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BEFORE THE ARIZONA CORPORATION COMMISSION

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JEFF HATCH-MILLER  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
MIKE GLEASON  
Commissioner  
KRISTIN K. MAYES  
Commissioner  
BARRY WONG  
Commissioner

Arizona Corporation Commission  
**DOCKETED**

DEC - 5 2006

DOCKETED BY  
NR

IN THE MATTER OF THE APPLICATION OF THE  
COMMISSION ON ITS OWN MOTION  
INVESTIGATING THE FAILURE OF CARL  
HARVEY DBA GOLDEN CORRIDOR WATER  
COMPANY, TO COMPLY WITH COMMISSION  
RULES AND REGULATIONS.

DOCKET NO. W-02497A-06-0580

**ORDER TO SHOW CAUSE**

**DECISION NO. 69166**

**OPEN MEETING  
NOVEMBER 21 AND 22, 2006  
PHOENIX, ARIZONA**

**BY THE COMMISSION:**

On October 6 2006, the Staff of the Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission"), filed a Complaint and Petition for Order to Show Cause against Carl Harvey, dba Golden Corridor Water Company ("Golden Corridor" or "Company"), an Arizona Public Service Corporation. Staff seeks an Order to Show Cause against Respondent Golden Corridor.

Staff asserts that Golden Corridor has violated numerous provisions of Arizona law, including Commission Rules, Orders and provisions of the Arizona Revised Statutes. Count I of Staff's Complaint alleges that Golden Corridor has failed to provide potable water to the customer's point of delivery in violation of A.A.C. R-14-2-407(A). Count II of Staff's Complaint alleges that Golden Corridor has failed to supply a satisfactory and continuous level of service in violation of A.A.C. R-14-2-407(C). Count III of Staff's Complaint alleges that the equipment and facilities of Golden Corridor are inadequate and insufficient in violation of A.R.S. § 40-321(A). Under Count IV of Staff's Complaint, given Golden Corridor's continued failure to provide an adequate level of service, Staff requests that the Commission consider requiring an interim manager (the "Manager") selected

1 by Staff for Golden Corridor's water system until further order of the Commission, upon reasonable  
 2 terms and conditions agreed between the Manager and Staff, with full authority to conduct the  
 3 business and affairs of Golden Corridor's water system. Count V of Staff's Complaint alleges that  
 4 Golden Corridor has violated A.R.S. § 40-281(A) by serving customers outside of its certificated  
 5 area. Count VI of Staff's Complaint alleges that Golden Corridor has violated A.A.C. R-14-2-  
 6 402(A)(1) by serving customers outside of its certificated area. Count VII of Staff's Complaint  
 7 alleges that Golden Corridor has violated A.A.C. R-14-2-407(E) by providing water at a pressure  
 8 lower than 20 pounds per square inch gauge ("PSIG").

9 \* \* \* \* \*

10 Having considered the entire record herein and being fully advised in the premises, the  
 11 Commission finds, concludes and orders that:

12 **FINDINGS OF FACT**

13 1. Pursuant to Decision No. 56088, issued August 17, 1988, Golden Corridor received a  
 14 Certificate of Convenience and Necessity ("CC&N") to provide water service in Pinal County. As a  
 15 condition of its CC&N, Golden Corridor is required to comply with Arizona law, Commission Orders  
 16 and Commission Rules and Regulations.

17 2. Golden Corridor is not fulfilling the duties, obligations or legal requirements by which  
 18 an Arizona public service corporation must operate. It is ignoring the applicable Arizona law and the  
 19 rules and regulations of the Arizona Corporation Commission by providing inadequate service, poor  
 20 quality water, and providing water service outside of its CC&N. Furthermore, according to its  
 21 customers, the owners are non-responsive or belatedly responsive to complaints or service concerns.  
 22 Some customers have complained that the owners are verbally abusive.

23 3. According to the Commission's Staff analysis, Golden Corridor's water system is  
 24 unable to adequately serve more than 20 customers although it has 53 customers on the system, 30 of  
 25 which are outside its service territory. The tanks are in need of repair and the owner/operator is not  
 26 consistently available, spending weeks out of state. The nitrate level in the one operating well is  
 27 unacceptably high and the Company does not have a viable solution to address it. Nor has the  
 28 Company hired appropriate professional help to design a solution. The Company has not taken

1 required water quality tests as evidenced by a Notice of Violation from the Arizona Department of  
2 Water Quality ("ADEQ").

3 4. The situation at Golden Corridor came to Staff's attention during the processing of  
4 Golden Corridor's application to transfer the CC&N to a Limited Liability Company ("LLC")  
5 (Docket No. W-20461A-06-0349) and its application for approval of financing (Docket No. W-  
6 02497A-05-0502). Most of the complaints received by Consumer Services Section were received  
7 after customers were notified of the pending applications. Prior to that time, between January 2003  
8 and December 2005, the Commission received 15 complaints and 11 inquiries about the Company.  
9 Since the customers received the notices about the pending dockets, 28 complaints were received,  
10 seven inquiries and four opinions. In general, the complaints reflected concerns about service  
11 outages, low water pressure, the inability of customers to receive assistance, poor water quality and  
12 poor treatment by Golden Corridor's owners. Some customers have declined to leave their names  
13 with Consumer Services Staff due to fear of retribution by the owners.

14 5. The Utilities Division requested that Golden Corridor supply its customers with  
15 bottled water due to the high level of nitrates in the water it was serving. The provision of the bottled  
16 water has not gone well. At one point customers picked up the Company-provided bottled water in  
17 the RV park where the owners resided but the RV park management requested that the Golden  
18 Corridor owners leave the park at least partially due to the bottled water distribution. This resulted in  
19 customers having to call the owners to make an appointment to pick up the bottled water. Also,  
20 customers complain that when they pick up the water they are often met with rudeness from the  
21 owners. Many customers have told Consumer Services Staff that they now purchase bottled drinking  
22 water due to the inconvenience of dealing with the Golden Corridor owners.

23 6. ADEQ issued a Notice of Violation ("NOV") to Golden Corridor on January 10, 2005  
24 for failing to have adequate storage capacity and exceeding the nitrate Maximum Contaminant Level  
25 ("MCL"). These violations remain unresolved.

26 7. Golden Corridor is providing water at a pressure lower than 20 pounds per square inch  
27 gauge ("PSIG") in violation of the Arizona Administrative Code.

28 ...

1           8.       Staff has attempted to work with the Company to improve service. Through the  
2 efforts of Consumer Services, the Company purchased a pressure gauge to aid the Company in  
3 monitoring the required pressure and in resolving customer complaints. Staff has experienced some  
4 difficulty communicating with the owners of the Company because the Company's owners  
5 sometimes live out of state. Staff met with the Company and representatives of ADEQ for  
6 approximately 2.5 hours on August 10, 2006, regarding the NOV and potential solutions to the water  
7 quality problems. Four days later, with no explanation, the owner filed a "Withdrawal of  
8 Application" in the financing/transfer docket (Docket No. W-02497A-05-0502 et al).

9           9.       Pinal County records, supported by communications with Pinal County officials,  
10 indicate that Carl Harvey lost a land parcel containing Golden Corridor's storage tanks and booster  
11 system for failure to redeem a tax lien. The owner has allowed the assets of the Company to be  
12 acquired and held by persons or entities other than the Company. Land under one of the Company's  
13 tanks has been transferred out of the Company. The new owner of the land which was transferred has  
14 requested removal of the tanks from his property and, to Staff's knowledge, the owner of Golden  
15 Corridor has not responded. Also, the well providing water to Golden Corridor's customers is leased  
16 to the Company by the Company's owner.

17           10.       Staff believes that the operation and plant of the Company have been neglected, the  
18 quality of customer service is growing worse and the water quality is poor. Therefore, Staff is filing  
19 this Order to Show Cause.

20           11.       Staff believes that grounds exist to assess civil penalties against Golden Corridor  
21 pursuant to Arizona Revised Statutes §§ 40-424 and 40-425, in an amount not less than \$100 nor  
22 more than \$5,000 for each day of violation of Commission Statutes, Rules, Regulations or Orders and  
23 such other relief as discussed below or as determined by the Commission.

24           12.       Staff is not requesting that the Commission appoint a Manager prior to a hearing on  
25 this Petition, however Staff states that it is not waiving its right to do so if circumstances warrant such  
26 action in order to protect the public interest and the health, safety, and welfare of customers or  
27 potential customers in the CC&N area served by Golden Corridor.

28 . . .



1           18.     Respondent Golden Corridor is a public service corporation as defined by Article XV  
2 of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

3           19.     The Commission has jurisdiction over the subject matter of Staff's Complaint and  
4 Petition for Order to Show Cause.

5           20.     Notice of this proceeding has been given in accordance with law.

6           21.     A.R.S. § 40-321(A) provides: “[w]hen the commission finds that the equipment,  
7 appliances, facilities or service of any public service corporation, or the methods of manufacture,  
8 distribution, transmission, storage or supply employed by it are unjust, unreasonable, unsafe,  
9 improper, inadequate or insufficient, the Commission shall determine what is just, reasonable, safe,  
10 proper, adequate or sufficient, and shall enforce its determination by order or regulation.”

11          22.     Under Article XV, § 3 of the Arizona Constitution, the Commission may enter “orders  
12 for the convenience, comfort, and safety, and preservation of the health” of the customers of a public  
13 service corporation.

14          23.     A.R.S. § 40-281(A) provides that a public service corporation “shall not begin  
15 construction of a . . . line, plant, service or system, or any extension thereof, without first having  
16 obtained from the commission a certificate of public convenience and necessity.”

17          24.     Pursuant to A.R.S. Sections 40-202, 40-203, 40-321, 40-322, and Article XV, Section  
18 3 of the Arizona Constitution, the Commission may prohibit unjust and unreasonable service.

19          25.     Pursuant to A.R.S. Sections 40-331 and 40-332, the Commission may require  
20 additions and improvements to the facilities of a public service corporation.

21          26.     Pursuant to A.R.S. Sections 40-424 and 40-425, the Commission may impose fines in  
22 an amount not less than \$100 or more than \$5,000 for each day of violation of Commission Statutes,  
23 Rules, Regulations or Orders.

24          27.     It is lawful and in the public interest to issue the requested Order to Show Cause  
25 against the Respondents as alleged in Staff's October 4, 2006 Petition and described in Finding of  
26 Fact 13.

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1 describing how it will make the showing of cause. Said filing shall include an Answer to Staff's  
2 Complaint if the Respondent has not yet filed an Answer.

3 IT IS FURTHER ORDERED that the Hearing Division shall schedule further appropriate  
4 proceedings.

5 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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9 CHAIRMAN

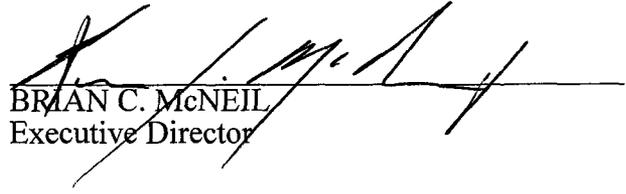
  
COMMISSIONER

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13 IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive  
14 Director of the Arizona Corporation Commission, have  
15 hereunto, set my hand and caused the official seal of this  
16 Commission to be affixed at the Capitol, in the City of Phoenix,  
17 this 5<sup>th</sup> day of December, 2006.

18   
19 BRIAN C. McNEIL  
Executive Director

20 DISSENT: \_\_\_\_\_

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22 DISSENT: \_\_\_\_\_

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1 SERVICE LIST FOR: Golden Corridor Water Company  
Docket Nos. W-02497A-06-0580

2 Carl Harvey  
3 CGWC/GOLDEN CORRIDOR WATER COMPANY, INC.  
4 179 South Airport Road  
Rushville, IN 46173

5 George Moya  
6 5249 South Roughcut Drive  
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7 Nancy Hawkins  
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9 Craig Sampson  
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15 Mr. Christopher C. Kempley  
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18 Mr. Ernest G. Johnson  
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