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**ORIGINAL**

**DS WATER COMPANY  
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2010 APR 19 P 3:33

AZ CORP COMMISSION  
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April 15, 2010

Brian Bozzo  
Manager, Compliance and Enforcement  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

Arizona Corporation Commission  
**DOCKETED**

APR 19 2010

DOCKETED BY *MM*

RE: Docket No. W-04049A-08-0339

Decision No. 71504

Dear Mr. Bozzo:

So as not to be out of compliance, this letter shall serve as our 1<sup>st</sup> quarter 2010 status report regarding our water loss and our progress in preparing, filing, and obtaining ADWR approval of the System Water Plan.

In January 2010, I took over management of DS Water Company from Rick Holm. I had managed DS Water Company for 7 years, prior to Rick Holm taking over for the past 3 years. During the past 3 months, I have been vigorously working on completing all of the annual reports that are due on or before April 15<sup>th</sup>, in addition to finding a solution to the water loss problems and addressing the requirements needed to be in compliance with ADEQ. I have not had any time to begin working on the ADWR report; however, I will be able to begin work on this report during the 2<sup>nd</sup> quarter of 2010 and will update you on my progress at the end of the 2<sup>nd</sup> quarter.

As for the water loss, this is what we have found. In January when I took over management, my on-site operator and I found several leaking water lines, one of which was a main line at the pressurization house. This main line, which is a cast iron pipe, had two substantial leaks, one of which Rick Holm had addressed with a "band-aid" solution by using a saddle to stop the leak. Not a solution for a main water line at a pressurization house. Not only did we have to shut the water off to 2/3 of our customers to repair the main line, but because of the size and weight of the cast iron pipe, we had to bring in a rig to remove the old pipe and put the new pipe in place. After inconveniencing our customers and \$1,573.00 later, the pipe is replaced. However, over the

past couple of weeks, we have discovered a weak spot in one of the welds and it is going to have to be re-welded. This means hiring out a rig and once again shutting off the water to 2/3 of our customers. We are trying to find a time to do this, but our challenge is that we have a medical clinic that cannot be without water and we are trying to schedule around them. This also means that we need to send out a letter to our customers who will not have water while the repair is being completed. So, we are working on this. The other leaks that we found have been repaired.

Also, for the past three months we have been monitoring the meter at the well daily and we have discovered that the meter is not working properly and we have no idea how long this meter has been bad. We are in the process of getting this repaired/replaced, but to date it is not fixed. However, following are the gallons that were billed to our customers from their own meter readings:

January 2010	410,239
February 2010	354,081
March 2010	435,450

Also, our communication equipment at our tanks has not been working properly since I took over in January. In January our tanks overflowed two times because of these problems. We have also been working on getting this corrected.

As you can imagine, I am frustrated with how the maintenance has been handled over the past three years. Everything was in perfect condition when management changed hands. However, I am sure Rick did the "band-aid" solutions because these repairs are very expensive and DS Water Company does not generate sufficient revenue to take care of these problems.

Any assistance would be appreciated. What I really need is the name and contact information for someone at ADWR that can help me prepare the paperwork for the System Water Plan. Can you provide this contact for me?

Please contact me if you have any questions regarding this 1<sup>st</sup> quarter 2010 report. Thank you for your patience during this management transition period.

Regards,



Patti Wynn  
Manager