

WS-03478-08-0608



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ORIGINAL

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

4700

Investigator: Richard Martinez **Phone:** [REDACTED] **Fax:** [REDACTED]

Priority: Respond Within Five Days

Opinion No. 2009 - 77973 **Date:** 4/1/2009

Complaint Description: 08A Rate Case Items - Opposed
N/A Not Applicable

Complaint By: **First:** Duane A. **Last:** Wells

Account Name: Duane A. Wells **Home:** (000) 000-0000

Street: [REDACTED] **Work:**

City: Yuma **CBR:**

State: AZ **Zip:** [REDACTED] **is:**

Utility Company: Far West Water & Sewer, Inc.

Division: Water

Contact Name: [REDACTED] **Contact Phone:** [REDACTED]

Nature of Complaint:
(Docket No. WS 03478-08-0608)

Received following correspondence on 3/31/09:

March 26, 2009

Document Control
1200 West Washington
Phoenix AZ-85007

Re: Document Ws 03478T08-0608
Far West Water & Sewer

Arizona Corporation Commission
DOCKETED

APR - 6 2009

DOCKETED BY [Signature]

RECEIVED
2009 APR - 6 P 12: 20
AZ CORP COMMISSION
DOCKET CONTROL

As to the request by Far west water & Sewer (FWWS) for temporary and permanent rate increases the Commission must consider and give considerable weight to what is strongly suggested that the crisis, if any was created by owners of FWWS in their pursuit of profits. The owners of FWWS through its alter ego H&S Development continued to develop lots, build homes and connect them and others to the sewer system without regard for the consequences.

As to FWWS requests for interim and permanent rate increases FWWS has stated in their application that the company is not insolvent and should it become insolvent it appears it is a continuing problem of mismanagement and the rate payers should not be responsible for the FWWS management errors.

THE REQUEST FOR Permanent and INTERIM RATES
AND CHARGES SHOULD BE DENIED.

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Referring now to FWWS application for PERMANENT increases to its rates and charges the Commission must consider certain portions of the statements provided by FWWS in the application namely:

1. FWWS is a privately owned utility company. Private companies should not be guaranteed a profit particularly a profit that is not due or a profit that is excessive in the current market place.

2, FWWS states on page 2, paragraph 6, line 25 that costs have increased substantially since the last previous rate proceeding i.e. March 1,2007 which is approximately one year prior to the date of the current application. However , FWWS fails to document what cost increases (if any) necessitates the current application. FWWS Denies that a "cost of services" study is required (page 3 paragraph 7 line18). However they do claim that the "Cost of Services" have increased substantially (page 2 paragraph 6 line 25). There is a reasonable question as to what, or how much costs have increased when no supporting evidence is provided and by their own statements denied to the commission particularly when as FWWS states it is in fact a very large part of their application. The question raised here is why is FWWS apparently refusing to supply detailed information as to their increased cost.

3. As to the rates of return quoted on page 4 paragraph 9, the supporting data i s nil THE Data supplied i ed by FWWS are all adjusted numbers. Of course we don't know- what numbers were adjusted or by who. It is most certainly reasonable that FWWS supply factual data to support their claims and for review by the commission.

4. Also on page 4 paragraph 10 FWWS is justifying their Application for Rate increases by stating they are entitled to an 8.38% (eight and .38 percent) return on their investment, the commission must, know that if the requested increases are granted the RATE PAYERS NOT FWWS will pay the 23 million investment costs and will continue to pay, the ADDITIONAL 23 MILLION DOLLARS every five years there after forever or until FWWS once again asks for additional increases. As to the 8.38% return on thier investment, such an amount of return is excessive and unrealistic in the current market place. It is appears to beg fact that FWWS wants the rate payers to pay 8.38% return on movies they (the rate payers) will invest if the rate increases are granted.

In closing, I again state that FWWS Application should be denied. The rate payers should not be required to pay FWWS and its owners 23 MILLION DOLLARS to pay for improvements and upgrades to the system, which in the most part is or was necessitated by FWWS own Actionss and profit taking, and then pay the 23 MILLION DOLLARS over and over again.

Thankyou

Duane A. Wells

Yuma, Az, 85367

End of Complaint

Utilities' Response:

na

End of Response

Investigator's Comments and Disposition:

I emailed this OPINION to Guadalupe Ortiz @ ACC Phoenix Office to have this docketed towards Far West Water & Sewer, Inc. Docket No.WS 03478T-08-0608. FILE CLOSED.

End of Comments

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Date Completed: 4/3/2009

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