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*Admitted to practice before the courts of Arizona, California, District of Columbia and Maryland*

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June 11, 2002

**BY FEDERAL EXPRESS**

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, AZ 85007-2996

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**Re: Red Rock Water CoOperative, Inc.  
Docket No. WS-04052A-01-0794**

Dear Sir or Madam:

I am enclosing for consideration by the Commission Applicant's Supplemental Submission in Support of Application for and Adjudication "Not a Public Service Corporation." Please date stamp and return a copy of this Supplemental Submission in the enclosed envelope.

Very truly yours,

*Elizabeth A. McFarland*  
Elizabeth A. McFarland

EAM:mja  
Enclosure as specified

Arizona Corporation Commission  
**DOCKETED**

JUN 12 2002

DOCKETED BY

ORIGINAL

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AZ CORP COMMISSION  
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Attorney for Red Rock Water CoOperative, Inc.

**BEFORE THE ARIZONA CORPORATION COMMISSION**

**WILLIAM A. MUNDELL**  
**CHAIRMAN**  
**JIM IRVIN**  
**COMMISSIONER**  
**MARC SPITZER**  
**COMMISSIONER**

) **DOCKET NO. WS-04052A-01-0794**

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)  
) **APPLICANT'S SUPPLEMENTAL**  
) **SUBMISSION IN SUPPORT OF**  
) **APPLICATION FOR AN**  
) **ADJUDICATION "NOT A PUBLIC**  
) **SERVICE CORPORATION"**

**IN THE MATTER OF THE**  
**APPLICATION OF RED ROCK**  
**WATER COOPERATIVE, INC. FOR**  
**ADJUDICATION THAT IT IS NOT A**  
**PUBLIC SERVICE CORPORATION.**

Applicant, Red Rock Water CoOperative, Inc., by and through the undersigned counsel, hereby submits in support of its Application for an Adjudication "Not a Public Service Corporation" the following for the Commission's consideration at the June 13, 2002 hearing:

Attached hereto as Exhibit A is a true and correct copy of a June 10, 2002 letter by Chuck Coulter, President of Red Rock Water CoOperative, Inc., responding to Deborah Dobson's May 22, 2002 letter to the Commission.

Attached hereto as Exhibit B is a true and correct copy of a list of the shareholders of the Red Rock Water CoOperative, Inc. as of June 1, 2002.

Attached hereto as Exhibit C is a true and correct copy of the Minutes of January 8, 2002 Annual Meeting of the Shareholders of the Red Rock Water CoOperative, Inc.

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Attached hereto as Exhibit D is a Declaration by Steven R. Owens dated June 11, 2002.

Respectfully submitted,

  
Elizabeth A. McFarland

COPY of the foregoing  
was mailed by United States Mail,  
prepaid postage attached, on  
June 11, 2002, to  
  
Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007  
  
Christopher Kempley, Chief Counsel  
Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007  
  
Ernest G. Johnson, Director  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007  
  
Lyn Farmer  
Chief, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007  
  
Deborah Dobson  
375 Mockingbird Lane  
Sedona, Arizona 86336

1 COPY of the foregoing  
2 was faxed to (602) 542-4870  
3 and mailed by United States  
4 Mail, prepaid postage attached,  
5 on June 11, 2002, to

6 Timothy J. Sabo  
7 Attorney, Legal Division  
8 Arizona Corporation Commission  
9 1200 West Washington Street  
10 Phoenix, Arizona 85007

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12 *Elizabeth McFarland*

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**A**

**C & C COULTER  
Lazy C Ranch  
80 Mockingbird Spur  
Sedona, AZ 86336**

**June 10, 2002**

**Judge Wolfe and Commissioners,**

**I am Chuck Coulter, President of the Red Rock Water Co-Op, while I am new to the position I have been a part of the Co-Op since 1980. I feel it is my duty to rebut Deborah Dobson's letter to you of May 22, 2002.**

**Being part of the Red Rock Water Co-Op is part of the deed agreement if you wish it at time of purchasing property here, you are free at any time to have your own well, and remove yourself from the Co-Op. There is no City or County water available.**

**The single assessments of \$300.00 and the additional \$20.00 per month is and was for payment of the Co-Op's legal fees and repairs to the community well facility. A letter was sent to each member of the Co-Op explaining the need for the additional charges. Much of the legal fees that have been incurred are from the Co-Op's attempt to answer Deborah's questions. In a meeting of the Co-Op in January in which we had our legal advisor present, a face to face attempt was made to explain these fees again. She walked out of the meeting after the lawyer and several members present once again tried to explain the reason for the fees.**

**To my knowledge all the other members have been satisfied by the answers to the questions of the assessments. Please feel free to contact me at my home 928/282-6823.**

**Thank you for your time with this matter. It is my sincere wish to clear this up.**

**Thank you again,**



**Chuck Coulter**

**B**

RED ROCK WATER CO-OP  
70 MOCKINGBIRD SPUR  
SEDONA, AZ. 86336

THESE AR THE SHAREHOLDERS OF RED ROCK WATER CO-OP  
AS OF JUNE 1, 2002

CHUCK COULTER  
80 MOCKINGBIRD SPUR  
SEDONA, AZ. 86336

SAM COUTLER  
90 MOCKINGBIRD SPUR  
SEDONA, AZ. 86336

FRANK & ROSELLA DAVIS  
364 MOCKINGBIRD LANE  
SEDONA, AZ. 86336

DEBORAH DOBSON  
375 MOCKINGBIRD LANE  
SEDONA, AZ. 86336

JAY & CHERYL ELMER  
P.O. BOX 1164  
SEDONA, AZ. 86339

JIM HERBERT  
151 COUNTRY LANE  
SEDONA, AZ. 86336

STEVE & KAY HOLLAND  
70 MOCKINGBIRD SPUR  
SEDONA, AZ. 86336

DALLAS WEAVER  
P.O. BOX 4201  
SEDONA, AZ. 86340

TIM WRIGHT  
P.O. BOX 3746  
SEDONA, AZ. 86340

**C**

RED ROCK WATER CO-OP  
ANNUAL MEETING  
JAN. 8, 2002

THE ANNUAL MEETING OF RED ROCK WATER CO-OP WAS HELD JAN. 8, 2002  
AT THE HOME OF TIM WRIGHT.

THE MEETING WAS CALLED TO ORDER AT 7:05 P.M. BY PRESIDENT JAY ELMER,  
MEMBERS PRESENT AT THE MEETING WERE AS FOLLOWS.

CHUCK COULTER	1 - SHARE
SAM COULTER	1- SHARE
FRANK & ROSELLA DAVIS	1 - SAHRE
DEBORAH DOBSON	1- SHARE
JAY ELMER	1- SHARE
STEVE & KAY HOLLAND	1 - SHARE
DALLAS WEAVER	1 - SHARE
TIM WRIGHT	1 - SHARE

REPRESENTING 8 OF 11 SHAREHOLDERS.  
ATTORNEY STEVE OWENS WAS ALSO PRESENT

AT THIS TIME THE MEETING WAS TURNED OVER TO STEVE OWENS, TO EXPLAIN  
TO SHAREHOLDERS PRESENT, THE STATUS OF OUR INCORPORATION, AND ALSO  
WHAT IT MEANS TO BE A MEMBER OF A CO-OP. THE STATUS OF OUR  
INCORPORATION, WAS STILL IN THE PROCESS, WITH IT BEING POSTED IN THE  
PAPER, AND A HEARING TO BE SCHEDULED.

AS FOR BEING A MEMBER OF A CO-OP, ALL SHAREHOLDERS ARE RESPONSIBLE  
FOR REPAIRS THAT ARE TO BE MADE, AND ANY EXPENSES THAT ARE TO BE MET,  
AS REFERRED TO IN OUR ORIGINAL BY-LAWS OF 1976. DEBORAH DOBSON WAS  
PROTESTING A RECENT ASSESSMENT THAT WAS MADE TO ALL SHAREHOLDERS  
IN THE AMOUNT OF \$ 300.00. THIS ASSESSMENT HAD TO BE MADE, BECAUSE OF  
THE FACT THAT OUR BANK ACCOUNT WAS, DEPLETED, BECAUSE OF ALL OF THE  
ATTORNEY FEES THAT HAD TO BE PAID, SINCE THE START OF THE  
INCORPORATION. ALSO FOR REPAIRS THAT HAVE TO BE MADE WHEN OUR  
WATER SYSTEM BREAKS DOWN, WHICH EVERY SUMMER WE HAVE TO HAVE  
REPAIRS MADE , WHEN THERE IS A BREAK DOWN.

DEBORAH DOBSON WANTED TO KNOW WHEN IT WAS DECIDED TO INCORPORATE.  
ANSWERED IT WAS DECIDED AT THE SECOND MEETING HELD AT THE SEDONA  
INN IN SEDONA, IN 1998, WHEN ALL OF THIS STARTED. SHE CONTINUED TO  
PROTEST THAT IT WAS NOT DECIDED, BUT ALL OF THE OTHER SHAREHOLDERS  
REMEMBERED IT WELL.

DEBORAH DOSON ALSO QUESTIONED THE ACTIVITY REPORT AS TO 2 BILLINGS  
FOR THE SAME AMOUNT APPEARING IN SEPARATE MONTHS, THEY OCCURED IN  
AUG. AND SEPT. BUT DID NOT APPEAR ON THE ACTIVITY REPORT, UNTIL 1 IN  
SEPT. AND 1 IN DEC. ONLY BEACUSE THIS IS HOW THEY WERE PAID ON. THE  
BILLS WERE FOR THE WATER REPAIRS THAT WERE NEEDED, IN AUG. AND SEPT.

HEATED ARGUMENTS PURSUED, BY DEBORAH, OVER THE INCORPORATION, THE ASSESSMENT, AND MORE DETAILED ACTIVITY REPORTS, WHICH WAS GETTING NOWHERE. ATTORNEY STEVE OWENS TURNED THE MEETING, BACK OVER TO JAY ELMER.

THE ELECTION OF OFFICERS FOLLOWED, NOMINATED WERE, CHUCK COULTER, TIM WRIGHT, JAY ELMER, AND KAY HOLLAND. A CLOSED BALLOT VOTE WAS TAKEN, WITH JAY ELMER, CHUCK COULTER M, AND KAY HOLLAND RECEIVING THE GREATER NUMBER OF VOTES. IT WAS THEN DECIDED THAT CHUCK COULTER - PRESIDENT, JAY ELMER - VICE PRESIDENT, AND KAY HOLLAND SECRETARY, TREASURER.

STEVE OWENS LEFT THE MEETING AT THIS TIME.

AFTER THE ELECTIONS DEBORAH, STARTED THE ARGUMENTS AGAIN OVER THE ASSESSMENT, INCORPOATION. WHICH RESULTED IN DALLAS WEAVER LEAVING THE MEETING.

JAY ELMER BEGAN ON NEW BUSINESS, THAT NEEDED TO BE DISGUSSED, SUCH AS THE CONDITION, OF OUR WATER SYSTEM AND DECIDING WHAT WE NEEDED TO DO, TO GET MORE FUNDS INTO THE ACCOUNT, TO PAY FOR OUTSTANDING DEBTS, AND EXPENSES THAT WE WILL BE HAVING IN THE FUTURE. AT THIS TIME EVEN AFTER THE \$ 300.00 ASSESSMENT, WILL STILL HAVE OUTSTANDING DEBTS, AMOUNTING TO \$ 2,383.99. DEBORAH DOBSON DID NOT THINK THAT WE SHOULD BE DECIDING THESE THINGS UNTIL THE INCORPORATION, WAS FINAL, BUT THE THINGS CAN BE DECIDED UNDER OUR ORIGINAL BY-LAWS. AT THIS POINT DEBORAH DOBSON LEFT THE MEETING.

NOW PRESENT AT THE MEETING, WERE 6 SHAREHOLDERS, REPRESENTING A QUORAM.

THE FOLLOWING DECISIONS WERE MADE BY THOSE PRESENT.

1. IT WAS VOTED ON AND PASSED . 6-0 IN FAVOR OF A MONTHLY ASSESSMENT OF \$ 20.00 TO EVERY SHAREHOLDER, AND AN INCREASE FROM OUR \$ 1.50 PER 1000 GALLONS AFTER THE BASE RATE, TO \$ 2.00 PER 1000 GALLONS AFTER THE BASE RATE, OF \$ 15.00. THESE CHANGES ARE TO BEGIN MARCH 1, 2002, AND WILL BE REVEIUED AT THE NEXT ANNUAL MEETING, 2003.
2. A DEADLINE WAS SET FOR THE PREVIOUS \$ 300.00 ASSESSMENT, BEING MARCH 1, 2002. AT THIS TIME, SOME ARRANGEMENT SHOULD BE MADE AND OR A PAYMENT OF \$ 50.00, FOR THE 2, WHO HAVE NOT MADE AN ATTEMPT TO PAY. VOTING 6-0 IN FAVOR OF.
3. VOTING 6-0 IN FAVOR OF, CERTIFIED LETTERS, WILL BE SENT TO ALL SHAREHOLDERS INFORMING THEM OF THESE CHANGES, APPROXIMATELY 10 DAYS PRIOR TO MARCH 1, 2002.
4. THE QUESTION OF LIABILITY ON THE SITE OF THE WELL, AND THE STORAGE AREA, WAS BROUGHT UP. THESE AREAS ARE SUPPOSED TO BE FENCED TO PREVENT ANY ACCIDENTS, AND HOLDING THE SHAREHOLDERS RESOPSIBLE.. CHUCK COULTER OFFERED SOME CHAIN LINK FENCING THAT

HE HAS, AND CHUCK, STEVE HOLLAND, TIMWRIGHT, AND JAY ELMER OFFERED THEIR TIME TO INSTALL THE FENCING.

5. VOTING 6-0 IN FAVOR OF . IT WAS DECIDED THAT A LIST OF PEOPLE TO CALL, FOR MAINTENENCE NEEDS TO THE WATER SYSTEM WAS NEEDED

1. NORTHERN ARIZONA PUMP

2. BLANCHARD ELECTRIC

3. FOR PLUMBING, SEDONA PLUMBING, STEVE ASH PLUMBING, AND MOUNTAIN HIGH PLUMBING.

4. IT WAS ALSO FOR PROBLEMS THAT DO NOT REQUIRE HAVING TO PAY SOMEONE FROM \$ 60.00 TO \$ 80.00 AN HOUR FOR , IF STEVE HOLLAND IS AVAILABLE, THESE REPAIRS CAN BE MADE BY HIM AT A RATE OF \$ 20.00 PER HR.

6. VOTING 6-0 IN FAVOR OF THE BOARD HAS THE RIGHT TO USE THEIR *Judgement* WHEN THE WATER SYSTEM GOES DOWN, OR NEEDS REPAIRS.

7. VOTED 6-0 IN FAVOR OF A MORE DETAILED EXPLANATION OF THE REPAIRS THAT ARE MADE, TO BE MADE KNOWN TO SHAREHOLDERS ON THE REPORT, SENT EVERY 6 MONTHS.

THE MEETING ADJORNED AT 9:45

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LAW OFFICE OF STEVEN R. OWENS P.C.  
STEVEN R. OWENS, ESQ., Bar # 13994  
6041 S. SYRACUSE WAY, SUITE 103  
ENGLEWOOD, COLORADO 80111  
TELEPHONE (720) 529-9800  
TELEFAX (720) 529-1089

**BEFORE THE ARIZONA CORPORATION COMMISSION**

**WILLIAM A. MUNDELL  
CHAIRMAN  
JIM IRVIN  
COMMISSIONER  
MARC SPITZER  
COMMISSIONER**

**DOCKET NO. WS-04052A-01-0794**

**IN THE MATTER OF THE  
APPLICATION OF RED ROCK  
WATER COOPERATIVE, INC. FOR  
ADJUDICATION THAT IT IS NOT A  
PUBLIC SERVICE CORPORATION.**

**DECLARATION OF  
STEVEN R. OWENS, ESQ.**

I, Steven R. Owens, do hereby make the following declaration under penalty of perjury under the laws of the State of Arizona:

1. I am over the age of 21 years, and am otherwise competent to make this declaration.

2. I am an attorney, in good standing and admitted to practice in the States of Arizona and Colorado.

3. I practiced in Sedona, Arizona until April 1, 2002, at which time I relocated to Greenwood Village, Colorado.

4. While in Arizona, I served as counsel to Red Rock Water CoOperative, Inc. I served in that capacity when I was asked by the officers to attend the annual meeting of the CoOperative held at 7:00 p.m. on Tuesday, January 8, 2001 at Tim Wright's home, 11 Country Lane, Sedona, Arizona 86336.

5. That annual meeting was duly noticed to all members of the corporation and a quorum was present under the corporation's bylaws allowing the corporation

1 to conduct its business.

2 6. At that meeting, one of the members, Ms. Deborah Dobson, continually  
3 attempted to disrupt the meeting, constantly demanding that the officers and  
4 directors leave the agenda to answer her various questions and address her various  
5 demands.

6 7. I was impressed with the politeness and courtesy with which the officers  
7 and directors attempted to answer her questions, and they let her have the floor  
8 until she finally quit talking.

9 8. At that meeting she impugned the accuracy and honesty of the  
10 corporation's bookkeeping, and demanded to know details of all of the expenditures  
11 of the corporation for an extended period of time. The treasurer told her that she  
12 did not have the books and records of the corporation with her at the meeting, but  
13 that Ms. Dobson was welcome to review the books and records of the corporation at  
14 any time. I pointed out to the entire membership that each of them had the right  
15 under Arizona law to review the books and records of the corporation, and  
16 personally witnessed the treasurer's offer to make the books and records available  
17 to Ms. Dobson.

18 9. At that meeting Ms. Dobson questioned the wisdom of recent  
19 assessments, but it was carefully explained to her by the officers and directors that  
20 both the \$300.00 one-time assessment and the \$20.00 monthly assessment were  
21 required to perform necessary maintenance and repair on the system, and in order  
22 to build up a reserve in the event of failure of a major expensive part. The then-  
23 president of the CoOperative, Jay Elmer explained how the old assessment was not  
24 sufficient to cover the needed expenses and provided to her a very detailed answer  
25 of the various pieces of equipment which were likely to fail in the near future, due  
26 to their age.

27 10. At that meeting Ms. Dobson demanded to know why the board of  
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1 directors elected to incur the expenses of incorporating the CoOperative as a non-  
2 profit corporation, even though she was present at the earlier meeting in which this  
3 action was discussed and approved by the members of the CoOperative. I carefully  
4 reminded her that I had recommended the action at that time so that the  
5 CoOperative would have a legally recognizable form of organization, since it was my  
6 opinion as an attorney that the old form of organization was vague and ambiguous.  
7 I reminded her that in the event of a claim against the CoOperative, there was a  
8 risk that the old form of organization would be deemed to be a partnership,  
9 exposing every member to personal liability to the extent of their personal assets for  
10 satisfaction of that claim. I reminded her that she was in attendance at that  
11 meeting, and that the action to incorporate was approved by the membership of the  
12 CoOperative. Ms. Dobson was given an opportunity to ask any further questions in  
13 that regard, and she did not do so.

14 11. At the January annual meeting Ms. Dobson stated that when she  
15 bought her home she thought that it was on a public water system, and she was  
16 upset that she was now being asked to pay her proportionate share of CoOperative  
17 expenses, since she would not have to pay for her share of expenses in this manner  
18 if she was on a public water system. I pointed out to her that her lack of due  
19 diligence in purchasing her property did not excuse her from her obligations if she  
20 wanted to remain a member of the CoOperative—I pointed out to her that all of the  
21 CoOperative covenants were recorded documents, which would have shown up on  
22 her title report at the time of purchase, and that she had constructive notice of all  
23 issues related to the CoOperative.

24 12. I have read the letter from Ms. Dobson to the Arizona Corporation  
25 Commission dated May 22, 2002 and believe that it contains numerous false  
26 statements. The thrust of her letter is that the books and records of the  
27 CoOperative are being held secretly, and that no one has explained the reason for  
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1 the various assessments and the fee structure to her and the other members. I  
2 know for a fact that this is false since I sat through the explanation at the annual  
3 meeting, and I know for a fact that Ms. Dobson has received patient explanations of  
4 the reasons behind the assessments and would enjoy full access to the books and  
5 records if she would simply make the effort to travel to the home of the treasurer to  
6 examine them. She also falsely states that the officers and directors of the  
7 CoOperative run the CoOperative without any form of explanation to the  
8 membership. This is absolutely false—every aspect of the CoOperative's operations  
9 is carefully explained to the membership (including Ms. Dobson).

10 13. I think that it is important for the Commission to note that Ms. Dobson  
11 is the sole member of the CoOperative who objects to the operation of the  
12 CoOperative. It has become apparent to me that Ms. Dohson simply does not  
13 understand the concept of a cooperative, in which a group of people share expenses  
14 in order to obtain common benefits. Her behavior, in which she wants to obtain all  
15 of the benefits of being a member of the CoOperative (including being able to avoid  
16 the \$15,000.00 expense of drilling her own well), but without bearing any of the  
17 responsibilities of being a member, indicates that she has no appreciation or  
18 understanding of the term "cooperative."

19 13. On the other hand, I have been impressed with the courtesy and  
20 restraint which the officers, directors and other members of the CoOperative have  
21 shown in dealing with Ms. Dohson, who appears to have as her only objective the  
22 harassment, vilification and annoyance of her neighbors. The other members,  
23 officers and directors of the CoOperative have demonstrated the traditional  
24 honesty, cooperation and community spirit which is characteristic of the people of  
25 rural Northern Arizona and it has been my great pleasure to know them and to  
26 have assisted them. I hope that the Members of the Commission recognize that  
27 these good people have suffered enough annoyance and insult at the hands of Ms.

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1 Dobson, and that her continual complaints and baseless allegations should be  
2 dismissed as false, irrelevant and without any basis in law or fact.

3 If I were to testify before the Commission, I would testify as set forth above.

4 Dated this 11<sup>th</sup> day of June, 2002.



Steven R. Owens, Esq.

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