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BEFORE THE CORPORATION COMMISSION
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Commissioners

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2011 OCT 18 A 11:14

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER
COMPANY, LLC FOR APPROVAL OF A
RATE INCREASE

DOCKET NO. W-04254A-08-0361

IN THE MATTER OF THE APPLICATION OF
MONTEZUMA RIMROCK WATER COMPANY,
LLC FOR APPROVAL OF A FINANCING
APPLICATION

DOCKET NO. W-04254A-08-0362

Arizona Corporation Commission

DOCKETED

OCT 18 2011

DOCKETED BY

RESPONSE TO COMPANY'S
ARSENIC TREATMENT PLAN

MOTION FOR SANCTIONS

MOTION TO SUSPEND LEASE
AGREEMENT

BY THE INTERVENER:

Dated this 18th Day of October, 2011

On October 12, 2011, Montezuma Rimrock filed an incomplete plan for its proposed arsenic treatment facility.

Despite repeated Orders by the Commission dating back to May 2011 for the Company to provide a detailed financing plan for the proposed ATF, the Company once again has ignored the Commission.

Instead, the Company states it intends to sign a lease agreement "within the next two weeks" with GCom Water Solutions, Inc. without first disclosing the financial terms of the lease. The Company stated that construction will then "proceed with reasonable promptness" on the ATF.

Commission Decision No. 71317 provided for the Company to pay for the ATF through a loan provided by WIFA. The Commission has not modified Decision 71317 to allow the Company to enter into any other financing arrangement, including a lease.

The Company's plan to sign a lease agreement "within two weeks" also comes *prior* to the October 31 deadline the Commission provided Intervener and Staff to respond to the Company's arsenic treatment plan.

The Company's plan to sign a lease agreement must not move forward until there is a formal review of the financial impact on Ratepayers. This review includes an opportunity for the Intervener and Staff to review the financial implications of the lease agreement and to submit comments to the Commission and, if necessary, request an evidentiary hearing before the Commission.

Intervener asserts the Company is acting in "bad faith" by its attempt to cram down a lease agreement on Ratepayers without Commission approval as required by Decision 71317 and prior to the October 31 deadline the Commission set for Intervener and Staff to respond to the Company's plan and requests that the Company be sanctioned.

Intervener moves the Commission to issue an Order preventing the Company from entering into a lease agreement for the Arsenic Treatment Facility. If the Company has already signed a lease agreement for the ATF, Intervener moves the Commission to issue an Order suspending the lease agreement indefinitely.

Dated this 18th Day of October, 2011



John E. Dougherty
Intervener

Copies of the foregoing emailed and mailed
This 18th day of October, 2011 to:

Douglas C. Fitzpatrick
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Patricia D. Olsen, Manager
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