

July 26, 2008

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Arizona Corporation Commission

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RE: W-02355A-08-0288  
Heart Cab Co Inc. DBA Sulger Water Co #2  
Rate Increase & Emergency Rate Increase

To Whom it may concern:

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AZ CORP COMMISSION

Ms. Lisa Evans, as a Certified Water Operator, director, and employee (General Manager), and Office manager of Sulger Water Company #2 is owed wages from the Company for her service Jan 2007 through Feb 29, 2008. Ms. Evans Resigned Feb 22, 2008 due to her family moving to another state, which made her ineligible to continue her service for the Company.

Ms. Lisa Evans spent 2,916 hours working for this company which is averaged to about 243 hours per month. Ms. Evans charged the company based on a blended rate since her duties were varied. The blended rate she billed the company was \$19.20 per hour. Which is \$56,000 for the year of service. This is under the market rate according to AWWA from 2003 (See Table 3 & 4).

Many of these hours were under emergency circumstances and she spent many days working for 16 hours or more on these occasions not only during 9am-5pm but many late evenings and early mornings, holidays and weekends and of which overtime and holiday pay was not calculated. Also this job caused Ms. Lisa Evans many miles (7,333 miles) on her personal vehicle which also was unpaid.

These unpaid wages and expenses were agreed (By a verbal agreement with Ms. Ethel Sulger who at the time was President of Heart Cab Co Inc DBA Sulger Water Co #2) to be paid as soon as the company could afford to do so. The wages were agreed to be paid to Ms. Lisa Evans in small increments each month or year as the company could afford until paid in full. It was also agreed that the company would pay this debt in full upon sale of the company. Ms. Sulger was also notified several times during the year what the earned accrued wages were.

Allocation of Costs by a Water Utility, the amount paid by a utility to an affiliated interest is required to be at cost or the market rate, whichever is lower.

**Table 1 – Monthly Duties of Ms. Evans**

<b>Job Description</b>	<b>Averaged Hours per Month</b>
Travel to and from Well Sites	10
Monitor all System including those at the Well Sites	9
Collect monthly Test Samples	4
Travel to Well Sites and remain on Premises for MAP Testing each Qtr	2
Deliver Test Samples to Lab	9
Well Maintenance & Well Sounding	2
One Call Locate responses	5
Drive to and from Post Office & Bank	8
Work on various Reports	15
Franchise Extension Research & Map Searches & Title Searches & Travel	3

**Job Description****Averaged Hours  
per Month**

Franchise Meetings & Preparation for meetings	1
Read Meters	3
Prepare and send customer Bills	3
Prepare and send late notices	2
Pay Bills	2
Perform Banking duties	3
Respond to Phone inquiries & Customer complaints and Inquiries	13
Read and respond to e-mail & fax	7
Respond and Take care of Compliance Issues & Inquiries	12
Research pricing & Acquire Infrastructure replacements	2
Research & apply for Financing for loans and Grants	6
Research Rate Increase Requirements & Begin reports	3
Renewal of Franchise with Cochise County and complete first stages of Franchise expansion report (CC& N)	3
Perform all day to day accounting	9
Website construction & Maintenance with updates & status reports	5
Purchase, Pickup & deliver all water supplies & tools	11
Map Water lines & GPS system	1
Emergency Customer & Gov't Agency Notification system	2
Consult with attorneys	1
Consult with Owner & Contractors	10
Consult with Engineers	5
Consult with ACC & ADEQ & ADWR	8
Consult with Tax Preparer	9
Contractor Supervision	13
Water Infrastructure repair of vandalized areas	9
Security issues & protections	5
Meet with Governmental Agencies at well site & distribution system locations	4
Emergencies (Water breaks, Tank Splits, E-Coli issues, Emergency Chlorination)	15
Water Operator Certification Professional Development	6
Water Operator Certification Professional Development travel	4
<b>TOTAL 243</b>	

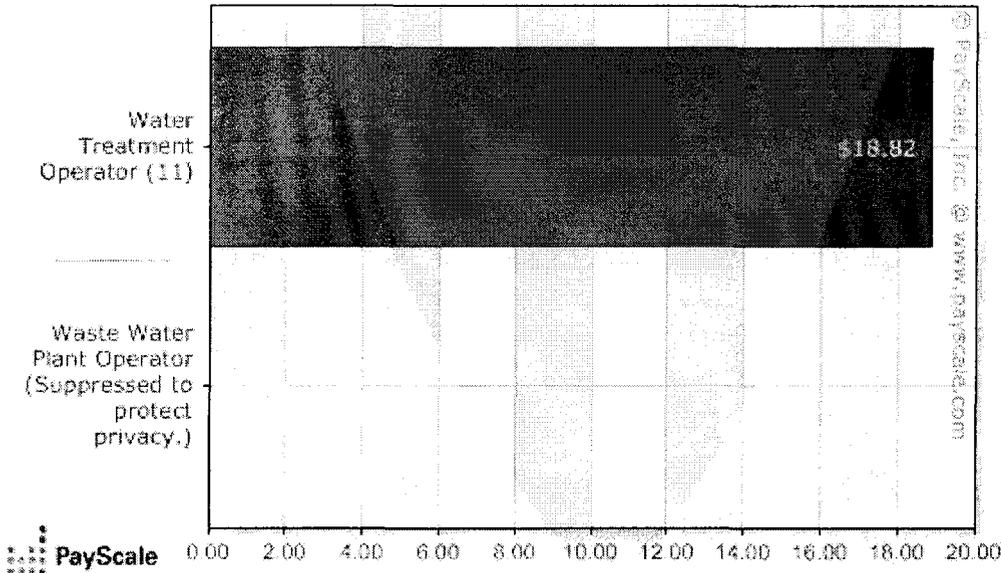
Ms. Lisa Evans and Mr. Todd Evans were the Company's only Certified Water Operators.

The Company is required to have a Certified Water Operator available at all times. The Utility's State certified water operators are legally responsible for the health and safety of our customers. The operators meet this responsibility by maintaining a daily vigilance over the system's production, distribution, and water quality. Ms. Evans performed that primary role.

**Table 1-**

City of Prescott – For Grade 1 Water Distribution Utility Worker –  
 Pay Range: \$14.31 to \$20.03  
 (Aug 29,2007) [http://www.cityofprescott.net/d/applications/app\\_packet\\_276.pdf](http://www.cityofprescott.net/d/applications/app_packet_276.pdf)

**Median Hourly Rate by Job - Degree: water treatment (United States)**



**Table 2 – OLMIS Wages (Hourly Rate – Cochise County)  
 Occupation (Low, Median, High)**

General and Operational Manager	\$40.94	\$55.40	\$45.92
Water and Liquid Waste Treatment Plant and System Operators	\$14.31	\$18.82	\$20.03
Office Clerk	\$12.67	\$15.72	\$13.21
Bookkeeping Clerk	\$14.12	\$18.08	\$15.59

The following table highlights AWWA wages for various positions that are akin to the employment services that Ms. Evans performed for Sulger Water Co #2.

**Table 3 – AWWA Wages (Under 25 Employees shown as an Hourly Rate)  
 Occupation 50<sup>th</sup> Percentile Average**

Office/Administrative Manager	\$18.55	\$19.46
Water Treatment Plant Operator	\$20.73	\$21.35

The average of the averages of the rates shown in the two above tables is \$22.74.

**Table 4 – AWWA Drinking Water and Wastewater Treatment Plant and Distribution System Operators  
 2003 Wages**

Hourly wages range from \$18.34 to \$27.49  
 Average hourly wage \$22.95  
 Average annual wage \$47,736

Ms. Evans has considerable experience operating the company's financial and reporting duties since she has been doing most of the duties above for over a decade. Ms. Evans became one of the Certified Water Operators in June 2007 along with Mr. Todd Evans since the company could not afford to pay an operator but was required by law to have one. Ms. Evans agreed that she would receive payment for her services as the company could repay her in the future either through increases in their rate and or the sale of the company.

Mr. Todd Evans also spent many long hours especially late evenings & early mornings with Ms. Lisa Evans for security reasons and for a second opinion for the next improvements and suggestions to deal with the compliance issues.

There was no overtime component of wages included in the wages owed to Ms. Evans.

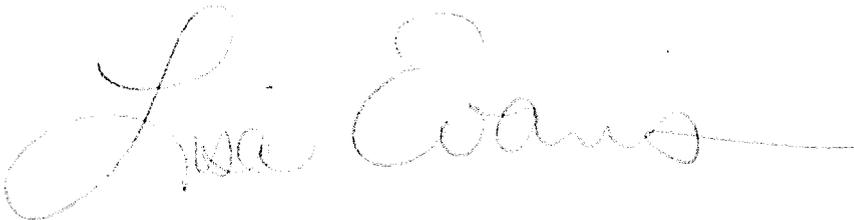
This rate is less than the average of the averages, and is considered a reasonable and customary wage because:

- Ms. Evans has considerable experience in operating the Company;
- The hourly wage is considerably less than the amount the company is currently paying to their Certified Water Operator (whom performs work for various small water companies on a contract basis) of \$125.00 per month for water testing only. Which calculates out to about \$35.00 an hour for 3 ½ hours of work per month.

If needed Ms. Evans can give a reference upon request to the Governmental Agencies of an individual and ASUA employees that worked closely with her during the process of upgrading and making sure the Company was in compliance, if necessary.

These wages are owed to Ms. Evans and she will not allow the Company to write -off her earnings at their whim.

Please contact Ms. Lisa Evans if you have any further questions.



Thank You,  
Lisa Evans  
Former Sulger Water Certified Water Operator/Manager/Accountant  
812W 25N  
Clearfield, UT 84015  
(520) 234-6614

**Sulger Water Company**  
**Balance Sheet**  
 As of December 31, 2007

	Dec 31, 07
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Checking	4,847.74
Total Checking/Savings	4,847.74
Accounts Receivable	
Accounts Receivable	-60.89
Total Accounts Receivable	-60.89
Total Current Assets	4,786.85
Fixed Assets	
Fixed Assets	
Shed	1,200.00
Generator	327.40
Water Tanks	12,914.08
Fencing	1,221.49
Meters	1,902.29
Pumps	14,456.45
Other Equipment Various	2,224.33
Transmission Lines	90,548.00
Construction Eq	4,618.50
Miscellaneous Eq	107.69
Vehicles	15,054.00
Total Fixed Assets	144,574.23
Accumulated Depreciation	-41,801.00
Total Fixed Assets	102,773.23
<b>TOTAL ASSETS</b>	<b>107,560.08</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Acct Payable - Jennifer Sulger	525.00
Acct Payable - Lisa Evans	55,200.00
Refundable Deposits	47.96
Sales Tax Payable	165.24
Total Other Current Liabilities	55,938.20
Total Current Liabilities	55,938.20
Long Term Liabilities	
Heart Cab Loan	10,765.60
Loan from Alan Reeve	21,724.23
E Sulger Loan	96,784.01
Total Long Term Liabilities	129,273.84
Total Liabilities	185,212.04
Equity	
Equity	
Ethel Sulger Capital	6,418.90
Personal Withdrawal	-1,500.00
Total Equity	4,918.90
Net Income	-82,570.86
Total Equity	-77,651.96
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>107,560.08</b>