

ORIGINAL



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BEFORE THE CORPORATION COMMISSION

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Commissioners

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

2011 SEP 21 11 A 11:10

AZ CORP COMMISSION
DOCKET CONTROL

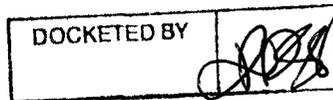
IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY
LLC FOR AN EMERGENCY RATE INCREASE

DOCKET NO. W-04254A-11-0296

Arizona Corporation Commission

DOCKETED

SEP 21 2011



Intervener's Status on Discovery

**Intervener's Notice of Intent to
Use Audio/Visual Equipment to
Present Evidence**

Submission of Petitions

DISCOVERY

Intervener was only provided access to Company records on September 19, 2011 in the Village of Oak Creek office of Counsel for the Company. Intervener reviewed records in Counsel's office from 9 a.m. to noon and from 2 p.m. to 5 p.m. on Sept. 19. Intervener reviewed records from 9 a.m. to noon and from 2 p.m. to 4:30 p.m. on Sept. 20.

The records are far from complete

The records show the Company maintains five bank accounts. During the 18 months of records reviewed, the Company provided copies of all five bank statements for each month on less than five occasions.

Intervener is now seeking to obtain the missing bank records from the bank using a Release signed by the Company. This will take time and it is extremely unlikely those records will be available by the hearing. And even if they are available, Intervener needs time to analyze the information.

During the initial review of records, Intervener discovered additional bank accounts that have a connection for unknown purposes to the Company. The records show the Company is making regular payments of approximately \$500 a month to Chase Bank for unknown purposes. The Company is also make payments of approximately \$1,500 to

\$2,000 a month to Wells Fargo for unknown purposes. Intervener is concerned that the previously unknown existence of these accounts could be used to divert Company funds for inappropriate purposes.

The Company also states that it has no records related to the \$32,000 loan obtained by the Company in 2005 in connection with the purchase of property for Well No. 4. This would presumably include the promissory note and any records related to loan forgiveness and future obligations by the Company. (Exhibit 1)

As the Commission knows, the Company never obtained permission from the Commission to encumber the company with this long-term debt and never disclosed the debt to the Arizona Water Infrastructure Financing Authority when it submitted a 2009 loan application nor to the Commission during the 2009 rate proceedings and approval of the WIFA loan.

After repeated requests by Intervener, the Company finally provided the electronic General Ledger for the Company for 2009, 2010 and 2011 on Tuesday, September 20. This information has long been readily available as it was given Intervener on a jump drive.

Intervener has had insufficient time to thoroughly analyze the General Ledger and compare it to the incomplete bank statements submitted so far.

However, during the course of review of records in the last 24 hours, Intervener has discovered evidence revealing the Company is making regular payments for Student Loans from the Company's checking accounts, but reporting those payments on the company's General Ledger as cash disbursements to Company owner, Patricia Olsen. The anomaly in reporting the disbursements between the Company's checking account and General Ledger raises serious questions – aside from the obvious of why are Ratepayers repaying a Student Loan.

At this point, less than 24 hours before Emergency Rate Hearing, Intervener does not believe Discovery has been completed. Nor has Intervener been given sufficient time to analyze information that has been provided.

Intervener has already filed a motion for Continuance of the Emergency Rate hearing based on the fact that Commission Staff failed to conduct any financial analysis of the Company prior to the hearing.

Intervener now includes the information stated above as supporting reasons for the previous motion seeking Continuance of the Emergency Rate Hearing.

If the Commission denies the continuance, Intervener is prepared to present substantial evidence to support Intervener's request that the emergency rate increase be denied.

**PRESENTATION OF RECORDS
AT HEARING**

If there is no Objection from the Commission or the Company, Intervener intends to display records through electronic presentation on Commission's audio-visual system during the Emergency Rate hearing.

Intervener will redact sensitive private information such as bank account numbers from display.

Intervener believes the presentation of numerous records will be far more efficient and understandable through this process rather than numerous paper copies of each item. This process will facilitate testimony and Intervener's presentation of its case.

Intervener, however, will provide paper copies of all items formally introduced as exhibits.

PETITIONS OPPOSED TO EMERGENCY RATE INCREASE

Intervener is now providing the Commission with copies of a written petition circulated in the MRWC service area with 30 signatures opposing the Emergency Rate increase. (Exhibit 2)

Intervener is also providing 12 additional signatures gathered from an electronic petition opposing the Emergency Rate increase. (Exhibit 3)

Dated this 21st Day of September, 2011



John E. Dougherty
Intervener

Copies of the foregoing emailed and mailed
This 21st day of September, 2011 to:

Douglas C. Fitzpatrick
LAW OFFICE OF DOUGLAS C. FITZPATRICK
49 Bell Rock Plaza
Sedona, AZ 86351

Patricia D. Olsen, Manager
MONTEZUMA RIMROCK WATER COMPANY, LLC
P.O. Box 10
Rimrock, AZ 86335

Exhibit 1

Doug Fitzpatrick

From: Patricia Olsen [patsy@montezumawater.com]

Sent: Monday, September 19, 2011 8:08 PM

To: fitzlaw@sedona.net

Doug,

Below are the responses:

Monthly ledgers for 2009 through 2011 was not requested. The request was for ledger 2009 through 2011. However, they can be obtained from John. He said he would be in his office around 9am.

August 2011 APS bill will be taken to John Campbell tonight and he can take them to your office.

Tax returns for the business (Schedule C) are in the file folders, placed in the month of December for the corresponding years with the exception of 2007 which could not be located. Will check to see if John may have a copy which he can provide.

Dougherty can obtain vendors through the files by locating invoices from the different vendors.

The request was "Water Service Applications" - Water Service Applications were provided and located in the box on top of the insurance binders.

Bank records for 2011 are also located in the box on top of the insurance binders.



The request for Brunner Documents. Unable to locate along with tax year 2007.

*Patricia Olsen, President
Montezuma Rimrock Water Co. LLC
P.O. Box 10, Rimrock, AZ 86335
928-592-9211
www.MontezumaWater.com*

9/20/2011

Exhibit 2

PETITION in opposition to an Emergency Rate Increase
To be presented to the Arizona Corporation Commission

We, the undersigned residents, and property owners within the service area of
Montezuma Rimrock Water Company (MRWC) OPPOSE an EMERGENCY RATE
INCREASE!

Irene B. Bladwell Irene B Bladwell 5255 N Bently 9/15
Signature Name Address date email

Raymond Wheeler Raymond Wheeler 5255 Bently 9/15
Signature Name Address date email

Steven Howard Steven Howard 1845 S Fairhill 9/15
Signature Name Address date email

Larry D Ranck LARRY D RANCK 5255 Bently 9/15
Signature Name Address date email

Signature Name Address date email

I certify the following signatures were collected by me on the date indicated

Petition circulated by: _____
Signature Name Date

PETITION in opposition to an Emergency Rate Increase
 To be presented to the Arizona Corporation Commission

We, the undersigned residents, and property owners within the service area of
 Montezuma Rimrock Water Company (MRWC) OPPOSE an EMERGENCY RATE
 INCREASE!

<u>Robert L. Steffen</u> Signature	<u>ROBERT L STEFFENS</u> Name	<u>5921 N. BENTLEY DR</u> Address	<u>9-8</u> date	<u></u> email
<u>Vicky Steffen</u> Signature	<u>Vicky Steffen</u> Name	<u>5921 N Bentley Dr</u> Address	<u>9-8</u> date	<u></u> email
<u>Veronica Smith</u> Signature	<u>Veronica Smith</u> Name	<u>5945 Bentley</u> Address	<u>9-8-11</u> date	<u></u> email
<u>Steven Wyckoff</u> Signature	<u>STEVEN WYCKOFF</u> Name	<u>5841 N Bentley</u> Address	<u>9-8</u> date	<u></u> email
<u>Debra Lee</u> Signature	<u></u> Name	<u></u> Address	<u></u> date	<u></u> email
<u>Elaine Dethlefs</u> Signature	<u>ELAINE DETHLEFS</u> Name	<u>5945 BENTLEY</u> Address	<u>9-18</u> date	<u>NONE</u> email
<u>Ken Dethlefs</u> Signature	<u>KEN DETHLEFS</u> Name	<u>5945 BENTLEY</u> Address	<u>9-18</u> date	<u>NONE</u> email
<u></u> Signature	<u></u> Name	<u></u> Address	<u></u> date	<u></u> email
<u></u> Signature	<u></u> Name	<u></u> Address	<u></u> date	<u></u> email
<u></u> Signature	<u></u> Name	<u></u> Address	<u></u> date	<u></u> email
<u></u> Signature	<u></u> Name	<u></u> Address	<u></u> date	<u></u> email
<u></u> Signature	<u></u> Name	<u></u> Address	<u></u> date	<u></u> email

I certify the following signatures were collected by me on the date indicated

Petition circulated by: _____
 Signature Name Date

PETITION in opposition to an Emergency Rate Increase

To be presented to the Arizona Corporation Commission

We, the undersigned residents, and property owners within the service area of
Montezuma Rimrock Water Company (MRWC) OPPOSE an EMERGENCY RATE
INCREASE!

[Signature] Ronnie Garcia 5220 N Kramer 9/7/11 rbacker13@Gmail.
Signature Name Address date email

[Signature] Margarita Quezada Margarita Quezada 4615 E Tiemann Ln 9/7/11
Signature Name Address date email MQuezada1014@Gmail

Signature Name Address date email

I certify the following signatures were collected by me on the date indicated

Petition circulated by: _____
Signature Name Date

PETITION in opposition to an Emergency Rate Increase

To be presented to the Arizona Corporation Commission

We, the undersigned residents, and property owners within the service area of Montezuma Rimrock Water Company (MRWC) OPPOSE an EMERGENCY RATE INCREASE!



<u>[Signature]</u> Signature	<u>Zabrina Boudreau</u> Name	<u>4650 E Goldmine</u> Address	<u>9/4</u> date	<u>JZBoudreau@aol.com</u> email
<u>[Signature]</u> Signature	<u>Jeremy Boudreau</u> Name	<u>4650 E Goldmine</u> Address	<u>9/4</u> date	<u>JBoudreau@aol.com</u> email
<u>[Signature]</u> Signature	<u>Claire Boudreau</u> Name	<u>5745 N Texas</u> Address	<u>9/4</u> date	<u>CB430@LIVE.COM</u> email
<u>[Signature]</u> Signature	<u>James T. Wilson</u> Name	<u>5725 Vicki Ln</u> Address	<u>9/4</u> date	<u>jim@pinedalestanzart.com</u> email
<u>[Signature]</u> Signature	<u>Tammy Naef</u> Name	<u>5710 Vicki Ln</u> Address	<u>9/4</u> date	<u>tnaef_bcs@yahoo.com</u> email
<u>[Signature]</u> Signature	<u>James Sipe</u> Name	<u>5450 Kramer</u> Address	<u>9/4</u> date	<u>Jamesjamesj@13@yada</u> email
<u>[Signature]</u> Signature	<u>Pat DuFresne</u> Name	<u>5240 Kramer</u> Address	<u>9/4</u> date	<u>pkdufresne@ins.com</u> email
<u>[Signature]</u> Signature	<u>Josh Burch</u> Name	<u>5245 Kramer</u> Address	<u>9/4</u> date	<u>jburch2@hotmail.com</u> email
<u>[Signature]</u> Signature	<u>Lisa Garcia</u> Name	<u>5220 Kramer</u> Address	<u>9/4</u> date	<u>lisagarcia7@gmail.com</u> email
<u>[Signature]</u> Signature	<u>Karen Kras</u> Name	<u>4575 E Goldmine</u> Address	<u>9/4</u> date	<u>farman.kris@ymail.com</u> email
<u>[Signature]</u> Signature	<u>Dawn Trammel</u> Name	<u>4635 E Caren</u> Address	<u>AZ</u> date	<u></u> email
<u>[Signature]</u> Signature	<u>COOPER</u> Name	<u>5910 NOBENTLEY</u> Address	<u>9/5</u> date	<u></u> email

I certify the following signatures were collected by me on the date indicated

Petition circulated by: _____
Signature Name Date

To indicate your opposition to MRWC'S request for an emergency rate increase please sign the following Petition that will be presented to the Commission

Return signed petition to: John Dougherty, PO Box 501, Rimrock, AZ 86335. OR

Drop it in the collection box labeled PETITIONS next to the door at 5280 Bentley Drive before 9-21-11

To sign the petition on-line go to: <http://www.PetitionOnline.com/mrwcerio/petition.html>

For more information contact: jd.investigativemedia@gmail.com


Signature

M. KENZIE

Name

4530 E BARBARCT

Address

9-21-11

date

email

Signature

Name

Address

date

email

For detailed information on Emergency Rate Increase:

<https://edocket.azcc.gov/Default.aspx?SEARCH=W-04254A-11-0296>

For detailed information on Formal Complaint and Exhibits:

<https://edocket.azcc.gov/Default.aspx?SEARCH=W-04254A-11-0323>

To file you own informal complaint call the ACC @ 1-800-222 or go to:

<http://www.azcc.gov/divisions/utilities/consumerservices.asp>

⁴ Service area is Lake Montezuma Estates unit I & II

⁵ AWC has completed the ATF and has been providing water that meets the Arsenic standard since 2006.

MRWC COMPANY (MRWC) IS SEEKING A \$5.50 ANNUAL EMERGENCY RATE INCREASE

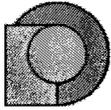


Exhibit 3

MRWC's Emergency Rate Increase Opposition

We endorse the MRWC's Emergency Rate Increase Opposition Petition to Arizona Corporation Commission.

[Read the MRWC's Emergency Rate Increase Opposition Petition](#)

[Sign the MRWC's Emergency Rate Increase Opposition Petition](#)

Name	Comments	Address, Zip Code
14. J. Andy Dickey	?	PO Box 3393, 86322
13. Pamela Benetos	Customer of MRWC	Rimrock, AZ 86335
12. Eloise Smith	?	5925 N. Bentley Dr., Rimrock, AZ. 86335
11. Owen L. Cotton	Close by AWC system S/B provider.	5920 Thunder Ridge Rd. Rimrock, AZ 86335
10. Phil Clay	?	?
9. Gary Krupa	MRWC hasn't provided us residents of Lake Montezuma Estates with safe drinking water at a fair price.	PO Box 937, Rimrock, AZ 86335
8. Gary Krupa	MRWC hasn't provided us residents of Lake Montezuma Estates with safe drinking water at a fair price.	PO Box 937, Rimrock, AZ 86335
7. Ronnie Garcia		
6. Elizabeth Jahsman	?	?
5. Joan P. Shea	?	?
4. William N. Kopko	?	?
3. Ivo Buddeke	We need a company we can trust	5280 Bentley Drive, 86335
2. Diana Mitchell	tired of paying way too much for unsafe water	86335
1. John Dougherty		5225 N. Bentley Drive Rimrock, AZ 86335