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**Jake and Kendra Garrett
HC7 Box 184
Payson, AZ 85541
928-478-0669**

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AZ CORP COMMISSION
DOCKET CONTROL

October 14, 2008

Arizona Corporation Commission

DOCKETED

OCT 17 2008

Arizona Corporation Commission
Utilities Division
1200 W. Washington St.
Phoenix, AZ 85007

DOCKETED BY *MM*

Attention: Docket Control

Re: Citizen Request for Immediate Staff Action: Rate Application for Tonto Village Water Co., Inc. Docket No. W-01580A-07-0707 W-01580A-08-0209

In my testimony at the July 30, 2008 Commission hearing regarding drilling of the commission ordered well by Tonto Village Water Co., Inc. (TVWC) I expressed my support for drilling the well, reasons for its need and conditions that I felt must be addressed prior to drilling the well.

It was then and is my contention today that a properly selected well site can either

- 1) yield a high quality well that taps a deeper aquifer with substantial production capability and is shielded from the seasonal/drought fluctuations that impact the current TVWC producing aquifer and wells or
- 2) 2) tap the existing TVWC aquifer and produce interference with existing wells by blow across between holes or through cones of depression that intersect and affect those of existing wells, and in the end is of little or no additional value to either TVWC or the citizens of Tonto Village.

During my discussion of these site selection conditions Commissioners suggested that this hearing was not the time to address these concerns. They further stated that these concerns would be taken up by Staff prior to TVWC's drilling of the ordered well.

At the October 7, 2008 board meeting of the Tonto Village Domestic Water Improvement District (TVDWID), a letter from TVWC regarding their intention to begin drilling the commission ordered well in the very near future was read. This letter stated that the new well would be drilled on the site of Well #2 and that drilling would begin in the very near future, possibly as early as October 15, 2008. Board discussion revealed that TVWC's attorney had stated that TVWC was drilling on the Well #2 site because that was where the Commission ordered them to drill in their 2005 Order and that the commission had approved the site.

After reviewing ACC Decision Order #68066 dated August 17, 2005 I find that TVWC stated that they would "drill a new well at well Site #2, at a cost of approximately \$35,000" after their planned actions to correct the "no longer producing" status of Well

#1 by deepening Well #1 or drilling a new well on Wellsite #1 were abandoned due to inadequate setback distances to septic systems located on adjoining lots. There is no mention of Staff review of the unilateral TVWC decision to drill an additional well on Well Site #2, the site of a strong well that did not go dry in 2004. There is also no mention of the affect a second producing well located a few feet from the existing well.

Additionally the October 2008 TVWC Customer Information Newsletter included with customer statements received recently (I received mine on Saturday October 11) included News Item #4 **New Water Source**:

"The owners of the company will be drilling a new. Improved, deeper well on Wellsite #2. ... Due to the inability to improve the well at Wellsite #1, a decision was made to **improve the well on Wellsite #2**. At Wellsite #2 the improved well will enable the company to refill its largest storage tank more quickly, thus using available storage more efficiently."

The full Newsletter is attached for your review.

It is unclear to me whether a new well is being drilled or Well #2 is being deepened and improved. It is also not clear what "improved" means, if the drilling activity will result in a hole size commensurate with a public well in the area (completed casing size, casing depth and casing material), what aquifer is the drilling and production target (if the intention is to target a deep aquifer known to exist in the region which is not drought sensitive and therefore a very reliable long-term source of water), and what information supports the decision to drill at Wellsite #2 rather than Wellsite #4 (at which there is no producing well) or at Wellsite #3. In addition, if Well #2 is improved this action will be precisely the same as the TVWC proposal to improve Well #3 that was properly rejected by the Commission at the July 30 meeting.

Since no mention was made of any September 2008 Staff review of the Well #2 location or drilling decisions I can only infer that no recent Staff review has been conducted of any TVWC supporting documentation addressing the affects of additional well at Wellsite #2 including cone of depression interaction with well #2, "well interference" with wells #1 and #3 or any of the Highland Water Resources Consulting Inc. (Michael Ploughe P.G.) recommendations included in his report dated July 24, 2008. This report was commissioned by TVDWID, shared with TVWC prior to its public release and forwarded to Commission Staff after public release by TVDWID.

Some of Mr. Ploughe's recommendations related to a new water source are summarized below. Please see the report for full details and many other recommendations regarding needed system improvements:

- Wells #1, #2 & #3 are pumping essentially from the same shallower, drought sensitive aquifer,
- Wells #2 & #3 are 5" PVC cased while he does not recommend any smaller well completions than 8" (steel casing) for deep public wells in the region,

- Regarding Wells #2 & #3 – “Implicit in their similar performance, a high degree of hydrologic connection between wells 2 and 3 may exist as there is less than 1,000ft. of separation between them. Hydrologic connection of the wells can result in a condition called “well interference” and could manifest itself in significantly less net production capability than independent or exclusive well yields. Well interference is of particular concern during extended dry periods and long pumping times.”
- “In consideration of the existing well’s issues and demands, it may be more beneficial to drill a new well of proper construction, optimum location, and depth to isolate production to deeper portions of the aquifer. ... A deep source, ideally located at least 1,500ft. away from existing wells 2 and/or 3, will also be more reliable and provide an additional source to use in concert with and/or in augmentation of acceptable shallower sources ... Therefore, a new deep well is highly recommended. For clarification a “deep source” in the Tonto Village area would produce its groundwater ... exclusively from below the Redwall limestone, likely at depths exceeding 400ft..”
- Total cost estimates for completing such a “deep well” in Tonto Village range from \$175,000 to \$275,000.

My concern is that TVWC is proceeding with its unilateral action on a course that may result in no meaningful long-term net increase in production capacity, will attempt to prove that the new well is “useful and used” without studies proving the interrelation of the new well with existing producing wells, will seek to recover these unproductive costs through the current rate case and will try to blame failure and/or wasted money on the Commission for “approving drilling at Wellsite #2” and me for supporting the drilling of a new water source which TVWC has unilaterally and incorrectly concluded meant drilling at Wellsite #2.

I am asking immediate Staff and Commission intervention in this matter to insure that TVWC drilling actions and monetary expenditures are well thought out and planned. Such activity will be in the best interests of TVWC and the citizens and ratepayers of Tonto Village and will have the greatest possibility of producing long-term success for all parties. Your immediate help in seeing that this matter comes to a satisfactory and successful conclusion is greatly appreciated

I have notified all the parties (see attached service list) including the Company of this intervention request. Please notify me at once if there are any concerns or questions related to this request and of your date of docketing the 13 copies of this letter (see attached return envelope) and of the date of granting this request.

Respectfully,


Jake Garrett

Docket No. W-01580A-07-0707 ET AL.
Service List for Docket W-01580A-04-0672:

Service List
October 14, 2008

Ronald D. Standage
TONTO VILLAGE WATER CO., INC.
P.O. Box 9116
Mesa, AZ 85214

Harry D. Jones, District Manager
TONTO VILLAGE DOMESTIC WATER IMPROVEMENT DISTRICT
HC7 Box 363
Payson, AZ 85541

James Widger
HC7 Box 192-P
Payson, AZ 85541

Jerry Lewinson
HC7 Box 180-K
Payson, AZ 85541

Janice Alward, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007-2927

Ernest Johnson
Utilities Division Director
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007-2927

John Gliege
Attorney for Tonto Village Water Co.
P.O. Box 1388
Flagstaff, AZ 86002-1388

TONTO VILLAGE WATER CO., INC.
CUSTOMER INFORMATION

Tonto Village, Arizona

October 2008

The owners of Tonto Village Water Co., Inc. acknowledge and appreciate the support and kind words expressed by customers in support of their efforts to provide safe, reliable and adequate water for the residents of Tonto Village and in their on-going progress to sell the water company.

GENERAL CONTACT INFORMATION:

Telephone: (928) 978-4318
e-mail: tvwc@tvwc.biz
Website: tvwc.biz

Mail: P. O. Box 1777
Chandler, AZ 85244

NOTE CHANGE OF MAILING ADDRESS: Effective immediately, the mailing address for payments has been changed as noted above. Until further notice, please continue to make your payments payable to Tonto Village Water Co., Inc.

PROPERTY TAXES: Customers, who are also property owners within Tonto Village, will soon be receiving annual property tax statements for 2009. Any questions concerning an assessment to the Tonto Village Domestic Water Improvement District should be directed to the District, (928) 951-0533. Please do not contact the Company concerning this assessment. The Company receives no part of these property taxes.

ITEMS OF INTEREST:

1. **Well Output:** It appears that some residents are of the belief that Well #1 is not a significant producer of water for customers. Although Well #1 was overpumped in 2004, it quickly recovered and has been an important water source for the Company since 2005. Following are well productions for the months of May – August, 2008, the months of highest customer water demand:

	<u>No. 1</u>	<u>No. 2</u>	<u>No. 3</u>	<u>Total</u>
May	190,600	207,050	226,280	623,930
June	263,710	424,970	437,800	1,126,480
July	117,780	260,300	243,900	621,980
August	178,300	79,180	390,430	647,910
Totals	750,390	971,500	1,298,410	3,020,300

Note: All wells are not necessarily on-line at the same time; at any given time there may be 1 – 3 wells on-line. For examples, #1 may service TV1 & 2 ; #2 may service TV1, 2, & 3; #3 may service TV1, 2, & 3; #s 1 & 2 may service TV1, 2, & 3; #s 1 & 3 may service V1, 2, & 3. Well/s may be taken off line for a number of reasons with the remaining well/wells providing full service to the Village.

2. **Expertise Recently Shared by Brooke Utilities.** Brooke Utilities is the owner of a number of small water utility companies in rural Arizona. These companies service a number of older developments, including subdivisions that contain the same type of waterlines installed in Tonto Villages 1 and 2. Although these types of waterlines were commonly installed in subdivisions developed in the 1950's and 1960's, they are not used in newer water distribution systems. Tonto Village 3, developed in 1978, utilizes PVC waterlines. The Company has approximately 15,000 linear feet (about 2.84 miles) of waterlines within Tonto Village, of which about 43% are PVC. Brooke Utilities in the course of servicing their customers has developed specific methods and special parts necessary to repair and/or connect the older type of waterlines to newer lines of PVC. In the company's recent realignment of a 4" waterline, Brooke Utilities provided specially crafted couplings/gaskets which joined the older pipe to PVC pipe.

(Over)

Items of Interest, continued:

3. Highest Water Users during season of peak demand: In response to customers' curiosity, following are the ten highest residential water users for the months of May – August, 2008:

Place	MAY, 2008		JUNE, 2008		JULY, 2008		AUGUST, 2008	
	Usage (gal)	Charge (\$)	Usage (gal)	Charge (\$)	Usage (gal)	Charge (\$)	Usage (gal)	Charge (\$)
1	15,470	54.88	43,550	159.83	23,230	70.29	18,190	65.05
2	15,420	54.70	41,290	151.40	13,750	48.46	16,860	60.08
3	13,960	49.24	27,800	100.97	13,190	46.37	13,530	47.65
4	12,880	45.20	24,450	88.46	12,900	45.28	10,460	36.17
5	12,480	43.71	22,610	81.58	12,670	44.42	10,250	35.39
6	11,840	41.32	20,460	73.54	12,430	43.52	10,220	35.27
7	10,520	36.39	17,540	62.63	11,770	41.07	9,330	31.95
8	10,410	35.98	16,720	59.56	10,230	35.30	9,330	31.95
9	10,140	34.97	16,370	58.26	9,980	34.37	9,270	31.71
10	9,640	33.10	15,540	55.15	9,690	33.29	8,980	30.63

4. New Water Source: The owners of the Company will be drilling a new, improved, deeper well on Wellsite #2. Customers have observed recent activity at this wellsite preparatory to receiving the drilling rig. The installation of this well is pursuant to a requirement of the Arizona Corporation Commission issued after Well #1 was overpumped and despite recovery of the well (See Item #1 above). Due to the inability to improve the well at Wellsite #1, a decision was made three years ago to improve the well on Wellsite #2. At Wellsite #2, the improved well will enable the Company to refill its largest storage tank more quickly, thus using available storage capacity more efficiently.

QUESTIONS? If a customer has questions which may be of general interest to other customers, please forward your questions in writing, by mail or e-mail, to the Company. Questions were received after preparation of this newsletter and will be addressed in the next newsletter. To receive responses in a newsletter, questions must be in writing, submitted by an identifiable customer of record, and signed. Customers may be identified unless requested that names be withheld. The Company reserves the right to decide which questions are of general interest and merit inclusion in the newsletter.