

ORIGINAL



0000105984

RECEIVED

RECEIVED

COMMISSIONERS

KRISTIN K. MAYES, Chairman  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

2009 DEC 10 P 2:02

AZ CORP COMMISSION  
DOCKET CONTROL

DEC 07 2009

AZ CORP COMM  
Director Utilities

**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE  
APPLICATION OF BLACK MOUNTAIN  
SEWER CORPORATION, AN ARIZONA  
CORPORATION, FOR A  
DETERMINATION OF THE FAIR  
VALUE OF ITS UTILITY PLANT AND  
PROPERTY AND FOR INCREASES IN  
ITS RATES AND CHARGES FOR  
UTILITY SERVICE BASED THEREON.

NO. DOCKET NO. SW-02361A-08-0609

**NOTICE OF FILING POSITION**

M. M. Schirtzinger, a Boulders resident and intervener, is filing this brief summarizing his testimony at the hearing on November 18, 2009 on the above referenced matter. The summary of my position follows subsequently.

1. I oppose any rate increase by the BCSC because the company has failed to operate the collection system and water reclamation facility (WWTP) in the most cost effective manner.
2. The company proposed rate of return on capital of 12.80% is ridiculously high. Regulated utilities have no market risk since they operate as a monopoly. Rate payers cannot choose a different utility. Even the 8.22% return on equity proposed by RUCO is too high. Return on capital should not exceed 5% in the current interest rate environment.
3. It is obvious from the data collected by the Arizona Corporation Commission staff that BCSC is artificially and excessively being charged by Algonquin Water Service (AWS) for part-time employees and managerial services. Fees charged in 2007 were \$392,538, in 2008 \$502,741 (in a 28% increase) and the company is proposing to further increase fees by \$50,302. It appears there are inter-company billings designed to increase expenses of BCSC (and other regulated Arizona utilities) in order to artificially increase costs and justify a rate increase. The Commission should restrict these inter-company fees for services.

Arizona Corporation Commission

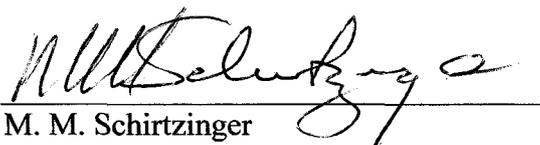
**DOCKETED**

DEC 10 2009

DOCKETED BY	
-------------	--

4. The sewer rate structure of a flat rate is unfair to seasonal residents who contribute no wastewater flow during the summer months. Seasonal residents are subsidizing business and permanent residences. Sewer bills should be based on water usage. Such water use data should be available from the City of Scottsdale.
5. The WWTP operates as an extended aeration system with 24-hour detention time in four tanks. The maximum rated capacity is 120,000 gpd. Changing the process to a contact stabilization system using the four tanks will allow the plant to be rated for 240,000 gpd. This will permit a greater quantity of treated wastewater to be sold to the Boulders Resort, less power consumption, less discharge to Scottsdale and related lower cost for the company. It is also the most environmentally sound wastewater handling method.
6. On my plant visit on November 9, 2009, the plant was bypassing all wastewater to Scottsdale. This continued until November 16, 2009 - a total of seven days. The aeration system repair that was needed was a minor plumbing problem and could have been fixed in two hours at a cost of about \$200. Because BCSC can easily bypass to Scottsdale resulting in higher costs to rate payers, there is no incentive to BCSC to improve, upgrade, increase reliability or hold down costs. The Arizona Corporation Commission SHOULD NOT REWARD BCSC with a rate increase for poor maintenance and for failing to use the latest technology at the WWTP. An aeration system using aspirating type aerators would cut power consumption in half.
7. On the collection system, the lift pumps in use are low efficiency high horsepower trash type pumps rather than pressure grinder (PG) type pumps. Use of pressure grinder pumps would eliminate the need for dual force mains from the main left station, avoid surcharging the collection system, eliminating the need for the air jumpers recently installed and avoid double pumping at the WWTP where pressure grinder pumps are installed. Wastewater should flow into the plant through an in-line comminutor with an underwater discharge to eliminate odors rather than the present headworks that emit the strongest odors at the plant.
8. The cost of implementing items 5, 6 and 7 above would be offset by operating savings, less treatment cost for discharge to Scottsdale and increased sales of reclaimed wastewater to the Boulders.
9. I do not oppose decommissioning the existing WWTP but only if BCSC is decertified by the Commission and all wastewater is treated by the City of Scottsdale and BCSC customers pay Scottsdale rates for wastewater treatment.

Dated this 30<sup>th</sup> day of November, 2009.

By   
M. M. Schirtzinger  
34773 N. Indian Camp Trail  
Scottsdale, AZ 85266

Copies of the foregoing mailed this 5<sup>th</sup> day of ~~November~~ <sup>December</sup>, 2009 to:

Greg Sorenson  
ALGONQUIN WATER SERVICES  
12725 W. Indian School Rd., Suite D-101  
Avondale, AZ 85392

Jodi Jerich, Director  
RUCO  
1110 W. Washington, Suite 220  
Phoenix, AZ 85007

Jay L. Shapiro  
Norman D. James  
FENNEMORE CRAIG, PC  
3003 N. Central Avenue, Suite 2600  
Phoenix, AZ 85012  
Attorneys for Black Mountain Sewer Corp.

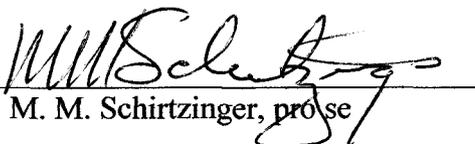
Scott S. Wakefield  
RIDENOUR, HIENTON & LEWIS  
201 N. Central Ave., Suite 3300  
Phoenix, AZ 85004-1052  
Attorneys for Boulders HOA

Thomas K. Chenal  
David W. Garbarino  
SHERMAN & HOWARD, LLC  
7047 E. Greenway Parkway, Suite 155  
Scottsdale, AZ 85254-8110  
Attorneys for the Town of Carefree

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

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

By:

  
M. M. Schirtzinger, pro se