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AZ CORP COMMISSION
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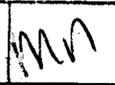
Kris Mayes
Arizona Corporation Commission
Commissioners Wing
1200 W Washington St 2nd Floor
Phoenix AZ 85007

Arizona Corporation Commission

DOCKETED

JUL -9 2008

RE: Appaloosa Water Company
Chino Valley, Arizona

DOCKETED BY 

Dear Kris

A few months ago, you and I discussed the Appaloosa Water Company (AWC) getting ready to install their arsenic prevention equipment onto the water system that feeds about 250 homes in Appaloosa Meadows Phase I & II. At that time the owner, Joe Cordavana, had not submitted the documentation for a rate increase and it was a mute point.

I read in the Local Chino Valley newspaper, on June 18th, that the owner had submitted his documentation to the Arizona Corporation Commission (ACC) to increase the water rates 100% due to the addition of the arsenic treatment equipment along with a variety of other reasons. Until reading the newspaper, none of the home owners had been notified that AWC was applying to the ACC requesting any type of increase. As of the date, of the published notice AWC had not submitted his documents to the ACC in order to identify what his justification was. We called your office on June 19th, and the personal in your office advised that no paper work had yet been filed. Our concerns centered on the fact that Joe told us over the phone, that he was looking for a flat \$100 a month increase on the base rates plus the cost of the water, which is substantially different than the advertised rate increase of 100%. If that is true, then the increase to my personal water bill will be a 400% increase because our base rate is currently \$25 plus water. A 400% increase is totally unacceptable.

Other concerns that we have, and you need to be aware of, is that the owner is a developer and has no idea to how to run or chemically treat a water system which distributes to 250 homes. Due to his lack of knowledge and understanding, he could very easily contaminate the water that we drink.

With out the approval of the ADEQ, the owner extended the main water line from our subdivision to his farm (170+/- Acres). He obtained a construction permit through the town, but did not construct it in accordance with the approved plans. Subsequently, the Town gave him a cease and desist order and closed the valve isolating the new water extension. The next day the water valve was checked by the town and the valve had been turned back on. This extension is part of the potable water system that is distributed to our homes. It is unclear if the owner properly flushed and sanitized the line or actually what happened. To my knowledge, the extended line is still in operation. The town notified ADEQ of the situation, Due to the circumstances and the owner not obtaining approval from ADEQ's office prior to starting the line extension, the Flagstaff ADEQ office is currently formulating a fine to serve on him.

The extension of this line presents another concern. If the owner is extending the 4 or 6 inch potable water line to his farm and utilizing treated water for that venue, what will be his percentage of the rate increase? And how will it be monitored? His feeling is that this is his water company and he will use it how he sees fit! Which is his prerogative, but he should not expect that the water users to foot the entire bill. It is unclear what he did with the extended line, but he has a commercial plant nursery on his site. If he utilized our potable water source to irrigate his nursery and there is a loss of pressure, he could very easily contaminate our entire drinking water system.

I am putting down on paper what some of the problems are that the commission needs to be aware of prior to making a final rate increase decision. Like most utilities, we don't have a choice of water companies that we can utilize for our water, and we also expect the water company to be run by professionals that know their craft and protect their clients from foul water. Unfortunately, the owner puts costs and expenses before the safety of his users.

I realize that the commission does not have to hold a public hearing, but the residents of Appaloosa Meadows are up in arms about the published percent of the rate increase as proposed. Frankly, they are fed up with the owner and his unscrupulous means concerning the way this water company is run.

This water company was designed and constructed to feed only the homes of Appaloosa Meadows I, II & III and was sold to the current owner about three (3) years ago. Since the sale of the water company, the water services has gone down hill, and now with the connection of the water system to his farm, we don't look for things to get any better.

I personally appreciate your concern over this issue and will provide you with any additional information that you might need. Should you need to call me for further information, please contact me at 928-710-9392

Sincerely



Ron and Cheri Romley
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Chino Valley AZ, 86323