

OPEN MEETING AGENDA ITEM



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AZ CORP COMMISSION
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Arizona Corporation Commission
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July 29, 2008

To ACC,

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I, Daryl M. Kilbourne, a citizen of Gila County, and permanent resident of Tonto Village, hereby make the following statements regarding Tonto Village Water Co. and Docket No. W-01580A-04-0672.

The pending requests for 1) a rate hike, and 2) dismissal of pending ACC orders to install a new water source, should **NOT** be approved. The water company has, for decades, neglected their infrastructure. As time passes, the system continues to deteriorate, even with recent rate hike. There has not been any discernable improvement in their water delivery service in the past 2 years since that last rate hike. And the infrastructure continues to age and become even more fragile.

Three years ago, Ron Standage sat at my dining room table in my home, and committed to me certain improvements that would be completed post rate hike. The time has come and gone without any progress. At the time, I had a formal complaint with the ACC because it was realized, by accident, that a water main line illegally (no easement) passes through one of my lots in Tonto Village. Basically, Ron and I resolved the formal ACC complaint by meeting offline. We came to a "gentleman's agreement" that the water company would work towards moving the illegally placed main line from my property within 2 -3 years. So here it is 3 years later and there hasn't been any progress whatsoever. In fact, I can't even get the water company to even acknowledge this at this point. So I will be forced to pursue another formal complaint. In the mean time, I have to keep postponing any planned improvements at this lot due to the location of the water line. I could just continue with my project plans and call BlueStake and move forward with excavation, but it would most surely result in a loss of water service to some degree to other innocent Tonto Village residents. Especially since there is an admitted lack of infrastructure "as built" and other inaccuracies in their documentation. And, since the company lacks skilled and able resources for any substantial physical work, they have to rely on subcontracting for any major repairs or project work, which makes it even more difficult to coordinate. So there does not seem to be any reason for them to get another rate hike until they fulfill commitments made from the previous rate hike and prove themselves to be fiscally responsible.

As a part of the same ACC complaint, they were forced to finally comply with ARS 40-360.32 paragraph A (BlueStake Utility Company Subscription law) of which they were in violation of since the law was enacted. It is unacceptable that it would take a formal ACC complaint to cause compliance to such a basic law of which they, the water company, would benefit from the most. It was several years between the time I originally contacted the water company representatives regarding this and the enforcement as a result of the complaint.

Additionally, the condition of the company's well lots, infrastructure, and their questionable business practices, continue to reflect the lack of sincerity and obligation to their customers. It is very difficult to correspond with them, outside of making formal complaints. There is very rarely, any company representative on hand for emergencies or any other type of interaction. The disregard of public safety is also a concern, in regards to their lack of attention to upkeep on some of their property. On one of their well lots there were two very large pine trees that died of bark beetle infestation and threatened some nearby lots including mine. This was brought to their attention with no response. During a scheduled APS review in the area, the trees were noted and APS had them cut down for safety reasons. Had the APS contractor not taken these down when they did, certainly there would have been significant damage when they fell on their own, even possibly causing physical harm to some unsuspecting persons in the area. This same situation was repeated on the water company's owner's personal lot 2 ½ years later. In this case, the tree did end up falling on it's own into the creek and across some fencing and into the roadway. Thankfully, no one was hurt, but this is just one more example of the lack of caring by the water company owners.

And there is much question regarding the quality of the water. Routinely, the chlorine is so strong we are forced to consider the safeness of it for any reasonable potable use. To the point where there have been times when an illness has been thought to be caused by the water. Whether this is an actual issue or not, there is widespread concern among many of the Tonto Village residents due to this anecdotal evidence.

Also, the water pressure at my residence is at such a low constant pressure, that I have had to incur the cost of having a booster pump in order to achieve normal and expected water usage. When brought to the attention of the water company, I was told it is to be expected because of the lot elevation relative to the location of their main line. But it seems that the delivery service of water pressure should meet a minimum regardless of the physical location of any residence within the company's CC&N. So I continue to be penalized because of the particular lot I purchased to build my home on within Tonto Village.

In regards to the water company's system design, it is intuitive that it was originally built in the 60's & 70's to support a small community made up of just a few amount of part time weekend guests in small rustic cabin like structures or trailers. However, the reality is that Tonto Village is a community of many full time residents in homes, businesses, schools, etc.... The other utilities companies have all grown and matured to meet this demand with the same level of service one would expect in a community such as ours. But the water company has been stagnating for 25 years. They have refused to rise to the same professional level as the other utilities.

In summary, regardless of the actual past performance of their water delivery service, we constantly live with the uncertainty of the water quality as well as the possibility of a major water delivery interruption because of the common knowledge of the state of their infrastructure and lack of professional business practices. And I can only conclude that because of a) their apparent disregard for the personal safety of others, b) their unwillingness to proactively comply with certain laws, regulations, and ACC orders, c) their denial of the inadequacies of their water system, that they do not take their duty seriously. Therefore, I implore you to consider upholding all current orders against the water company, and to decline any monetary relief until the water company proves that it is serious about being a true utility service that can be relied on for

quality and consistently. Instead of just more of the same of which we have had to endure for decades.

Sincerely,

Daryl M. Kilbourne (representing myself and my immediate family)