



0000048517

FORMAL COMPLAINT

RIZONA CORPORATION COMMISSION
FORMAL COMPLAINT FORM

RECEIVED

COMPLAINANT:

SLV Properties, L.L.C.

ADDRESS

8070 E. Morgan Trail, #130, Scottsdale, AZ 85258

NAME OF RESPONSIBLE PARTY

Ronald Saxon, Kenneth J. Vegors, R. Steve Loy

NAME OF UTILITY

Arizona Water Company

COMPLAINT NUMBER

0002-02

PHONE (HOME)

602-955-7637

PHONE (WORK)

480-556-9300

ACCOUNT NUMBER

DATE
2002 MAR 18 A 11:57
3/12/02

AZ CORP COMMISSION
DOCUMENT CONTROL

W-01445A-02-0198

GROUND FOR COMPLAINT:

During July 2001, a water meter, owned by Arizona Water Company, was struck by lightning on the golf course property owned by MountainBrook Golf Club, L.L.C., a wholly owned subsidiary of SLV Properties, L.L.C. SLV claims that Arizona Water Company was negligent in not notifying MountainBrook Golf Club, L.L.C. that Arizona Water Company did not maintain insurance coverage for said meter even though they acknowledge that Arizona Water Company owns said meter. This action denied MountainBrook Golf Club, L.L.C. the opportunity to provide adequate insurance coverage on said meter.

Arizona Water Company stated at the Appeal Hearing of February 5, 2002, that their utility did not have operating expense accounts other than maintenance accounts. Our review of the Uniform System of Accounts for Class A and B Water Utilities clearly indicates that this is a misrepresentation of the accounting listing by Arizona Water Company. Therefore, on advice of legal counsel, we request all entries for the following accounts for the 2001 fiscal or calendar year. Under the Index of Accounts, this pertains to the following:

- All account entries (charges to accounts) 600 through 604, inclusive for calendar year 2001;
- All account entries (charges) to account 626 (which is labeled as Miscellaneous Expenses) inclusive for calendar year 2001;
- All account entries (charges) to accounts 642 and 643 inclusive for calendar year 2001;
- All account entries (charges) to accounts 901 though 905 inclusive for calendar year 2001;
- As stated at the Corporation Commission Hearing of February 5, 2002, the Arizona Water Company claims the company maintains that they only have maintenance accounts and not operating accounts, we request a review of all Administrative, Sales, and General Expense Account entries for account(s) 910,920,921,922,923,924,925,926,927,928,929 and 930 for the 2001 calendar year.

Because of our claim pertaining to insurance coverage, we particularly want to review all charges to account 924.

ARIZONA CORPORATION COMMISSION
FORMAL COMPLAINT FORM

NATURE OF RELIEF SOUGHT:

SLV Properties, L.L.C. / MountainBrook Golf Club, L.L.C. is requesting that Arizona Water Company pay one-half of the original billing totaling \$2,620.18 and cancel the claims for late fees, interest owed and sales tax on that amount since date of original invoice. Each party would then sign a release for any further claim regarding this matter.

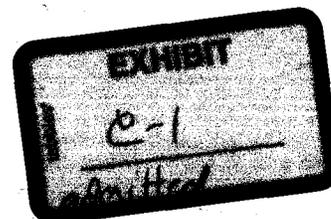
Ronald Saxon 2/14/02
SIGNATURE OF COMPLAINANT OR ATTORNEY

*Faxed
11/13/02*

PVC, Inc. FAX

PO Box 18843 .

Fountain Hills, AZ 85269 .



To : Dale Williams
Company : Mt. Brook G. C.
Fax Number : 480.671.5688
Phone Number : 480.671.1000

From : Dennis Reed
Fax Number : 480.837.3889
Phone Number : 480.837.2900

Date : 11/13/02
Total Pages : 1
Re. : Transient Voltage Surge Suppression

Dale,

Your cost for PVC, Inc. to provide and install TVSS protection for your electronic flow meter would be \$518-. This would include two TVSS for maximum protection; one TVSS, compatible with the flow meter, connected to a ground rod at each end of the 120 volt circuit that provides power to your flow meter.

Each of these particular TVSS have a max. energy rating of 480 Joules at 130 VRMS with surge currents up to 39,000 Amps and a response time of less than 5ns. They have a 10 day lead time, and installation could be scheduled immediately upon receiving them.

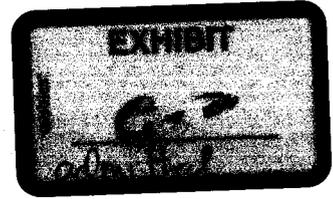
If you decide to have this work performed please contact the Arizona Water Company for the necessary authorization to proceed. If I can be of further assistance please call me at 480.837.2900 or 480.250.6898. Thank you for the opportunity to be of service.

Sincerely,
Dennis Reed

Dennis

- Is this the maximum protect we could require?

- Does this prevent virtually all electrical strikes?



November 14, 2002

The Honorable Marc E. Stern
Administrative Law Judge
The Arizona Corporation Commission
1200 W. Washington Ave.
Phoenix, Arizona 85007

Re: SLV Properties, L.L.C./MountainBrook Golf Club, L.L.C., and Complainant
Vs. Arizona Water Company, Respondent

Dear Sir:

This letter is to inform the Arizona Corporation that SLV Properties, L.L.C. / MountainBrook Golf Club, L.L.C. received an invoice from Arizona Water Company dated September 23, 2002 pertaining to replacement of the electrical flow meter owned by Arizona Water Company, located on MountainBrook Golf Club property.

This is the second occurrence of the water meter requiring replacement due to electrical storm damage. The date of the labor and material replacement is September 3, 2002 in the amount of \$890.66 plus the 10% overhead and sales tax assessed by Arizona Water Company for an invoice total of \$1,046.47. I have enclosed a copy of the invoice for your records.

The invoice expense and the attendant circumstances should be included in Docket No. W-01445A-02-0198 hearing to be held before the Arizona Corporation Commission on Tuesday, December 3, 2002. Thank you for your assistance with this matter.

Sincerely,

Kenneth J. Vegors
Member/Manager

cc: Ronald Saxon, SLV Properties, L.L.C.
R. Steve Loy, SLV Properties, L.L.C.



November 14, 2002

Mr. William Garfield
Vice President, Operations
Arizona Water Company
3805 N. Black Canyon Highway
Phoenix, Arizona 85007

Dear Mr. Garfield:

SLV Properties, L.L.C. / MountainBrook Golf Club, L.L.C. is in receipt of Arizona Water Company invoice #92302 dated September 23, 2002. This billing pertains to the replacement of the CAP electrical flow meter owned by your company which is located on the MountainBrook Golf Course property. I have enclosed a copy of the invoice for your review.

This meter required replacement by Pump, Valve & Control Service, Inc. due to an electrical storm which occurred about September 3, 2002. As you know, this is the second time in less than fourteen (14) months this equipment has been replaced due to electrical storm damage.

This letter is to advise you that payment of the subject invoice is being withheld pending our company's claim to the Arizona Corporation Commission. The circumstances of our claim and the damage which occurred in September, 2002 is essentially the same circumstances that occurred in July 2001.

Please contact me if you wish to discuss this matter.

Sincerely,

Kenneth J. Vegors
Member/Manager

Cc: Ronald Saxon, SLV Properties, L.L.C.
R. Steve Loy, SLV Properties, L.L.C.
Robert W. Geake, Arizona Water Company

ARIZONA WATER COMPANY

P.O. Box 29006
Phoenix, AZ 85038-9006
(602) 240-6860

Bill to: Mr. Ken Vegors
Mountain Brook Golf Club
14646 N Kierland #230
Scottsdale, AZ 85254

Invoice: 92302
Date: September 23, 2002
Terms: Due Upon Receipt
Payable To: Arizona Water Company

Technical services performed on September 3, 2002 by Pump, Valve & Control Service, Inc on CAP water meter for the golf course. (See enclosed contractor's invoice)

Meter repairs	\$890.66
10% overhead	\$89.07
Sub Total	<u>\$979.73</u>
Sales Tax 6.813%	66.75
Total Amount Now Due	<u>\$1,046.47</u>

Please make your check payable to Arizona Water Company and remit to:
David Kupres, Arizona Water Company P.O. Box 29006 Phoenix, AZ 85038-9006

Pump, Valve & Control Service, Inc.
P.O. Box 18843
Fountain Hills, AZ 85269-8843

INVOICE

DATE	INVOICE #
9/16/2002	1286

BILL TO
Arizona Water Company P.O. Box 400 Apache Junction, AZ 85217

SHIP TO
Gold Canyon Flow Meeters #5 - Mt. Brook Golf Course

P.O. NO.	JOB NAME
Verbal/Judd	

ITEM	DESCRIPTION	AMOUNT
Labor	Tue. 9/3 Checked Flow Meeter for no display. 4 hr. Found front panel burned out from electrical storm, Rerplaced Front Panel Display as required.	280.00
Materials	1 - Repair burned out Front Panel Display.	550.00T
Freight	UPS shipping.	17.21
	Sales Tax	43.45

RECEIVED
SEP 17 2002
ARIZONA WATER COMPANY
APACHE JUNCTION

RECEIVED
SEP 23 2002
ARIZONA WATER COMPANY
PHOENIX - ACCOUNTING

Thank you for your business.	Total	\$890.66
------------------------------	--------------	-----------------

ARIZONA WATER COMPANY

P.O. Box 29006
Phoenix, AZ 85038-9006
(602) 240-6860

Bill to: Mr. Ken Vegors
Mountain Brook Golf Club
14646 N Kierland #230
Scottsdale, AZ 85254

Invoice: 72402
Date: October 9, 2002
Terms: Due Upon Receipt
Payable To: Arizona Water Company

Technical services performed July 2001 by Pump, Valve & Control Service, Inc on CAP water meter for the golf course.

Past Due Balance	\$3,273.21
Late Charges 1.5% October 9, 2002	49.10
Sales Tax 6.813%	3.35
Total Amount Now Due	<u>\$3,325.65</u>

Please make your check payable to Arizona Water Company and remit to:
David Kupres, Arizona Water Company P.O. Box 29006 Phoenix, AZ 85038-9006

JUN 24 2002

tabbles®
EXHIBIT
R-1
admitted



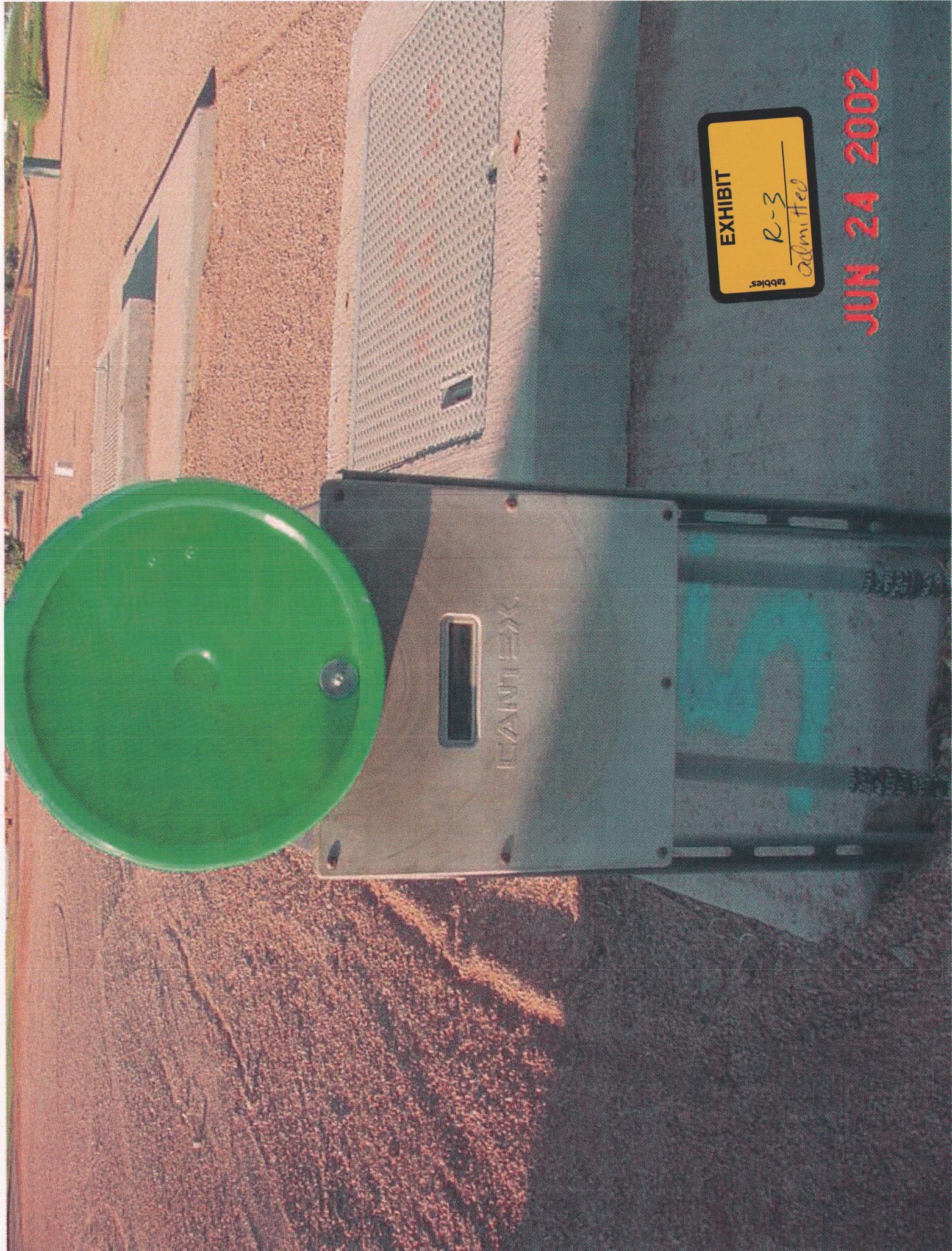


EXHIBIT
R-3
admitted
tabbles

JUN 24 2002

EVIDENCE

WATER RATES

ARIZONA WATER COMPANY

Phoenix, Arizona

Filed by: James R. Livingston
Title: President
Date of Original Filing: March 7, 1994
System: APACHE JUNCTION, CASA GRANDE,
COOLIDGE, WHITE TANK

A.C.C. No. 440
Cancelling A.C.C. No. (not applicable)
Tariff or Schedule No. NP-260
Filed: February 2, 1999
Effective: March 15, 1999

ORIGINAL

NON-POTABLE CENTRAL ARIZONA PROJECT WATER

AVAILABILITY:

In the Company's Apache Junction, Casa Grande, Coolidge and White Tank water systems, where and when Central Arizona Project ("CAP") water is available.

SUITABILITY:

It is the customer's responsibility to determine the initial and continuing suitability of the non-potable CAP water furnished under this tariff for any intended uses. The Company does not treat, test or monitor non-potable CAP water and furnishes it to customers strictly on an "as received" basis from the Central Arizona Water Conservation District ("CAWCD"). The customer agrees to accept non-potable CAP water "as received." Compliance with any requirement of the Arizona Department of Environmental Quality, or any other agency having jurisdiction, concerning the use or quality of non-potable CAP water shall be the sole responsibility of the customer. The Company will not be liable for, and the customer will hold harmless, indemnify and defend the Company against, any injuries or damages arising from its service of non-potable CAP water.

FACILITIES AND DEMAND:

When applying for non-potable CAP water service, the customer shall specify the maximum annual quantity of CAP water in acre feet (AF) that it intends to use under this tariff schedule and pursuant to a Non-Potable Water Facilities Contribution Agreement. This quantity of water will be used to determine the facilities required to serve the customer and will be the customer's maximum demand for non-potable CAP water ("CAP Demand") during any calendar year. The customer will be responsible for both the deferred (including holding costs) and the current annual CAWCD M&I Water Service Capital Charges on the CAP Demand and on any water use in excess of the CAP Demand.

The customer will contribute the funds required to install all facilities needed to provide CAP water. Such facilities will be owned by the Company.

The Deferred CAP Demand Charge includes the deferred annual CAWCD M&I Water Service Capital Charges and associated holding costs for the customer's CAP Demand. The Deferred CAP Demand Charge is payable prior to the start of service or within fifteen (15) days of any approved increase in CAP Demand. The Deferred CAP Demand Charge will be payable only on any future increase in CAP Demand for those customers receiving service under this tariff as of the effective date. The Deferred CAP Demand Charge is not refundable if the customer's CAP Demand is later reduced.

APPROVED FOR FILING

DECISION #: 61579**EXHIBIT**

tabular

R-4
admitted

Effective 3/15/99
Revised 1/18/95
Revised 1/15/99

MONTHLY BILL:

ORIGINAL

The monthly billing will consist of the following components:

1. A monthly CAP Demand charge equal to 1/12th of the customer's CAP Demand in AF times the applicable CAWCD M&I Water Service Capital Charge per AF plus four percent (4%) of such costs to cover the Company's administrative and handling costs. Should the customer's actual water use exceed the customer's CAP Demand, the customer will be billed an additional demand charge, based on the applicable CAWCD M&I Water Service Capital Charge, on the excess water use, plus a four percent (4%) administrative and handling fee.

2. A meter charge based on the applicable monthly minimum charge by meter size as set forth in each system's General Service tariff schedule. This meter charge shall not include any water.

3. A commodity charge designed to pass on all costs of non-potable CAP water, except the monthly CAP Demand charge, as billed to the Company during the previous month by the CAWCD or any other authorized governmental agency, plus one percent (1%) of such costs to cover the Company's administrative and handling costs.

4. A power, maintenance and depreciation charge based on the specific requirements of each customer.

A. The power component will be the direct and separately metered cost of the power billed to the Company during the previous month for CAP water delivered to the customer, plus one percent (1%) of the power cost to cover the Company's administrative and handling costs. If multiple customers are being served by common facilities, the power component will be prorated based on CAP water actually used during the month by each customer.

B. The maintenance component will be the actual costs of maintaining the facilities required to serve the customer, plus a ten percent (10%) charge to provide for overhead and margin. If multiple customers are being served by common facilities, the maintenance component will be prorated based on each customer's CAP Demand.

C. The depreciation component will be 1/12th of the product of the Company's book depreciation rate, as authorized by the Arizona Corporation Commission, times the original cost of the plant facilities serving the customer. If multiple customers are being served by common facilities, the depreciation component will be prorated based on each customer's CAP Demand.

Late Charge: Any payment not received within fifteen (15) days from the postmark date of the bill will be delinquent and subject to a late charge of one and one-half percent (1½%) per month.

Adjustment: An adjustment for state and local taxes, which will be the applicable proportionate part of any taxes or governmental impositions which are, or in the future may be, 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 tax increase or decrease.

TERMS AND CONDITIONS:

Subject to the Company's Tariff Schedule TC-243.

APPROVED FOR FILING
DECISION #: 61579

R. W. Geake

BEFORE THE ARIZONA CORPORATION COMMISSION

1
2 **JIM IRVIN**
Commissioner - Chairman
3 **TONY WEST**
Commissioner
4 **CARL J. KUNASEK**
Commissioner
5

Arizona Corporation Commission

DOCKETED

MAR 15 1999

RECEIVED

MAR 19 1999

DOCKETED BY *sd*

ARIZONA WATER COMPANY
PHOENIX - LEGAL

6 **IN THE MATTER OF THE APPLICATION**)
7 **OF ARIZONA WATER COMPANY FOR A**)
8 **PROPOSED REVISION TO TARIFF NO.**)
9 **NP-260, NON-POTABLE CENTRAL**)
10 **ARIZONA PROJECT WATER**)

DOCKET NO W-01445A-99-0056

DECISION NO. 61579

ORDER

10 **Open Meeting**
11 **March 9 and 10, 1999**
12 **Phoenix, Arizona**

12 **BY THE COMMISSION:**

FINDINGS OF FACT

14 1. On February 9, 1999, Arizona Water Company (AWC or Company) filed an
15 application for approval of its revised Tariff No. NP-260, Non-Potable Central Arizona Project
16 Water (the "Tariff"). AWC is certificated to provide water service as a public service
17 corporation in the State of Arizona.

18 2. The Tariff was originally approved by the Arizona Corporation Commission
19 (Commission) in Decision No. 58593 on April 6, 1994, and a revision to the Tariff was approved
20 on January 12, 1995, in Decision No. 58949. The Tariff is designed to pass through to the
21 customer all of the costs involved in providing non-potable Central Arizona Project (CAP) water
22 service plus amounts for administration. The Tariff places the applicable costs of service on the
23 appropriate customers while encouraging the conservation of groundwater. The Tariff includes
24 both a one time charge for new applicants and a monthly service charge.

25 ...
26 ...
27 ...
28 ...

EXHIBIT
R-5
admitted

c: Jim Livingston Bill Garfield
Bob Geake Judd Williams - AJ
Mike Whitehead Ralph J. Kennedy
File Jerry Dexel - CG/CL/WT
3/19/99 | dmc

ARIZONA WATER COMPANY

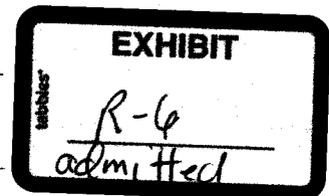
P.O. Box 29006
Phoenix, AZ 85038-9006
(602) 240-6860

Bill to: Mr. Ken Vegors
Mountain Brook Golf Club
14646 N Kierland #230
Scottsdale, AZ 85254

Invoice: 72402
Date: October 9, 2002
Terms: Due Upon Receipt
Payable To: Arizona Water Company

Technical services performed July 2001 by Pump, Valve & Control Service, Inc on CAP water meter for the golf course.

Meter repairs	\$2,381.98
10% overhead	\$238.20
Total	\$2,620.18
Late Charges 1.5% August 9, 2001	39.30
Sales Tax 6.813%	2.68
Total August 9, 2001	\$2,662.16
Late Charges 1.5% September 9, 2001	39.93
Sales Tax 6.813%	2.72
Total September 9, 2001	\$2,704.81
Late Charges 1.5% October 9, 2001	40.57
Sales Tax 6.813%	2.76
Total October 9, 2001	\$2,748.15
Late Charges 1.5% November 9, 2001	41.22
Sales Tax 6.813%	2.81
Total November 9, 2001	\$2,792.18
Late Charges 1.5% December 9, 2001	41.88
Sales Tax 6.813%	2.85
Total December 9, 2001	\$2,836.91
Late Charges 1.5% January 9, 2002	42.55
Sales Tax 6.813%	2.90
Total January 9, 2002	\$2,882.37
Late Charges 1.5% February 9, 2002	43.24
Sales Tax 6.813%	2.95
Total February 9, 2002	\$2,928.55
Late Charges 1.5% March 9, 2002	43.93
Sales Tax 6.813%	2.99
Total March 9, 2002	\$2,975.47
Late Charges 1.5% April 9, 2002	44.63
Sales Tax 6.813%	3.04
Total April 9, 2002	\$3,023.14
Late Charges 1.5% May 9, 2002	45.35
Sales Tax 6.813%	3.09
Total May 9, 2002	\$3,071.58
Late Charges 1.5% June 9, 2002	46.07
Sales Tax 6.813%	3.14
Total June 9, 2002	\$3,120.79
Late Charges 1.5% July 9, 2002	46.81
Sales Tax 6.813%	3.19
Total July 9, 2002	\$3,170.79
Late Charges 1.5% August 9, 2002	47.56
Sales Tax 6.813%	3.24
Total August 9, 2002	\$3,221.60
Late Charges 1.5% September 9, 2002	48.32
Sales Tax 6.813%	3.29
Total September 9, 2002	\$3,273.21
Late Charges 1.5% October 9, 2002	49.10
Sales Tax 6.813%	3.35
Total Amount Now Due	\$3,325.65



ARIZONA WATER COMPANY

P.O. Box 29006
Phoenix, AZ 85038-9006
(602) 240-6860

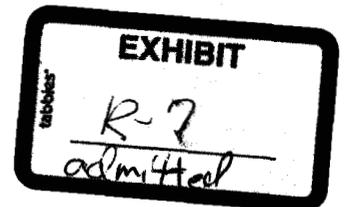
Bill to: Mr. Ken Vegors
Mountain Brook Golf Club
14646 N Kierland #230
Scottsdale, AZ 85254

Invoice: 72402
Date: November 9, 2002
Terms: Due Upon Receipt
Payable To: Arizona Water Company

Technical services performed July 2001 by Pump, Valve & Control Service, Inc on CAP water meter for the golf course.

Past Due Balance	\$3,325.65
Late Charges 1.5% November 9, 2002	49.88
Sales Tax 6.813%	3.40
Total Amount Now Due	<u>\$3,378.93</u>

Please make your check payable to Arizona Water Company and remit to:
David Kupres, Arizona Water Company P.O. Box 29006 Phoenix, AZ 85038-9006



Arizona Water Company

11/01/2002

SLV Golf Properties, L.L.C.
 DBA Mountain Brook Golf Club
 Attn. Ken Vegors
 Non-Potable CAP Water Billing
 November 2002 Statement For January 2003 Order

Acct No. 021 - 10 - 99905 - 1

Invoice No. 5110102

(1) MONTHLY 2003 CAP DEMAND CHARGE		Amount
1/12 Annual CAP Demand in Acre Feet	33.33	
CAWCD M&I Water Service Capital Charge per AF	<u>\$43.00</u>	
	\$1,433.33	
4% - Administrative and Handling Costs	57.33	
Total CAP Demand Charge	<u>\$1,490.67</u>	\$1,490.67
(2) MONTHLY MINIMUM CHARGE - 6" METER		\$362.53
(3) MONTHLY 2003 COMMODITY CHARGE		
1/12 Annual CAP Order in Acre Feet	25.00	
CAWCD Commodity Rate per AF	<u>\$66.00</u>	
	1,650.00	
1% - Administrative and Handling Costs	16.50	
Total Commodity Charge	<u>\$1,666.50</u>	\$1,666.50
(4) ADDITIONAL 2002 COMMODITY CHARGE		
Additional CAP Order in Acre Feet	34.00	
CAWCD Commodity Rate per AF	<u>\$62.00</u>	
	2,108.00	
1% - Administrative and Handling Costs	21.08	
Total Commodity Charge	<u>\$2,129.08</u>	\$2,129.08
(5) MONTHLY DEPRECIATION CHARGE		
Original Cost of Plant Facilities	\$2,446.00	
Company's Book Depreciation Rate	2.59%	
Annual Depreciation	<u>63.35</u>	
1/12 Annual Depreciation	\$5.28	\$5.28
(6) MAINTENANCE		
September 3, 2002 - Repair Water Meter	\$890.66	
10% - Administrative Overhead	<u>\$89.07</u>	
	\$979.73	
Late Charge 1.5%	14.70	
Total Repair Services		\$994.42
	Sub-Total	\$6,648.48
(7) SALES TAXES @ 6.813%		\$452.96
(8) TOTAL AMOUNT NOW DUE		<u>\$7,101.44</u>

<u>2002 DEMAND</u>	
Annual CAP Demand in AF	400.00
Acre Feet Billed Year to Date	400.00
Acre Feet Used Thru	0.00
Additional CAP Demand in AF	0.00
Additional Previously Billed	0.00
Additional to be Billed	0.00

<u>2002 ORDER</u>	
Annual CAP Order in AF	300.00
Acre Feet Billed Year to Date	300.00
Acre Feet Used Thru September	339.00
Additional CAP Order in AF	0.00
Additional Previously Billed	5.00
Additional to be Billed	34.00

Bills are due and payable when rendered, and are delinquent and subject to a 1.5% Late Charge 15 days after the mailing.

Please Send Payment To :
ARIZONA WATER COMPANY
 Attention : David Kupres
 Post Office Box 29006
 Phoenix Arizona 85038-9006

