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ARIZONA CORPORATION COMMISSION  
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*Kathryn Bernardi*  
*1007 Dunham Drive*  
*Dubuque, Iowa 52001*  
*Phone & Fax# 563 556 9232*  
*E-mail: kacab3@aol.com*

October 1, 2010

*Ms. Mayes,*

*Please read the enclosed which is information of how your utilities decisions impact on owners who pay the bills.*

*Thank You*

Arizona Corporation Commission

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**SEWERS VERSUS EDUCATION.**  
**GENERAL COUNTY FUNDS & SPECIAL DISTRICTS**

Owners of CTC (Carefree Terrace Condominiums) in Carefree, Arizona, received their September, 2010 sewer bill with an increase announcement from Liberty Water (also listed as Black Mountain Sewer Corporation/ BMSC).

Prior to September 2010, of the 38 one and two bedroom units at CTC, EACH OWNER paid \$45.73 a month for sewer services. Each one was obliged to pay \$548.76 yearly (\$45.73 X 12 months).

**\$548.76 X 38 units = \$20,852.88 per year for sewer services to**  
**Black Mountain Sewer Corporation from owners at**  
**Carefree Terrace Condominiums.**

On December 19, 2008, Black Mountain Sewer Corporation (BMSC/Liberty Water) filed application with the Arizona Corporation Commission requesting a rate increase. The Arizona Corporation Commission considering all of the evidence (whoever presented what evidence?), authorized a 43% rate increase effective September 1, 2010. (Copy of announcement attached.)

Thus the new monthly residential service is \$65.24 per month per unit. Each owner is now obliged to pay \$782.88 yearly (\$65.24 X 12 months).  
New yearly \$Sewer Service\$:

**\$782.88 X 38 units = \$29,749.44 per year for sewer services to**  
**Black Mountain Sewer Corporation from owners at**  
**Carefree Terrace Condominiums.**

Owners of units at CTC pay Real Estate taxes of \$475.00 to \$575.00 per year. These same owners will pay a yearly sewer bill of \$782.88.

**In other words, owners of units at CTC will pay more per**  
**year on Sewer Service\$ (\$728.88) than on Education (\$326.54),**  
**General County Funds (\$136.84), and Special Districts (\$61.14)**  
**all three combined (\$524.52).**

The figures for Education , General County Funds, and Special Districts are based on a 2010 Property Tax of \$524.52 on a two bedroom unit at CTC. Even at the old rate of \$45.73 per month, CTC paid more for Sewer Service\$ than for Education, General County Funds, and Special Districts combined.

In my opinion, something is radically wrong in Carefree, Arizona when these conditions exist. Something is basically wrong when Sewer Service\$ command and receive these outlandish amounts of payments from owners. \$Sewer \$Service\$ receive more income from CTC than the total of all of the other services provided for owners through their real estate taxes. Is this true of all owners in Carefree? Do the elected officials feel this is an issue for concern and action?

Kay Bernardi –Owner/part time resident at CTC  
1007 Dunham Drive  
Dubuque, Iowa 52001

Commentary

I realize it may not be fair to compare rates with other parts of the country. But the disparity is so monumental, that I feel it deserves comment.

Our home in Dubuque, Iowa is double the size of our unit at CTC. We have three full-sized bathrooms and full laundry facilities. Our utility bill covering August, 2010 includes the following:

Stormwater	\$5.25
Water	\$16.02
Sewer	\$17.92
Refuse	\$11.00
<u>TOTAL</u>	<u>\$50.28</u>

This bill is higher than usual because of the summer garden watering.

CTC owners pay \$65.24 a month just for sewers. Water usage and garbage (refuse) pick up are additional expenses paid separately through our monthly assessments.

As a former lifetime resident in the Chicago area, we never paid such excessive sewer fees. Our daughters still reside in the Chicago area, and to this day do not pay the lopsided outrageous fees for sewers as CTC does.

**BLACK MOUNTAIN SEWER CORPORATION**

**NEW RATES**

Docket No. SW-02361A-08-0609

On December 19, 2008, Black Mountain Sewer Corporation ("BMSC") filed a rate application with the Arizona Corporation Commission ("Commission"). BMSC requested a rate increase that would produce a just and reasonable rate of return on the fair value of BMSC's utility plant and property. The proposed rates were thoroughly audited by Commission Staff, and a public comment session and evidentiary hearings were held. After considering all of the evidence presented, the Commission issued Decision No. 71865 ("Order") on September 1, 2010, authorizing a 43% rate increase. In its Order the Commission approved the following rates and charges, **effective September 1, 2010:**

<u>SEWER</u>	<u>SERVICE CHARGES</u>
Monthly service charges:	Establishment.....\$25.00
Residential Service – Per Month.....\$65.24	Re-establishment.....\$25.00
Commercial – Regular (c).....\$0.248734	Re-connection.....No Charge
Effluent Sales – Per 1,000 gallons.....\$0.460510	Minimum Deposit (Residential).....(a)
	Minimum Deposit (Non-Residential).....(a)
<b><u>OFF-SITE FACILITIES HOOK-UP FEE</u></b>	Deposit Interest.....6.00%
4 Inch Service Line \$1,734.00	NSF Check Charge.....\$10.00
6 Inch Service Line \$3,901.00	Deferred Payment Finance Charge.....1.50%
8 Inch Service Line \$6,936.00	Late Charge.....1.50%
10 Inch Service Line \$10,837.00	Off-Site Facilities Hook-Up Fee.....Per Tariff
	Main Extension Tariff (b).....Cost
	(a) Per A.A.C. R14-2-603(B): Residential – two times average bill; Non-Residential – two and one-half times average bill.
	(b) Per A.A.C. R14-2-606(B)
	(c) Per gallon per day. Wastewater flows are based on ADEQ Engineering Bulletin No. 12, in accordance with the Order.

**Notice of One-Time Debit:**

In BMSC's prior rate case, BMSC was required to refund \$833,367 to customers due to unexpended hook-up fees held by BMSC. In approximately December 2006, pursuant to Commission Decision No. 69164 (December 5, 2006), BMSC refunded \$412.15 to each customer on record. Carefree Inn Estates HOA, as one customer, received just one refund for the entire development, as opposed to 33 refunds, one for each of its 33 residents. The Commission has now ordered that each of the 33 residents of Carefree Inn Estates HOA be treated as an individual customer and provided a refund consistent with the refunds previously paid pursuant to Decision No. 69164. In order to appropriately refund the Carefree Inn Estates residents, BMSC must make corresponding debits to each customer account that received the \$412.15 refund in accordance with Decision No. 69164. This is reflected in a one-time debit in the amount of \$7.96.

**Billing Adjustments:**

Total monthly sewer and miscellaneous charges are subject to adjustment for all federal, state, and local government taxes, levies, and any assessments that may be imposed by federal or state regulatory agencies on sewer gross revenues.

If you have any questions regarding this Notice, please call BMSC at 480-488-4152 or 800-525-9547.