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Sahuarita, Az. 85629
January 7, 2007
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Docket Control
ARIZONA CORPORATION COMMISSION
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED
JAN 10 2007

Re: Las Quintas Serenas Water Co.
Docket No. **W-01583A-06-0437**

DOCKETED BY
NR

In Judge Rodda's December 1st and December 6th PROCEDURAL ORDERS she stated, ".....Mr. Gay and Ms. Appleby asserted that they did not believe that either the additional storage or the back up generator were necessary for LQS to provide adequate and reliable service, and consequently, they opposed the financing request." As Staff and Judge Rodda probably do not understand some of LQS's construction and operation I would like to present the following facts so they will understand my opposition.

Nowhere in Mr. Robertson's six page application did he state the location of the proposed 400,000 gallon storage. If approved, LQS plans to locate this tank at LQS #6 well location with a base elevation of 2855 feet. This is, or within a few feet, of being the the lowest pipe elevation in the entire franchise area of LQS. For many years LQS has had two storage tanks with base elevations of 3035 feet and 3045 feet (one tank is taller than the other. That is the reason for two base elevations). The high water level of the tanks is 3057 feet which gives satisfactory water pressure using no pump for the franchise area now being served. A tank at #6 well would supply water to customers only if they bring their own bucket, unless pressure is available via a pump.

In DECISION NO. 68718 of June 1, 2006 on page 8 it states, "Staff recommends excluding the 400,000 gallon storage tank, installation of the emergency backup generator, Staff's calculations show that the Company has adequate storage and production capacity at this time" The LQS system is essentially the same as it was on June 1st, so Staff's calculations should still be true.

In Mr. Robertson's six page application he speaks of a 130 k.w. back-up generator. For me to say we do not need a back-up generator I

need to put forth what I think a back-up generator is and does, and then explain how and what LQS has in place now already doing these functions. To me the LQS water system function is to take water from the aquifer under our ground and put the water into the pipe system to feed water to customers and at times when a well, or several wells, are producing more water than the customers require at that time the extra water goes into a storage tank where people can draw any water they want at their houses any time they want, even if no well is operating at that time. The tanks are located properly up on the dike so everyone has good water pressure by gravity always.

The following information explains why I feel that no back-up generator is necessary. To me a back-up generator would be a source of electricity to operate a pump, or pumps, if the normal electricity supply was not available for some reason, and this would put water into the system at a pressure that would fill our storage tanks if customers weren't using much water. Mr. Robertson has not indicated what source of energy would make the back-up generator work. To me it could be gasoline, diesel, or natural gas, or propane. Also LQS would need new electric pumps which they do not have, unless they use the electricity from the back-up generator to run one of our present wells.

Some years ago Steve Gay, the manager then, and myself rented a portable generator on wheels and towed it to our #5 well and ran that well. Then we towed the generator with the company pickup truck to #6 well and ran it also, pumping water for a test. It takes a heavy duty electric cable to hook up either well to the generator so Anamax Mine gave us maybe 50 feet and Steve prepared the copper wire ends and this cable is still stored at #5 well in case of an emergency. I believe that what Mr. Robertson is asking permission for is a new stationary generator to be located at # 6 well.

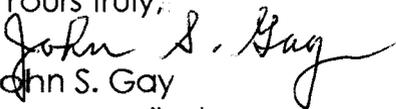
LQS #6 well has had what operates nicely to preform the function of back-up generator for many years. The #6 well has a submersible pump and on the surface is a 75 H.P. electric motor and a big Cheve engine operating on natural gas. By removing, or replacing four bolts about 5/8" x 4", which takes an operator about 5 minutes to do, the well pumps water into the system and up to the storage tanks either using the electric motor, or the natural gas powered Cheve engine. To me, this does the

function of the proposed back-up generator. Several years ago this fancy gearbox that allows LQS to either pump water using the electric motor, or pump water using the Cheve natural gas engine, got some worn gears from normal usage, so we bought a new one and then had the original rebuilt for a spare. This spare sits ready to use beside the #6 well now.

Staff probably is saying why did LQS spend money to be able to use the Cheve natural gas engine when they wanted to. Having the natural gas powered Cheve engine allowed LQS to save, as I remember, about \$30,000 every year because Trico has an electric rate that is about one half the normal electric rate if they can turn off our well when they are short of electricity. Some years Trico calls this INTERRUPTIBLE POWER RATE; and other years it was known as TIME OF DAY RATE

I am attaching a copy of my December 21, 2006 letter to Judge Rodda which asked for information as to where to send this letter. I have not received an answer so I hope sending this original and 13 copies to Docket Control is the correct procedure. If this is wrong, please advise

Yours truly,


John S. Gay

Original and thirteen copies were mailed
January 8, 2007 to:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

One copy mailed Jan. 8, 2007 to:
Las Quintas Serenas Water Cc
P.O. Box 68
Sahuarita, Az. 85629

1241 W. Calle De La Plaza
Sahuarita, Az. 85629
December 21, 2006
Phone (520) 625 - 3327

Judge Jane L. Rodda
Administrative Law Judge
Az. Corporation Commission
400 W. Congress,
Tucson, Arizona 85701

Docket No. W-01583A-06-0437

Dear Judge Rodda;

I believe that myself, Jane Appleby, and several other individual customers who were granted intervention in this case all received copies of your December 1st. PROCEDURAL ORDER and then copies of your December 6th. PROCEDURAL ORDER. It states, "IT IS FURTHER ORDERED that any direct testimony and associated exhibits to be presented at hearing on behalf of intervenors shall be reduced to writing and filed on or before **January 10, 2007.**"

We customers need help as to how many copies we should send, and to whom. Do we address our letters to you and then send 13 copies to the Corporation Commission at Docket Control plus copies to each of the nine parties you sent copies to? Do we need to send a copy to Arizona Reporting Service, Inc.?

The June 30, 2006 application by Las Quintas Serenas Water Co. to borrow \$400K was six pages, but nowhere did they say **where** they wanted to locate the 400,000 gallon storage and **how** they would use the back-up generator. I will try to get this information to Staff quickly so they will know what they are making the **Staff Report** on.

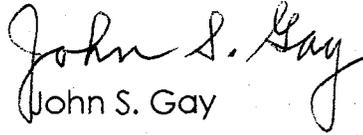
In your PROCEDURAL ORDER it states, "IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and regulations of the Commission," It would help us customers if you have anything in plain english explaining the law, and we definately need a copy of the "rules and regulations of the Commission" on this subject.

Again in your PROCEDURAL ORDER it states, "IT IS FURTHER ORDERED that Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized Communications)

Dec. 21, 2006 Page 2

applies to this proceeding". Would you please send me a copy of this rule so we water customers will act properly.

Thanks for your help,


John S. Gay

Copies of the foregoing mailed this 22nd. day of December to:

Ms. Jane Appleby, 8866 E. 26th Street, Tucson, Az. 85710

Mr. Donald K. Gill, 1101 W. Calle Santiago, Sahuarita, Az. 85629

Ms. Jane Constatine, 18030 S. Camino De Las Quintas, Sahuarita, Az
85629

Mr. and Mrs Edward Valdez, 17260-A S. La Canada, Sahuarita, Az. 85629

Mr. and Mrs. Tommy Testerman, 17240 S. La Canada, Sahuarita, Az. 85629

Mr. and Mrs. Peter Martin, 17260 S. La Canada, Sahuarita, Az. 85629

Christopher Kempley, Chief Counsel, LEGAL DIVISION, Az Corporation
Commission, 1200 W. Washington Street, Phoenix, Arizona, 85007

Ernest Johnson, Director, Utilities Division, Arizona Corporation Commission,
1200 W. Washington Street, Phoenix, Arizona, 85007

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