Congress,
Tucson, Az. 85701

RE: Las Quintas Serenas Water Co.
Docket No. W-01583A-04-0178 et al.
W-01583A-05-0326
W-01583A-05-0340

Dear Judge Rodda:

I have attached your letter to me of December 9, 2005 because from your letterhead I was confused about where to send letters to you. My February 2nd letter and the February 12th letters I sent to Phoenix. I have at the end of the Feb. 12th letter a PS asking if I should take 11 copies to Reg Lopez to distribute, as I do not know what I should be doing. Sometime after Feb. 12 I heard that your office was in Tucson, so with your carbon copy of the February 18th letter to Steve Gay I sent your copy to Tucson. Today is a holiday and I will be gone all day tomorrow so I will be unable to phone the Corporation Commission offices to know what address to use for you so I will send a copy of this letter to Tucson, and one to Phoenix.

My February 18th letter to Steve Gay was to gather facts which might show how vulnerable the Westland system is if problems occur. My item #10 on page 2 of that letter explains my thoughts. Over the past two days the #5 and #6 wells have carried the system easily. This morning the dirt work started on Santa Cruz Meadows for 239 homes and they had three fire hoses going into the two large elevated tanks that supply water to the two big off highway water trucks which were working hard spraying water for the earth moving equipment. I thought this would give our two wells a real test. But Steve Gay, being a good electrician, had figured out that the #7 pump motor was O.K. and that the main trouble was burned out equipment in the frequency drive switchgear which he bypassed and replaced big burned-out fuses and ran #7 well. The SCADA (system control and data acquisition) system is not working on #7 well, but it is working on showing how full our storage tanks are. So when

Steve is in the office he can check on how full the tanks are, and I assume he will go back to automatic tonight on #5 and #6 wells.

In item #5 of my February 12th letter to you I list some of the advantages of Community Water Company of Green Valley taking over Las Quintas Serenas (L.Q.S.). Since then Community has had a Directors meeting and they would like to pursue the purchase of L.Q.S. Community has a proven track record of occasions when they have taken over water companies whose owners have become greedy at the expense of the customers. The results have been excellent for the customers.

A. Attached sheet "A" shows that in 1987 New Pueblo Water Co. was given rates of basic minimum of \$14.85 per month, to include the first 1,000 gallons, plus \$3.35 per 1,000 beyond the minimum. L.Q.S. which is about a mile to the north of New Pueblo under Decision No. 54760 in Nov. 1985 was given the rate of \$10.00 for the first 2,000 gallons or less per customer per month and a rate of \$1.36 per 1,000 gallons in excess of the minimum. We had that rate for many years and did fine on it. Community, which I believe joins New Pueblo on the south, still has a Minimum of \$12.50 for 2,000 gallons or less and a rate of \$1.07 per 1,000 gallons for all over 2,000 gallons. (See attachment "B")

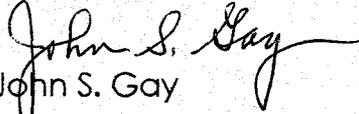
B. Attachment "C" explains how in 1990 Community took over New Pueblo. I think that the old New Pueblo customers are still paying \$12.50 for 2,000 gallons plus the \$1.07 for gallons over 2,000. About 600 New Pueblo customers were very happy when Karl Ronstadt sold out to Community.

C. The Westland proposal costing around \$1,600,000 will increase most of L.Q.S. customers minimum from \$10.00 to \$21.65 per month, and Standpipe customers from \$10.10 to 21.75 if you go by Ronald Kozoman's Exhibits A-8 through A-12. Attachment "D" explains how Community already has one of their wells in operation to treat for arsenic, and another being installed. Community says they plan to ask for about a 20% rate hike. With their rate of \$1.07 now, a 20% hike does not begin to compare with going from \$10.00 to \$21.75.

February 20, 2006 Page 3

I believe it is the duty of the Corporation Commission to protect customers from being forced to pay unfair high rates.

Yours truly,


John S. Gay

cc: Las Quintas Serenas Water Co.
P.O. Box 68
Sahuarita, Az. 85629

Community Water Co. of Green Valley
P.O. Box 1078
Green Valley, Az. 85622 - 1078

2-20-06 Doc

COMMISSIONERS
JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES



LYN FARMER
Chief Administrative Law
Judge

ARIZONA CORPORATION COMMISSION

*Rec'd 12-10-05
JLF*

December 9, 2005

John Gay
1241 W. Calle de la Plaza
Sahuarita, Arizona 85629

Dear Mr. Gay,

Pursuant to your request this morning, I am enclosing a copy of the portion of the Commission's Rules of Practice that address intervention and directions, including a sample letter, for how to request intervention.

If you have any other questions concerning the Commission's Rules of Practice, do not hesitate to call the Commission's Tucson office, 520 628-6550, and ask to speak to a Consumer Services Representative of myself.

Sincerely,

Jane L. Rodda
Jane L. Rodda
Administrative Law Judge

Encl:
Intervention instructions
R-14-3-105

*9:15 AM Thurs
Jan 12, 2006 phoned
628-6550 & was trans + then long talk
my Reg Lopez (Suite 218 - North Building)
Can bring my only 10 copies to him +
they distribute — JLF placed
some drawings in engineering. reports
fold out to 11x17"
JLF 9:40 AM*

A

Commission approves water rate

by Robert Will
Green Valley News

The Arizona Corporation Commission last Wednesday officially affirmed the recommendations of its

hearing officer and staff in ordering increases in the rates charged by the New Pueblo Water Co. which serves the Pueblo Estates and Calle de Las Tiendas areas in the north part of

Green Valley.

The decision had been delayed pending resolution of errors discovered in the computation by ACC staff members of the rate base



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Vol. 23 No. 90

Green Valley, Arizona

"YOUR COMMUNITY"

hike for Pueblo Estates residents

for the water company, according to a spokesman for the commission.

The new residential rates, which are to go into effect June 1, according to the

spokesman, include a basic minimum rate of \$14.85 per month, to include the first 1,000 gallons, plus \$3.55 per 1,000 gallons beyond the minimum.

The new rates reflect an increase from the previous \$12 minimum, which included the first 1,000 gallons, and a use charge of \$3.25 per 1,000 gallons in excess of the minimum.

lley news

Sun

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NEWSPAPER

Friday, May 22, 1987

26 Pages

Deck will stay in post

TARIFF SCHEDULE

TARIFF SHEET NO. 001
GENERAL SERVICE

B

A.C.C. Docket No. U-2304-86-219
Decision No. 55593

June 4, 1987

COMMUNITY WATER CO. OF GREEN VALLEY
Arturo Gabaldón, General Manager

SPECIAL PROVISIONS

1. A non-refundable Establishment Charge in the amount of \$25.00, and the appropriate tax adjustment, will be assessed to each new or different consumer and/or person who applies for water service at the customer's delivery point. Billing for the Establishment Charge will be rendered as part of the Customer's first service bill.
2. If service is to be re-established at the same service location for a Customer who has previously ordered a service disconnection within the preceding twelve month period, or for any member of such Customer's household, a sum equal to the applicable monthly billing minimum times the number of months disconnected, and the appropriate tax adjustment will be required as a precondition to the establishment of such service. Payment for such charge shall be made at the time of application for re-establishment of service. (See A.C.C. Decision No. 55593, A.C.C. R14-2-403D).
3. Turn On/Off Fee (at customer request):

After Hours \$10.00
Sunday/Holidays \$20.00
(See A.C.C. Decision No. 55593) -
4. Customer requested meter test; \$20.00 (A.C.C. R14-2-408F).
5. Customer requested re-read; \$10.00 (A.C.C. R14-2-408C).
6. Check returned for insufficient funds; \$10.00 (A.C.C. 14-2-409F).

TERMS AND CONDITIONS - Subject to the Company's "Water Service Rules and Regulations".

TARIFF SCHEDULE

TARIFF SHEET NO. 001
GENERAL SERVICE

A.C.C. Docket No. U-2304-86-219
Decision No. 55593

June 4, 1987

COMMUNITY WATER CO. OF GREEN VALLEY
Arturo Gabaldón, General Manager

AVAILABILITY - In Green Valley and Environs at all points where facilities of adequate capacity and pressure are adjacent to the premises served.

APPLICATION - To all water service required when such service is supplied at one premise through one point of delivery and measured through one meter. Not applicable to temporary, stand-by, supplementary or resale service.

MONTHLY BILL:

<u>MINIMUM</u>	\$12.50 for 5/8" x 3/4" meter for 2,000 gallons or less
	12.50 for 3/4" meter for 2,000 gallons or less
	15.00 for 1" meter for 2,000 gallons or less
	18.76 for 1 1/2" meter for 2,000 gallons or less
	23.76 for 2" meter for 2,000 gallons or less
	32.51 for 3" meter for 2,000 gallons or less
	48.76 for 4" meter for 2,000 gallons or less
	65.01 for 6" meter for 2,000 gallons or less

<u>RATE</u>	\$ 1.07 per 1,000 gallons for all over 2,000 gallons
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ADJUSTMENT - Plus the applicable proportionate part of any taxes or governmental impositions which are or may be in the future assessed on the basis of the gross revenues of the Company and/or the price or revenue from the water or service sold and/or the volume of water pumped or purchased for sale and/or sold hereunder. In the event of any increase or decrease in taxes or other governmental impositions, rates shall be adjusted to reflect such increase or decrease.

SPECIAL PROVISIONS - The Special Provisions set forth as part of Water Tariff Sheet No. 001 are made a part hereof as if set forth herein.

C

Community Water Co. of Green Valley

10-3-90 G.V. News

Area water company has new owners

File #140

By Robert Will
Green Valley News

Community Water Co. of Green Valley officially took over the New Pueblo Water Co. system on Friday, Sept. 28. James R. Livingston, Community water president, said Monday.

The \$500,000 purchase was approved by the Arizona Corporation Commis-

sion last Sept. 19 following some three years of negotiation with Karl Ronstadt, owner of New Pueblo.

The period between the ACC approval and last Friday's official takeover of the New Pueblo system was required for technical completion of the sale, company officials said.

Community Water Co. is a non-profit cooperative organization which, prior to this purchase, had served about 7,000 customers in the Green Valley area.

Acquisition of the New Pueblo system will add about 600 customers to Community's service area, including the Pueblo Estates residential section and the business community along Calle de las Tiendas and Duval Road as well as north of Duval Road.

Community Water Co. officials said work on connecting the two systems has already begun and will be completed "in the very near future, possibly within the month."

G.V. Paper Front Page
Fri Oct 14, 05

D

Community Water will request hike

By Tim Hull
Green Valley News

GREEN VALLEY—By the end of the year Community Water Co. will ask state regulators to approve an approximately 20 percent rate hike, General Manager Art Gabaldón said this week.

Typically it takes about a year for the Arizona Corporation Commission to review a rate case. Gabaldón said that if the increase is approved it will likely show up on water bills around the end of 2006.

Average increase

"The average bill will increase from about \$15 to about \$18 a month," he said.

The rate increase request, the company's first since 1987, is the result of increased operating costs and costs associated with meeting new federal arsenic standards set to take effect in January 2006, Gabaldón said.

Multi-million-dollar arsenic treatment plants are

currently being installed at Community Water's well No. 6, and one is already in operation at well No. 9.

The utility is constructing two new wells on the east side of Interstate 19 that need arsenic treatment as well; however, last month, Phelps Dodge agreed to shell out several million dollars to pay to treat those wells.

The agreement came after two of Community Water's wells near the Sierrita Mine had to be shut down because of high sulfate levels resulting from seepage from the mine's tailing impoundments.

Had those wells not been contaminated by sulfate, they would not have needed arsenic treatment to comply with the new standards, Gabaldón said.

The two new wells meant to replace the contaminated ones, while not affected by the mine's sulfate plume, do need some treatment to meet the arsenic standards, he said—hence the agreement with Phelps Dodge.

That agreement will have

no effect on the rate case, Gabaldón added.

Land sale

The new wells are expected to be in operation by May 2006, Gabaldón said, though the company is still waiting to hear if Green Valley Recreation will agree to sell the utility a small piece of land behind the Abrego South Center on which an arsenic treatment plant would be built.

GVR Executive Director Jeff Ziegler said Wednesday that negotiations with the utility are moving forward and a vote on the sale is expected at the nonprofit leisure services company's Oct. 25 board meeting.

"Everything looks positive for us and Community Water," Ziegler said. "We view it (the sale) as a positive benefit for all."

Gabaldón said Community Water will hold a public meeting on the proposed rate increase Tuesday, Nov. 29, at West Center.

thull@gvnews.com | 547-9732