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W. 03514A-10-0116
W. 03514A-10-0117

ARIZONA CORPORATION COMMIS
UTILITY COMPLAINT FORM



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Investigator: Trish Meeter

Phone:

Fax:

Priority: Respond Within Five Days

Opinion No. 2010 87660 Date: 6/30/2010

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

Complaint By: First: Last:
Marianne Collins

Account Name: Marianne Collins Home:

Street: Work:

City: Payson CBR:

State: AZ Zip: 85541 is:

Utility Company: Payson Water Co., Inc.

Division: Mesa Del Caballo

Contact Name: Contact Phone:

Nature of Complaint:

Docket No. W-03514A-10-0117 OPPOSED

Arizona Corporation Commission
Public Comment Form
1200 W Washington St - Phx, AZ 85007
(602) 542-4251

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DOCKET CONTROL

Docket # W-03514A-10-0117

June 24, 2010

DOCKETED BY

To Whom It May Concern:

My name is Marianne Collins and I am writing in opposition to Docket # W-03514A-10-0117, Mesa Del Caballo Water System. I have spent a good number of hours and days researching this so that I could make an informed decision. I hope that you will consider my concerns. A number of people are in a big hurry to pass this proposal. What is the rush? The fact is that the proposal includes 1 day of permission to water not currently allowed in the current curtailment plan and only allowed on Stages 3 and 4 in the proposed plan. Customers who use 4000 gallons or less still cannot water outside on Stage 5. In my research of the ACC website, I have found a number of interesting documents, some of which lead me to oppose this new Water Augmentation Surcharge and Curtailment Plan.

• I initially signed their petition at the meeting on April 8th, 2010. After receiving their letter in the mail, I have sent them an email asking that my name and my husband's name be removed from their petition. We do not agree with their request now that more information has been provided that was not specified at the meeting. I

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

have never gotten any correspondence back from them. I did get a verbal confirmation from Myndi Brogden that she has in fact removed our names from the petition after being contacted by Randy Norman of the Water Committee. I asked her if she received the email and she stated no.

- It was extremely difficult to find financial documents that would disclose money that was spent on the Mesa Del Caballo system. The annual reports that have been filed, by the Company, are not separated by subdivision. The figures for maintenance and repairs are not separated and I wasn't really sure what was being maintained or repaired. I believe there are 9 systems' financial data put together on the same annual report. This makes it very hard, if not impossible, to discern any money spent on the Mesa Del Caballo System. How do we know that monies have been invested in our system? How do we know if that money is spent on finding new water or deeper water? Yet we are the ones who are asked to pay for water augmentation. The annual report of 2009 is also partially hand written and extremely hard to read.

- Enforcement fines were granted to Payson Water Co by the ACC Decision #67821 on May 5, 2005. It further states that the monies from the fines shall be

Docket # W-03514A-10-0117

put into a trust account to purchase water. Said charges shall be reported 2 times a year to the ACC. I found only one time where any charges were reported. The rest of the reports had \$0.00. The totals on the report that I did find did not match the fines listed on the current curtailment plan. One was \$100.00 and the other was \$50.00. These amounts appear on the Customer Compliance Issues Report dated Oct. 14, 2009 found on the ACC website. I also didn't find a May 2010 Compliance Report with totals of any other payments made by those 2 customers. That report may clear up the question of where the other fine money was spent, had it been filed. I found no documentation showing where any fine amounts were at the discretion of the Company. That's what leads me to believe they may be on the May 2010 Compliance Report. I'm sure it is extremely difficult for the Company to determine who is in violation when they change stages mid month and may not have enough personnel to read meters at each change. I find it hard to believe that there have only been 2 customers in the past 5 years that have violated the curtailment stages. Last summer the Company changed from Stage3 to 4 to 5 in one weekend. I don't see how the ACC could have been properly notified of the changes in the timeline specified in the current curtailment plan. Never have I seen an explanation of the reason for any change of stage. They just change the numbers. It seems that the Company enforces the rules whenever they choose to, therefore leaving the rest of us to be responsible for paying to haul water and policing our neighbors. This is no way to foster good will in the community. It is my understanding that these fees were implemented to punish the ones who violate, so as not to put a burden on those of us who don't. Wasn't that the whole reason for the fines in the first place?

- I could not find a tariff schedule for the Company on the ACC Water Tariff page, but I do understand that your webpage is being updated. I looked under numerous company names and didn't find any of the companies listed. Randy Norman of the Water Committee sent me an email with some numbers from 1999 and 2000. I found what he was referring to were tariffs for only a few specified subdivisions, none of which included Mesa Del Caballo and were under the old United Utilities name. I know that they charge at least 2 different amounts on the bill. One amount covers the first 4000 gallons and a second higher amount is for above 4000 gallons if you exceed that amount. I could not find any explanation as to why that is. I understand the concept of a base usage amount, but I didn't think we had that with this company. So I am a little confused about the higher rate. Just another reason not to approve this proposal in my mind.

- The current letter from the Company attempts to explain the Proposed Water Augmentation Surcharge. It states that these costs are "all pass-through costs." I

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Docket # W-03514A-10-0117

don't really know what that means since they don't explain, but I believe that these words are replacements for the "revenue neutral" words that have been used in the past. I saw these words in a number of previous Dockets where they proposed the need for the same type of surcharge but were denied. I noticed that there were a few requests in the past for a Water Augmentation Surcharge. I have lived in Mesa Del Caballo since 1997 and cannot recall ever having received notice from the Company regarding any of the past requests to the ACC.

- The letter from the Company also gives a scenario that may be used to see how the augmentation would have affected us had it been in place in 2009. This is also quite confusing since they don't tell you how they got the conclusion that they came to. It just gives you gallons used and dollar amounts. Later in the same letter they show Cost Estimates. They again don't tell you how they calculated those estimates and add to the mix percentages of hauled water. Also on the same Estimate they list gpd. They don't explain that abbreviation. It would seem that it means gallons per day. This is the same in the letter on the ACC website and was published, the same way, in the local paper. It says that the estimated surcharge costs are based on water usage and the amount of water augmentation necessary each month. Per their chart, we would be allotted approx. 60,000 gallons per month per customer and be charged \$35.72 for 25% of hauled water. That would be totally outrageous and counter productive. It seems that there are too many unknowns in this surcharge proposal concerning dollar amounts and water hauled and water used. It is also unclear if the surcharge for the hauled water would be applied for all gallons used or for the ones used after the proposed 4,000 gallons referred to in the letter. Once again too many unknowns and extreme confusion.

- At the meeting Myndi said that the truck that they use to haul the water costs them \$150.00 per hour. It is understandable that hauling trucks are expensive to use. I have to wonder if the truck and driver are related somehow to Payson Water Co., Inc. since the water they hauled from May to September has reportedly come from Gisela and Starlight Pines. Myndi said it takes 3 to 4 hours to haul the water from those areas. Why would they go that far for hard water that has since junked up our evaporative coolers and plumbing with heavy minerals? It's hard to imagine that there were no other wells in their system closer than that; but knowing the way people covet their water these days, it would be understandable that they were prevented from getting it from a closer system by the residents of that area. I found no correspondence from the Company stating that they were denied water from their own wells.

Docket # W-03514A-10-0117

- I was also researching when the moratorium on water meters was lifted for the Mesa Del Caballo System. I wasn't able to find anything stating that we ever had a moratorium on new meters. I do know that a few years ago, maybe even more than a few, this area was bought up by Bronco Homes and a great number of land /home packages were offered on lots that had new water meters and sewer systems Bronco installed. I couldn't find any information on all of those new hookups. Therefore I once again couldn't find out how much of the money from those new hookups was reinvested into our system, if any.

- The proposed Water Augmentation Surcharge Tariff was handed out at the April 8th 2010 meeting. I have read the copy that I was given. Per the current curtailment plan, Stage 1 does not have any restrictions on usage of water. I feel that it should stay that way. Whenever no augmentation is needed, we should be free to live our lives without the intrusion of the Company telling us which days to water and when to irrigate. No curtailment is required on stage 1. Why should there be restrictions? We should be left alone to be conscientious and considerate adults. In the new proposal, Stage 2 states that voluntary conservation measures are called for. It goes on to give a statement that the restrictions shall include a list of what they believe the restrictions shall be. How is this voluntary if you have restrictions forced upon you? Granted, there are no dollar amount penalties associated with violating these restrictions, but they follow them with the words,

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

"Under Stage 2 conditions no water augmentation is required." There should be recommendations, not restrictions. This is especially true if no water is being hauled and it is voluntary.

- Stages 3 and 4 allow customers to water 1 day a week even when water augmentation is necessary, under the proposed plan. Consider this with the fact that if you use 4000 gallons or less, you are also exempt from "personal use" restrictions. I believe this is why so many people want this proposal to be approved. They want to be able to keep their vegetation alive during the summer months. Wouldn't it have been much simpler to ask for a few of these changes instead of piling them all on at once and overwhelming everyone? Especially since they have been denied Water Augmentation Surcharges in the past, which are now being presented in the same way almost word for word. I personally think that is exactly what the Company has in mind. Confuse everyone and get all you can while you can. This is a gross waste of the Corporation Commission's time and all of us who are spending hours and days researching all of this to be sure that we are not being taken advantage of.

- The new fee of \$200.00 for a first offense of stage 3 is mentioned in the proposal and another example is made for stage 5 with a reconnection fee of \$1500.00. Once again you have the confusing fact that nothing is mentioned about what the rest of the fines are and where the money is to be used. It says that the Company

Docket # W-03514A-10-0117

shall provide the Director of the Utilities Division with a list of customers who paid reconnection for failure to comply, but it never specifies where the money is to go. Are they going to get a fee increase and have the money seemingly evaporate like the other fees? Remember since May 2005 to Oct. 14, 2009, they have only received \$150.00 per their own reports. They want more money in fines, when they only reported \$150.00 in the last 5 years? Can they possibly enforce this better if the fines are higher?

It is my feeling that this company has been trying to get a Water Augmentation Surcharge for a number of years and is now playing the "empty well" card. I have not been able to find any evidence that they have done anything to improve the Mesa Del Caballo system since 1996. They claimed at the meeting on April 8th 2010 that they had done all these surveys for underground water. All we were shown was a graph. They have not published in their letters to customers or in their proposal as to who did the survey or any other information. We as customers should be able to research these companies that they are getting their information from and form our own opinions as to the "facts" we are shown. I share a common fence with one of the well sites and I have seen hundreds of gallons of water pour out into the drainage ditch. Not too long ago it happened at least 2 times in 2 weeks. The Company's excuse is new employees failed to shut a valve or something. I have had conversations with various Payson Water Company employees over the years at my fence. The Company disputes all of the concerns I have brought up to them about these conversations. I have not been able to find information on the Company's side of these conversations, to see how truthful they are being. I believe they have not fulfilled their obligation of taking care of this system, now they want all of us to make up the cost for their negligence and quite possibly greed. I'm sure they will be asking for payments for the water that they have hauled this season already. It wouldn't surprise me one bit. I also applaud the Water Committee for their months and months of volunteer service to help get this resolved. Thanks go to Randy, Minnie, Irene and Ed, rest his soul.

I have one last concern that I hope you would take into consideration. I am not an attorney and don't really know how these things work. It was brought to my attention on Thursday, June 17th as my neighbor's house was burning to the ground that our fire department, Houston Mesa, is not and has not been allowed to take any water from the system to fight house fires in our community per Myndi Brogdon who was on the scene of the fire. The fire dept. had a water tender truck in the shop and ran out of water before help from other communities could arrive. I was listening to Myndi, whose title is Community Relations Representative, as she was also watching the home burn. She said she would open the gate to the water tank if other people's homes were in danger, but since they had a "line around the home" that was burning they could wait for the other

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Docket # W-03514A-10-0117

help to arrive. This is the same Company that sends emails that say "Help us help you." To me this is a totally unacceptable way to treat us, the customers. We rely on the fire department for life saving help and they are not allowed to use water when our homes are on fire? I would like to see this changed, but I don't even know if you handle this kind of situation. I spoke to the Houston Mesa Fire Chief Chuck Jacobs. He stated that the Company wanted to only sell water for residential and commercial use. He also said that it would take the insertion of a large water main. I understand that this may be costly, but what about storage tanks owned by the community or fire dept. allocated for fire suppression? We have no tanks in the subdivision that can be filled when water is plentiful and now I know why. Payson Water Company is more concerned about keeping water to the homes so they can sell it and make a profit. When our homes burn, we're on our own for water! I have never heard of such selfishness by a Corporation. I was unable, in the short time available, to ask our community about this. I bet that they would agree to conserve more when possible so the Fire Dept. could have water to keep us safe. Myndi has said at the meetings, that they would love to sell us water because that is what they are in the business to do, not purchase water and haul it. Wouldn't they make more money selling it to the Fire Dept.? Seems like a win-win to me.

Please take my comments into consideration before you approve this curtailment and augmentation plan. We have not seen any improvements from this Company. There needs to be more evidence that they are good stewards of the money we pay them. They don't even paint the holding tanks to keep them from rusting and eventually leading to a leak.

Thank you for giving me a forum to express my comments

Sincerely,
Marianne Collins

Questions to the company:
End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

Docketed
End of Comments

Date Completed: 6/30/2010

Opinion No. 2010 - 87660
