

ORIGINAL



0000127787

COMMISSIONERS

RECEIVED

GARY PIERCE, Chairman
BRENDA BURNS
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

2011 JUL 25 P 4: 35

ARIZ CORP COMMISSION
DOCKET CONTROL

RECEIVED

JUL 25 2011

LEGAL DIV.
ARIZ CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

JUL 25 2011

DOCKETED BY [Signature]

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 presented testimony at the hearing on November 18, 2009 on the above referenced matter. My position then and my position now follow subsequently:

PRESENT SITUATION AND MY POSITION

The Arizona Corporation Commission (ACC) erred in issuing a closing order for the Sewer Treatment facility operated by the Black Mountain Sewer Corporation (BCSC). This plant is important as a water reclamation facility as pointed out in the Boulder's Resort motion to Intervene.

The Arizona Corporation Commission (ACC) erred by not requiring the BCSC to properly operate the wastewater treatment plant (WWTP) as a water reclamation facility and by not requiring the BCSC to modernize the plant to reduce power consumption, increase the capacity of the plant thereby making more effluent available for sale to the The Boulders Resort, improve aeration efficiency to control odors and reduce noise, and make other improvements. This can be accomplished by the following:

- Replace the 20 HP lift station pumps with 5 HP pressure grinder pumps as step one.
- Re-pipe the influent piping to the plant to an under water discharge made possible by completing step one. This will eliminate the major source of odor at the plant. An in-line comminutor will also be required.
- Change the unit process at the plant from extended aeration with a 24 hour detention time to a contact stabilization plant with a 6 hour detention time effectively doubling the plant

capacity to 240,000 gallons per day thereby eliminating the need to discharge untreated waste water to the City of Scottsdale and thus reduce operating costs charged to consumers. This will free up plant tankage for use as an aerobic digester and an aerated sludge holding tank allowing sludge concentration prior to discharge to the city of Scottsdale. This will also offer the opportunity for recycling the sludge onto to land- an environmentally sound method of handling sludge for soil beneficiation.

- Add high efficiency oxygen air transfer diffusers to replace the present coarse bubble diffusers. Such high oxygen transfer diffusers are common in large plants particularly ones using pure oxygen.
- Install a centrifugal blower for aeration that is quiet and use the present noisy Positive Displacement blowers as back up for reliability.
- I estimate all of this will cost about \$180,000 and that will be recovered by lower City of Scottsdale costs and higher revenue from the Boulders Resort eliminating the need for a rate increase.

THE SITUATION BEFORE THE RATE INCREASE

At the hearing before the ACC, I testified and offered the following:

1. I opposed 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. In fact the sewer rate should be rolled back to around \$33 per month.
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. Ratepayers 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 low 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. Expenses charged in 2007 were \$392,538, and 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.
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 or the Town of Carefree.
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.

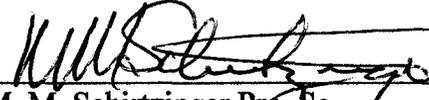
This will permit a greater quantity of treated wastewater to be sold to the Boulders Resort, less power consumption, less discharge to Scottsdale and related lower cost for the company. It is also the most environmentally sound wastewater handling method.

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 and reduce noise.
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 lift 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 but incorrectly applied. Wastewater should flow into the plant through an in-line comminutor with an underwater discharge to eliminate odors rather than into the present headworks that emit the odors at the plant even with the odor control in place.
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 oppose decommissioning the existing WWTP. It will not be a source of odor if the improvements I have suggested are completed. Low flows in gravity sewers are often a source of odor. This is particularly a problem when seasonal residents are away.

The preceding nine items were offered before the ACC and evidently ignored by the Commission. The ACC should roll back all rate increases and instruct BCSC to get some good consulting engineering assistance.

I am no longer active in designing wastewater treatment plants having done so for 40 years as principal and chief engineer of my own firm. I suggest the ACC direct BCSC to retain an engineering firm like Black and Veach Consulting Engineers in Phoenix. I will be pleased to explain my suggestions to any engineering firm or to the BCSC.

By


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

Copies of the foregoing was sent by regular US Mail this 18th day of July 2011 to the following:

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

Janet G Betts
Michael Wright
SHERMAN & HOWARD, LLC
7047 E. Greenway Parkway, Suite 155
Scottsdale, AZ 85254-8110

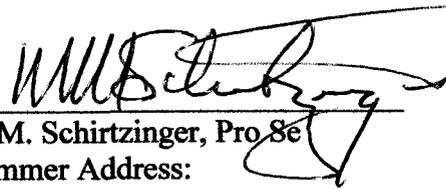
Dennis E Doelle, DDS
7223 E. Carefree Drive
P.O. Box 2506
Carefree, AZ 85377

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

Lyn Farmer
Utilities division
ACC
1200 West Washington St
Phoenix, AZ 85007

Steve Olea, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

RILEY CARLOCK & APPLEWHITE
One North Central Avenue, Suite 1200
Phoenix, Arizona 85004-4417
Attorneys for the Boulders Resort

By 
M. M. Schirtzinger, Pro Se
Summer Address:
10 Heron Drive
Milbridge, ME 04658