



ORIGINAL
GLOBAL WATER OPEN MEETING AGENDA ITEM



RECEIVED

August 30, 2010

2010 AUG 30 A 8: 25

Via hand delivery

ARIZONA CORP COMMISSION
 DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

AUG 30 2010

Chairman Kristin K. Mayes
 Commissioner Gary Pierce
 Commissioner Paul Newman
 Commissioner Sandra D. Kennedy
 Commissioner Bob Stump
 Arizona Corporation Commission
 1200 West Washington Street
 Phoenix, Arizona 85007

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

Re: Response to Commissioner Kennedy's Letter
Global Water Rate Case; Docket Nos. SW-20445A-09-0077; W-02451A-09-0078;
W-01732A-09-0079; W-20446A-09-0080; W-02450A-09-0081; W-01212A-09-0082

Dear Commissioners:

Please accept this letter in response to Commissioner Kennedy's enquiry dated 26 August 2010.

- 1. For the year 2010:**
 - a. How many customers have been disconnected without notice?**

Global Water follows the Commission's rules AAC R14-2-410 and R14-2-609 with respect to disconnections. As a result we believe that no customers have been disconnected without notice in any of our systems, which serve over 42,000 connections.

All consumers are provided the required notice of disconnection in writing, as well as being provided phone calls from our automated Interactive Voice Recognition (IVR) call system which reminds consumers when payments have not been received. Through the introduction of the IVR system, disconnects have dropped from a peak of 1,400 disconnects per month to 400. From January to July 2010 we have made 184,729 outbound IVR calls in order to remind our customers of important due dates. Since the program was instituted, we have made 716,358 outbound IVR calls.

For all disconnect notices, we verify that all are received by the post office for delivery and receive third-party validation from the bill processing center.

As in any system of a large size, there have been isolated instances of field errors with the wrong house being accidentally turned off. Once these issues are discovered, they are remedied as quickly as possible and obviously without charge.

b. How many customers have been disconnected on a Friday?

Our records indicate that only 1 of the 2,707 total disconnects in 2010 (to 31 July) were completed on a Friday after much discussion with the customer. In this case, disconnect was completed on 12 March 2010 for a bill that was due on 6 February 2010 (mailed on 22 January 2010). The disconnect/reconnect occurred on the same day: disconnect was completed at 9:31 am; payment was received at 10:12 am and the customer was reconnected at 2:23 pm.

c. How many customers have been disconnected for less than a ten dollar balance?

None.

Our records indicate that the minimum balance for which a disconnect was performed was a balance of \$32.

Global Water works very hard to avoid disconnects – disconnects cost the utility time and money, disconnects hurt families, and our goal with all late payees is to establish communication and create a payment plan to bring their past due balance down. Typically, Global Water has several hundred payment plans in place at any one time. Since 2006, Global Water has developed 11,707 payment plans and has established 1,813 payment plans in 2010 alone.

d. How many customers have received bills late?

Global Water's systems post mark the bill on the bill date and they are delivered to the United States Postal Service for First Class delivery the same day. As a result, no bills should be received "late". Global's policy is to allow for 35 days from bill generation to due date. On the rare occasion something is missed requiring a manual billing process to be followed, the bill date is adjusted, which adjusts the due date. As a result the customer has the same time to pay as normal.

The United States Postal Service confirmed in a letter dated 21 September 2009 (docketed in this docket on 23 October 2009) that they are unaware of any potential delays in the delivery of Global Water invoices and notices. A copy of that letter is attached.

e. How many customers have had erroneous charges or other billing mistakes?

Of the 199,000 bills produced to date in 2010, our records indicate that 168 adjustments were made to bills in 2010. Of those, 77 were related to incorrect billing addresses or move in dates. The remaining 91 adjustments were related to estimated read data varying from the actual data, or where water theft between move out and move in dates occurred. In these cases a bill adjustment was required to ensure accurate billing for the current customer.

2. Regarding water quality, has the Company considered treatment options for hardness, and if so, what options have been considered and what are the costs?

At the Open Meeting, an assertion was made that SCWC water hardness was 27 grains per gallon. While we have not had the opportunity to review the source of this assertion, our latest hardness analysis (15 July 2010) indicates a value of 18.7 grains per gallon (320 mg/L). Health and environmental officials have determined that hardness poses no health concern, and as a

result hardness is not a regulated constituent. Typically SCWC water ranges from 17.5 to 20.5 grains per gallon depending on the source in use at the time. This is not substantially different from other western US water providers. For instance, the City of Phoenix water system hardness ranges from 10 to 18 grains per gallon¹. The City of Glendale reports a hardness range of 12 to 18 grains per gallons². Water hardness in the City of Goodyear ranges from 10 to 38 grains per gallon, depending on the water source³. Litchfield Park Service Company hardness is in the same nominal range at 17 grains per gallon⁴.

We have attached our most recent hardness lab report for your information. Please note that the laboratory reports hardness results in milligrams per liter (mg/L). To convert mg/L to grains per gallon, divide by 17.1 (hardness = 320 mg/L ÷ 17.1 = 18.7 grains per gallon).

Based on our engineering experience, we anticipate that a system-wide water softening system would be significantly expensive, resulting in increased water rates. Furthermore, the hardness is not atypical for water in central Arizona. In addition, the introduction of the waste stream from a centralized softening system can have negative impacts on recycled water quality which would lead to further concerns from HOAs.

3. Does water quality for Santa Cruz meet all Environmental Protection Agency and Arizona Department of Environmental Quality requirements?

Without question Santa Cruz water quality meets all health and environmental requirements. All our systems are vigorously tested and found in compliance with 40 CFR 141 and 142, and AAC R18-4 *et seq.* In fact, ADEQ has never found Santa Cruz to be in violation in 11 years of operations. The Commission staff also confirmed our compliance status during the pendency of this case⁵.

We have attached the latest compliance status report from ADEQ for Santa Cruz (27 August 2010). In addition, ADEQ completed its tri-annual sanitary survey of Santa Cruz on 29 July 2010. While the report is pending from ADEQ, Santa Cruz was found to have no deficiencies. ADEQ expects to have the final sanitary survey report completed by the end of September 2010. We will forward a copy of that report to you on receipt.

Sincerely,
GLOBAL WATER



Trevor Hill
President

¹ <http://phoenix.gov/WATER/quality.html>

² <http://www.glendaleaz.com/FAQs/Default.aspx?Message=3134&t=3>

³ <http://www.ci.goodyear.az.us/index.aspx?NID=3140>

⁴ Personal communication, G. Symmonds (Global) and G. Sorenson (Liberty Water), 27 August 2010.

⁵ Direct Testimony of Jian Liu, page 8, lines 1-3.

cc: ACC Docket Control

Lyn A. Farmer, Esq.
Chief Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Janice Alward, Esq.
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Mr. Steve Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Daniel W. Pozefsky, Esq.
Chief Counsel,
Residential Utility Consumer Office
1110 West Washington Street, Suite 220
Phoenix, AZ 85007

Greg Patterson, Esq.
WUAA
916 W. Adams – 3
Phoenix, AZ 85007

Garry D. Hays, Esq.
Law Offices of Garry D. Hays, P.C.
1702 E. Highland Avenue, Suite 316
Phoenix, AZ 85016

Court S. Rich, Esq.
Rose Law Group, pc
6613 N. Scottsdale Road, Suite 220
Scottsdale, AZ 85250

Rick Fernandez
25849 W. Burgess Lane
Buckeye, AZ 85326

ARIZONA DISTRICT



September 21, 2009

Mr. Ed Borromeo, General Manager
Global Water – Santa Cruz Water Company
Global Water – Palo Verde Utilities Company
21410 N. 19th Avenue, Suite 201
Phoenix, AZ 85027-2758

RE: Article About Global Water in *The Communicator*, issue August 19 – September 1 2009

Dear Mr. Borromeo:

This letter is to set the record straight that information regarding alleged problems with the delivery of Global Water bills referenced in the August 19, 2009 edition of Maricopa's *The Communicator* newspaper was inaccurate.

Specifically, the article stated that Global Water printed incorrect barcodes on bills, implying that was a cause of delayed delivery of those bills. Additionally, it was stated by a Post Office supervisor that it "took a while to get Global Water to correct the miscoding".

These statements are inaccurate. I am unaware of any issues at any time regarding the barcodes printed on Global Water bills or notices. I am also unaware of any issues involving the Postal Service's handling of the bills that would validate any reports of delays in delivery of Global Water's mailings.

Please accept my apologies that this incorrect information appeared in the local newspaper, and for any inconvenience it may have caused.

Sincerely,

A handwritten signature in black ink, appearing to read "David W. Galbraith".

David W. Galbraith
Postmaster, Maricopa Post Office

cc: Manager, Post Office Operations – Arizona District

44020 HATHAWAY AVENUE
MARICOPA, AZ 85239-9098
520-568-2641
FAX: 520-568-2557

Global Water - Santa Cruz Water Company
 21410 North 19th Ave. Ste. 201
 Phoenix, AZ 85027
 Attention: Kim Eberenz

Project ID: 11-131-071310

Report Number: PTG0703

Sampled: 07/13/10
 Received: 07/13/10

TOTAL METALS

Analyte	Method	Batch	Reporting Limit	Sample Result	Dilution Factor	Date Extracted	Date Analyzed	Data Qualifiers
Sample ID: PTG0703-01 (G0G0020-01(EPDS001) - Water)								
Reporting Units: mg/l								
Calcium	E200.7	10G0468	2.0	110	1	7/15/2010	7/20/2010	
Hardness, Total	SM2340B	[CALC]	13	320	1	7/15/2010	7/20/2010	
Magnesium	E200.7	10G0468	2.0	13	1	7/15/2010	7/20/2010	
Sample ID: PTG0703-02 (G0G0020-02(Rancho Mirage) - Water)								
Reporting Units: mg/l								
Calcium	E200.7	10G0468	2.0	48	1	7/15/2010	7/20/2010	
Hardness, Total	SM2340B	[CALC]	13	130	1	7/15/2010	7/20/2010	
Magnesium	E200.7	10G0468	2.0	2.2	1	7/15/2010	7/20/2010	

TestAmerica Phoenix

Linda Eshelman
 Project Manager

Arizona Department of Environmental Quality
 Drinking Water Monitoring and Protection Unit
 Mail Code 5415B-2
 1110 West Washington Street
 Phoenix, AZ 85007

Drinking Water Compliance Status Report

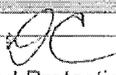
System Name GLOBAL WATER SANTA CRUZ WATER COMPANY	System Type <input checked="" type="checkbox"/> Community	Is system consecutive? <input type="checkbox"/> Yes, to PWS #
System ID # 11131	<input type="checkbox"/> Non-transient Non-community <input type="checkbox"/> Transient Non-community	<input checked="" type="checkbox"/> No

Overall compliance status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Monitoring and Reporting status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Comments: None		

Operation and Maintenance status	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Date of last Sanitary Survey	9-6-07	Inspector Karen Berry, PHX
Major unresolved/ongoing operation and maintenance deficiencies:		
<input type="checkbox"/> unable to maintain 20psi	<input type="checkbox"/> inadequate storage	
<input type="checkbox"/> cross connection/backflow problems	<input type="checkbox"/> surface water treatment rule	
<input type="checkbox"/> treatment deficiencies	<input type="checkbox"/> ATC/AOC	
<input type="checkbox"/> certified operator	<input type="checkbox"/> other =	
Comments: None		

Is an ADEQ administrative order in effect?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
Comments: None				

System Information				
Population Served	39367			
Service Connections	14689			
Number of Entry Points to the Distribution System	1			
Number of Sources	4			
Initial Monitoring Year	2003			
Monitoring Assistance Program (MAP) System	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

Evaluation completed by	Donna Calderon, Manager  Drinking Water Monitoring and Protection Unit		
Phone	602-771-4641	Date	August 27, 2010
<input checked="" type="checkbox"/>	Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and PWS is in compliance.		
<input type="checkbox"/>	Based upon the monitoring and reporting deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or PWS is not in compliance.		
<input type="checkbox"/>	Based upon the operation and maintenance deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or PWS is not in compliance.		

This compliance status report does not guarantee the water quality for this system in the future, and does not reflect the status of any other water system owned by this utility company.