

ORIGINAL



0000129670

September 16, 2011

Commission Docket Control  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, AZ 85007-2927

RECEIVED

Arizona Corporation Commission

DOCKETED

2011 SEP 16 P 1:42

SEP 16 2011

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY

RE: Montezuma Rimrock Water Company (MRWC) September 22, 2011 Hearing Seeking to obtain a \$37,536 annual Emergency Rate Increase to build an Arsenic Treatment Facility estimated to cost \$ 300,000<sup>1</sup>. (Docket No. W-04254A-11-0296)

Dear Commissioners:

I presently own a triplex on a developed lot and an undeveloped lot in MRWC's service area. Contiguous lots along Thunder Ridge Road were acquired 2001 through 2003, with two being sold prior to 2006. As a result of this activity I am familiar with the background leading up to MRWC's request for an emergency rate increase.

From mid June, 2004 through January, 2005 I spent a significant amount of time & energy trying to block the sale of the water company then owned by Montezuma Estates Property Owners' Association (MEPOA) to MRWC. I provided information by letter to staff & the commission & testified at ACC hearings held in July & October, 2004 and early February, 2005. Information provided and a record of my testimony<sup>2</sup> are part of the extensive ACC records concerning MRWC.

My primary objection to MRWC becoming the water provider was an apparent lack of the financial stability and capacity needed to (1) update an aged system, (2) engineer, acquire & install expensive equipment need to comply with new arsenic standards taking effect in 2006, and (3) adequately service an expected increase in customers resulting from more construction activity. It also didn't make sense that the then approximate 90 customers should be exposed to these significant risks when an established well financed operation, Arizona Water Company (AWC) was operating within 600 feet of the MEPOA service area. AWC had already dealt with the new arsenic standards, had recently brought in a new high volume quality well, and was capable of making what would have been a seamless transfer as the new water provider.

ACC staff, after review, citing reasons similar to the above, recommended to the Commissioners that MRWC not be allowed to acquire MEPOA's water operations. However, the Commissioners, with only Jeff Hatch – Miller dissenting approved the MEPOA/MRWC sale of assets & transfer of certificate.

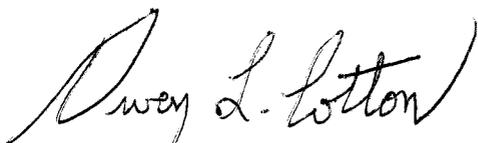
<sup>1</sup> Based on information provided in Patsy Olsen's "Declaration to Yavapai County Superior Court" docketed in W-04254A-0361 May 10, 20011 in which Olsen claims to need a \$165,000 in addition to a \$150,000 developing well Site No. 4 to complete the Arsenic Treatment Facility.

<sup>2</sup> Docketed in W-04254A-0270 October 25, 2004, Letter to Jim Fisher, Executive Consultant – ACC Utilities division

Almost seven years later residents in MRWC's service area are still coping with mediocre water service, an under capacity system that doesn't provide acceptable resources for fire protection, plus poor quality water. Additionally, MRWC has not yet complied with the 2006 arsenic standards and is asking for an additional 57% monthly arsenic surcharge at a time when their base monthly rate is already 20% higher than AWC, which operates in the same geographic area under similar operating conditions.

The simple truth is that the MRWC operation is too small and under capitalized to safely and efficiently provide water to the service area. That was true in 2005, is true today, & will likely remain as the situation for years to come if the regulatory agencies don't do their job. As a taxpayer, I'm appalled that ACC initially allowed this to happen & has not as yet resolved a situation that puts MRWC customers at risk on safety and health issues. The Commission should not continue to force MRWC ratepayers to both be at risk & to financially subsidize an inefficient MRWC operation, especially when an easily available alternative supplier is capable of resolving those problems at a lower cost.

Very truly yours,



Owen L. Cotton

**Copy of the above letter sent to the following parties:**

Ms. Lyn Farmer  
Chief, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. Douglas Fitzpatrick  
49 Bell Rock Plaza, Suite A  
Sedona, AZ, 86351

Mr. Steven M. Olea  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mrs. Patricia Olsen  
Montezuma Rimrock Water Company, LLC  
P. O. Box 10  
4615 E. Goldmine Road  
Rimrock, Arizona 86335

Ms. Janice M. Alward  
Chief, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. John Dougherty  
PO Box 501  
Rimrock, Arizona 86335