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March 19, 2009

Arizona Corporation Commission
1220 West Washington St.
Phoenix, AZ

RE: Docket # W-03443A-08-0313 and W-03443A-08-0177

Mr. Ernest G. Johnson, Director Utilities Division
Mr. Charles Myhlhousen, Public Utility Analysis
Ms. Janice M. Alward, Chief Counsel
Ms. Lyn Farmer, Chief Administrative Law Judge

This document is in response to the Staff Report for Appaloosa Water Company's Application for a permanent rate increase and Financing Approval.

I would like to begin by saying that I purchased the water company in 2006 without knowing all the rules and regulations that apply to operating a water company. Just like any other business, I secured a loan under the impression that the company I purchased would later be refinanced to repay this debt. I have been told that this is not possible. That the revenue into Appaloosa Water Company cannot pay back this debt. What are my options? What are my choices? How can I repay this debt? Please advise me in this request.

Appaloosa Water Company has been in operation since 1998. To date this company has never had a rate increase. When I applied for this increase for test year 2007, I never in my wildest imagination would expect that this request for an increase would not only be denied but actually reduced. The cost of living, the cost of materials and supplies and the costs of professional services, just to mention a few expenses that impact this water company, increase every year. The cost of living for the entire US is adjusted each year as well. How can a company that was opened in 1998 be expected to operate under the same expense guidelines outlined 10 years ago?

To date Appaloosa Water Company has bills which it cannot pay. In addition to the payment for the recently added arsenic treatment system, each year there is a payment which must be made to Veracen Inc, under a main line extension agreement which entitles them to 10% of revenue for the repayment of their construction costs over the next 8 years. There are bills for well repairs, there are bills for increased monitoring, there are bills for utilities which continue to increase every year, just to mention a few. How can Appaloosa Water Company continue to operate and serve its customer base under these conditions?

I respectfully request that a re-evaluation be administered to this rate increase application and an increase be granted to allow for the continued operation of Appaloosa Water Company into the future. An increase in rates is required to meet the current debt load the company currently faces now and into the future.

Your immediate attention is respectfully requested.

Sincerely,


Joe Cordovana
Appaloosa Water Company

Arizona Corporation Commission
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