

**ORIGINAL**



1 John E. Dougherty  
2 PO Box 501  
3 Rimrock, AZ 86335  
4 Complainant & Intervenor  
5

6 **BEFORE THE ARIZONA CORPORATION COMMISSION**

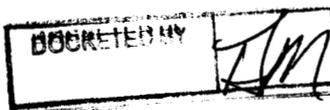
Arizona Corporation Commission

**DOCKETED**

JUN 06 2013

7  
8  
9 **COMMISSIONERS**

10  
11 BOB STUMP-Chairman  
12 GARY PIERCE  
13 BRENDA BURNS  
14 BOB BURNS  
15 SUSAN BITTER SMITH  
16



17  
18 IN THE MATTER OF THE APPLICATION OF  
19 MONTEZUMA RIMROCK WATER COMPANY,  
20 LLC FOR APPROVAL OF FINANCING TO  
21 INSTALL A WATER LINE FROM THE WELL ON  
22 TIEMAN TO WELL NO. 1 ON TOWERS  
23

W-04254A-12-0204

24 IN THE MATTER OF THE APPLICATION OF  
25 MONTEZUMA RIMROCK WATER COMPANY,  
26 LLC FOR APPROVAL OF FINANCING TO  
27 PURCHASE THE WELL NO. 4 SITE AND THE  
28 COMPANY VEHICLE.  
29

W-04254A-12-0205

30 IN THE MATTER OF THE APPLICATION OF  
31 MONTEZUMA RIMROCK WATER COMPANY,  
32 LLC FOR APPROVAL OF FINANCING FOR AN  
33 8,000-GALLON HYDRO-PNEUMATIC TANK  
34

W-04254A-12-0206

35 IN THE MATTER OF THE RATE  
36 APPLICATION OF MONTEZUMA RIMROCK  
37 WATER COMPANY, LLC.  
38

W-04254A-12-0207

39 JOHN E. DOUGHERTY,  
40 COMPLAINANT,  
41 V.  
42 MONTEZUMA RIMROCK WATER  
43 COMPANY, LLC,  
44 RESPONDENT.  
45  
46  
47  
48  
49

W-04254A-11-0323

AZ CORP COMMISSION  
DOCKET CONTROL

2013 JUN - 6 P 3:42

RECEIVED

1 IN THE MATTER OF THE APPLICATION OF  
2 MONTEZUMA RIMROCK WATER  
3 COMPANY, LLC FOR APPROVAL OF A  
4 RATE INCREASE.

W-04254A-08-0361

5  
6 IN THE MATTER OF THE APPLICATION OF  
7 MONTEZUMA RIMROCK WATER  
8 COMPANY, LLC FOR APPROVAL OF A  
9 FINANCING APPLICATION.

W-04254A-08-0362

10  
11 **Complainant/Intervenor's**  
12 **Notice of Filing**  
13 **Responsive Testimony**  
14

15 Complainant/Intervenor hereby files the Responsive Testimony of John E. Dougherty in  
16 the consolidated dockets.

17  
18 RESPECTFULLY SUBMITTED this 6<sup>th</sup> Day of June, 2013.

19  
20   
21  
22 John E. Dougherty  
23

24 Copies of the foregoing Mailed/Hand Delivered  
25 This 6th day of June, 2013 to:

26  
27 Todd C. Wiley  
28 2934 E. Camelback, Rd.  
29 Suite 600  
30 Phoenix, AZ 85016  
31

Janice Alward  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

32 Patricia D. Olsen, Manager  
33 Montezuma Rimrock Water Company  
34 PO Box 10  
35 Rimrock AZ 86335  
36

Steve Olea  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

37 Lyn Farmer  
38 Arizona Corporation Commission  
39 1200 W. Washington St.  
40 Phoenix, AZ 85007  
41  
42  
43  
44  
45  
46  
47

1                                   **BEFORE THE ARIZONA CORPORATION COMMISSION**  
2  
3

4                   **COMMISSIONERS**  
5

6           BOB STUMP-Chairman  
7           GARY PIERCE  
8           BOB BURNS  
9           SUSAN BITTER SMITH  
10          BRENDA BURNS  
11

12           \_\_\_\_\_  
13          IN THE MATTER OF THE APPLICATION OF  
14          MONTEZUMA RIMROCK WATER COMPANY,  
15          LLC FOR APPROVAL OF FINANCING TO  
16          INSTALL A WATER LINE FROM THE WELL ON  
17          TIEMAN TO WELL NO. 1 ON TOWERS

**W-04254A-12-0204**

18           \_\_\_\_\_  
19          IN THE MATTER OF THE APPLICATION OF  
20          MONTEZUMA RIMROCK WATER COMPANY,  
21          LLC FOR APPROVAL OF FINANCING TO  
22          PURCHASE THE WELL NO. 4 SITE AND THE  
23          COMPANY VEHICLE.

**W-04254A-12-0205**

24           \_\_\_\_\_  
25          IN THE MATTER OF THE APPLICATION OF  
26          MONTEZUMA RIMROCK WATER COMPANY,  
27          LLC FOR APPROVAL OF FINANCING FOR AN  
28          8,000-GALLON HYDRO-PNEUMATIC TANK

**W-04254A-12-0206**

29           \_\_\_\_\_  
30          IN THE MATTER OF THE RATE  
31          APPLICATION OF MONTEZUMA RIMROCK  
32          WATER COMPANY, LLC.

**W-04254A-12-0207**

33           \_\_\_\_\_  
34          JOHN E. DOUGHERTY,  
35          COMPLAINANT,  
36          V.  
37          MONTEZUMA RIMROCK WATER  
38          COMPANY, LLC,  
39          RESPONDENT.

**W-04254A-11-0323**

40           \_\_\_\_\_  
41          IN THE MATTER OF THE APPLICATION OF  
42          MONTEZUMA RIMROCK WATER  
43          COMPANY, LLC FOR APPROVAL OF A  
44          RATE INCREASE.

**W-04254A-08-0361**

45           \_\_\_\_\_  
46          IN THE MATTER OF THE APPLICATION OF  
47          MONTEZUMA RIMROCK WATER  
48          COMPANY, LLC FOR APPROVAL OF A  
                FINANCING APPLICATION.

**W-04254A-08-0362**



1 **Q. Ms. Olsen lists several past employers including the City of Glendale as a**  
2 **Wastewater Treatment Operator, ADEQ as hydrologist III and the City of**  
3 **Cottonwood as Water Superintendent. She also states she's been the "Certified**  
4 **Operator" of other water supply systems. (Page 1, Lines 14-20).**  
5

6 **What other public water supply systems have employed Ms. Olsen?**  
7

8 A. Ms. Olsen was Water Utility Manager for the Town Clarkdale. She was hired on July  
9 9, 2007. Ms. Olsen resigned on October 29, 2007. (Ex. 16)  
10

11 **Q. Ms. Olsen states that Arizona Water was not interested in purchasing the water**  
12 **company from MEPOA in 2004.**  
13

14 **"In a meeting between Peter Sanchez (MEPOA) and Bill Garfield (Arizona Water)**  
15 **in Sedona, Mr. Garfield told Mr. Sanchez that Arizona Water was not interested in**  
16 **purchasing MEPOA's water company." (Page 3, Line 9-12). Ms. Olsen also states:**  
17 **"The association was disappointed that AZ Water was not interested."**  
18

19 **Is this a truthful scenario of the events?**  
20

21 A. No. ACC records show that Arizona Water was interested in purchasing the water  
22 company from MEPOA. Rather than being disappointed, MEPOA took direct action to  
23 prevent Arizona Water's purchase of the company.  
24

25 Arizona Water's president, William Garfield, submitted an Aug. 5, 2004 letter to Mr. Jim  
26 Fisher, executive consultant for the Commission. "The Company is interested in  
27 pursuing the acquisition of the Montezuma Estates water system if the Association is also  
28 interested," Mr. Garfield stated. (Ex. 17).  
29

30 Ms. Olsen's direct testimony that Arizona Water wasn't interested in buying the water  
31 company contradicts what she told the Commission as documented in Decision No.  
32 67583. "According to Ms. Arias (Olsen), a representative of AWC indicated to her that it  
33 would only offer approximately \$80,000 for the system."<sup>1</sup>  
34

35 Not only was a minimum \$80,000 offer on the table, it was Peter Sanchez, who is Ms.  
36 Olsen's father, who rebuffed Arizona Water's interest in purchasing the company. Mr.  
37 Sanchez was MEPOA president. MEPOA had also hired Ms. Olsen to manage the water  
38 company.  
39

40 Mr. Sanchez's states in ACC testimony that after talking to 19 or 20 MEPOA members,  
41 all of who reportedly didn't want to sell to AZ Water, that he informed AZ Water that  
42 MEPOA wasn't interested in selling the company. "At that point, as representative of our  
43 community, I took it upon myself to say no to Arizona Water."<sup>2</sup>

---

<sup>1</sup> Decision 67583, Page 6, Footnote 4

<sup>2</sup> Decision 67583, Page 7, Line 1

1 **Q. Ms. Olsen states she was provided multiple versions of lease agreements and that**  
2 **she signed all of them.**

3  
4 **“I received two leases for the building and the treatment system from Nile River**  
5 **with me personally and then from Nile River and Financial Pacific with MRWC. All**  
6 **were signed by myself but not on the same date because there was a problem in the**  
7 **processing of the documents.” (Page 11, Lines 6-10)**

8  
9 **Given that Ms. Olsen states that she signed all of the various lease agreements, did**  
10 **she violate Procedural Orders in the 0361/0362 docket?**

11  
12 A. Absolutely. The Commission issued three Procedural Orders dated Jan. 4, 2012,  
13 March 12, 2012 and April 9, 2012, requiring the disclosure of all lease agreements in  
14 connection with the arsenic treatment facilities.<sup>3</sup> The Company did not disclose the  
15 March 22, 2012 Capital Leases with Nile River and Financial Pacific in the 0361/0362  
16 docket.

17  
18 **Q. Ms. Olsen states that she was under “pressure” from Yavapai County to install**  
19 **the arsenic treatment facility.**

20  
21 **“At that time, the Company was under pressure from ADEQ and the County to**  
22 **construct the arsenic facilities and I felt I had no choice but to sign those agreements**  
23 **in order to get the leases in place and build the system.” (Page 11, Lines 13-16).**

24  
25 **Is there any evidence that Yavapai County was placing “pressure” on Ms. Olsen to**  
26 **install the arsenic treatment facility?**

27  
28 A. None whatsoever.

29  
30 The issue in Yavapai County has never been the arsenic treatment facility. The issue  
31 centers on Montezuma’s failure in 2006 to obtain a use permit prior to operating a  
32 commercial business in a residential area. In addition, Montezuma drilled Well No. 4 in  
33 August 2006 in violation of the Yavapai County Water Well Code’s 50-foot setback from

---

<sup>3</sup> On January 4, 2012, the Administrative Law Judge issued a Procedural Order in W-04254A-08-036 1, W-04254A-08-0362 stating: “IT IS FURTHER ORDERED that Montezuma Rimrock shall file copies of any and all written lease documents for the arsenic treatment plant and building as soon as such documents come into Montezuma. Montezuma Rimrock shall file copies of any and all written lease documents for the arsenic treatment plant and building as soon as such documents come into Montezuma Rimrock’s possession and shall provide courtesy copies of those documents to Mr. Dougherty and Staff through electronic mail.”

On March 12, 2012, the Administrative Law Judge issued a Procedural Order in Docket W-4254A-08-36 1, W-4254A-08-362 stating “that if Montezuma has executed any contractual documents related to purchase, construction installation, operation or maintenance of an arsenic treatment facility to treat the water from its Well #1 and/or Well #4, Montezuma shall, by March 30, 2012, file a copy of all such contractual documents in this docket.”

On April 9, 2012, the Administrative Law Judge issued the following Procedural Order in Docket W-4254A-08-361, W-4254A-08-362: “IT IS FURTHER ORDERED that **Montezuma, through counsel, shall, by April 13, 2012, file complete copies of any and all agreements** that have been executed by Ms. Olsen individually or for Montezuma, for the purpose of Montezuma’s obtaining arsenic treatment for its water supply.”

1 two neighboring properties. Ms. Olsen has stated for years that Well No. 4 was a  
2 necessary and integral part of the arsenic treatment system.

3  
4 In March 2010, Yavapai County issued a conditional use permit to Montezuma for Well  
5 No. 4. But a stipulation required the Company to be in compliance with all county  
6 regulations, including the Water Well Code. Montezuma was unable to come into  
7 compliance with the Code's setback regulation.

8  
9 On April 10, 2012, Yavapai County Development Services revoked Montezuma's use  
10 permit for Well No. 4.

11  
12 On May 14, 2013, Yavapai County levied a \$5,000 civil penalty against Montezuma for  
13 failing to comply with a Nov. 12, 2012 order to cease all uses of Well No. 4 property and  
14 return to the property to vacant land. The order states that if Montezuma fails to pay the  
15 fine within 30 days, it will increase to \$10,000 and will be turned over to collections. (Ex.  
16 18)

17  
18 **Q. When asked if she intended to have the lease agreements approved in the Rate**  
19 **Case, Ms. Olsen answers yes. (Page 12, Lines 1-4).**

20  
21 **Did Ms. Olsen have Commission permission to have the lease agreements approved**  
22 **in a future docket?**

23  
24 A. No. The Commission never gave Ms. Olsen permission to seek retroactive approval of  
25 the Capital Lease agreements in the rate case. Montezuma waited more than seven  
26 months before docketing incomplete and incorrectly dated Capital leases in the rate case  
27 docket in October 2012.<sup>4</sup>

28  
29 **Q. Ms. Olsen states that she "did not consult legal counsel" about the Capital Leases**  
30 **Montezuma signed with Nile River and Financial Pacific on March 22, 2012.**

31  
32 **"I did not consult legal counsel about these agreements at the time and due to the**  
33 **pressure with ADEQ, I signed the leases. Again, I felt it was more important to get**  
34 **the financing leases in place and proceed with construction of the arsenic facilities."**  
35 **(Page 12, Lines 13-16)**

36  
37 **What issues does Ms. Olsen's assertion that she did consult with legal counsel raise**  
38 **for this case?**

39  
40 A. Ms. Olsen's direct testimony raises serious issues.

41  
42 If Ms. Olsen is not honestly disclosing Company actions to Montezuma's Counsel on the  
43 central issue of this docket -- the necessity that Capital Leases must receive prior  
44 approval by the Commission -- then Ms. Olsen is admitting that she intentionally misled

---

<sup>4</sup> The Nile River Lease did not include Rider No. 2; The Financial Pacific lease was dated May 2, 2012 and did not include Page 5 that showed the lease was signed on March 22, 2012

1 her Counsel and, therefore the Commission and the Public, in March 2012 by failing to  
2 disclose that Montezuma had signed Capital Leases.

3  
4 Ms. Olsen's direct testimony that she didn't disclose that Montezuma had signed the  
5 Capital Leases may have prevented Mr. Wiley from providing a legitimate and useful  
6 purpose to Montezuma. Therefore, payment of Counsel's legal fees is not the  
7 responsibility of Montezuma, but rather Ms. Olsen's.

8  
9 **Q. Ms. Olsen's direct testimony that she didn't tell her attorney that Montezuma**  
10 **signed Capital Leases raises another crucial question: When did Mr. Wiley first**  
11 **learn that Montezuma signed the Capital Leases?**

12  
13 A. At some point, Mr. Wiley knew that Montezuma had, in fact, signed the March 22,  
14 2012 Capital Leases. Despite this knowledge, Mr. Wiley has never docketed the true and  
15 complete March 22, 2012 Capital Leases with Nile River and Financial Pacific either in  
16 the 0361/0362 docket, or in this consolidated docket including the rate case.

17  
18 Five days before the April 30, 2012 Procedural Conference, Staff sent Montezuma its 3<sup>rd</sup>  
19 Data Request seeking additional information about the Water Services Agreement and  
20 the purported March 16, 2012 leases. (Ex. 19)

21  
22 Montezuma never responded to Staff's Third Data Request dated April 25, 2012.

23  
24 **Q: Ms. Olsen states that she requested the Financial Pacific "leases be dated in both**  
25 **April and May dates so that I could have something to file with ACC as soon as the**  
26 **funding was authorized. I also was told by Financial Pacific that the lease could be**  
27 **dated April or May 2012. I assumed the May document was the final contract."**  
28 **(Page 13, Lines 9-13)**

29  
30 **Is there any evidence to support Ms. Olsen's claim that Financial Pacific provided**  
31 **her two leases agreements, one dated in April and the other in May?**

32  
33 A. No. Ms. Olsen provides no supporting documentation that Financial Pacific told her  
34 that the lease could be dated April or May 2012. There is absolutely no evidence that  
35 Financial Pacific ever entered into, or agreed to, a May 2, 2012 lease with Montezuma.

36  
37 On May 16, I specifically asked Financial Pacific for its response to Ms. Olsen's May 14  
38 sworn declaration that representatives of Financial Pacific told her the lease agreement  
39 could be dated April or May.<sup>5</sup>

40  
41 Financial Pacific stated in a May 30 email: "That is not a true statement." (Ex. 20)

42  
43 Ms. Olsen and Montezuma's Counsel are perpetuating the myth that the Financial Pacific  
44 lease was signed on May 2, 2012 to put the execution of the Capital Lease after the April  
45 30, 2012 Procedural Conference and after Mr. Wiley docketed the March 16, 2012

---

<sup>5</sup> Montezuma's Response to Motion for Partial Summary Judgment, May 15, 2013 Page 8, Lines 1-3.

1 personal leases on April 13, 2012 and filed a Legal Brief in support of the March 16,  
2 2012 leases on April 27, 2012.

3  
4 **Q. Are Montezuma and Counsel continuing to mislead the Commission about the**  
5 **legitimacy of the May 2, 2012 lease?**

6  
7 A. Yes. Montezuma has yet to file the true and accurate Capital Lease agreements with  
8 Nile River and Financial Pacific in this consolidated docket, including the Company's  
9 rate application.

10  
11 Therefore, the Commission could refuse to retroactively approve the Capital Leases  
12 submitted by the Company in the rate case simply on the grounds they are not the true  
13 and correct leases.

14  
15 **Q. Ms. Olsen states that the Financial Pacific Capital Lease "was the only financing**  
16 **available for construction of arsenic treatment facility at the time." (Page 13, Line**  
17 **19-21) Ms. Olsen acknowledges that the Company entered "those lease agreements**  
18 **prior to seeking approval from the Commission." (Page 13, Lines 22-23).**

19  
20 **Did Ms. Olsen violate the three Procedural Orders and ARS S40-301, 302 and 303**  
21 **by purposely withholding the Capital Leases from the Commission?**

22  
23 A. Yes. There is no doubt that Montezuma knowingly and willing violated Commission  
24 orders and statutes with the intent of misleading the commission on debt financing. The  
25 company's motivation was to avoid ADEQ sanctions.

26  
27 **Q. Ms. Olsen states, "MRWC was under considerable pressure from ADEQ and the**  
28 **County to install arsenic facilities. In order to move forward with construction of**  
29 **the system and attempt to meet deadlines, MRWC was left no choice but to procure**  
30 **the leases." (Page 13, Lines 25-25, Page 14, Lines 1-2)**

31  
32 **Do you agree with Ms. Olsen's conclusion that MRWC had no choice but to procure**  
33 **the leases?**

34  
35 A. Absolutely not. First, as mentioned above, Yavapai County has not issued any orders  
36 in connection with the installation of the arsenic treatment system, nor was it pressuring  
37 the Company to install such a system.

38  
39 Second, Montezuma is a public service corporation regulated by the Arizona Corporation  
40 Commission and is required to comply with all Commission regulations, Orders and state  
41 Statutes. There is no exception for extenuating circumstances.

42  
43 **Q. Ms. Olsen states, "ADEQ informed MRWC that if it did not install the arsenic**  
44 **treatment system, it would be fined \$150,000. For that reason, MRWC proceeded**  
45 **with the lease agreements and installation of the arsenic facility." (Page 35, Lines 6-**  
46 **8)**

1 **Is there any evidence to support Ms. Olsen's contention that ADEQ was going to**  
2 **impose a \$150,000 fine?**

3  
4 A. No. I object to Montezuma claiming that ADEQ was prepared to levy a \$150,000 fine  
5 without documentary evidence. But assuming Ms. Olsen's direct testimony is true, then it  
6 only amplifies Montezuma's motive to ignore Commission Orders and state Statutes to  
7 avoid being subject to such a severe fine.

8  
9 **Q. Ms. Olsen states Montezuma is seeking retroactive approval of the Capital Lease**  
10 **agreements in the rate case.**

11  
12 **She states, "There is little doubt that those leases are in the best interests of MRWC**  
13 **and its ratepayers given the underlying circumstances." (Page 14, Line 22-23)**

14  
15 **Do you agree?**

16  
17 A. No. The Commission's refusal to grant retroactive approval of the Nile River and  
18 Financial Pacific Capital Leases would essentially force Montezuma to find a buyer for  
19 the Company. This would be in the best interest of Ratepayers and the Public.

20  
21 If Montezuma was sold to Arizona Water Company, for instance, the much larger and  
22 well-financed company could quickly extend a pipeline from its neighboring service area  
23 to connect to Montezuma's system.

24  
25 Montezuma's ratepayers would then be relieved of having to pay for a duplicative arsenic  
26 treatment system and would benefit from economies of scale and much lower rates.  
27 Montezuma is seeking to increase the average rate for 5/8 meter to \$80 a month, up from  
28 the current base rate of \$27.25. (Page 18, Lines 3-6)

29  
30 Arizona Water, which is operating within 600-feet of Montezuma, is well positioned to  
31 take over Montezuma's service area. This was staff's recommendation in 2004, prior to  
32 the sale of the water company to Montezuma.

33  
34 Arizona Water told Staff on March 7, 2013 that it would be interested in acquiring  
35 Montezuma.<sup>6</sup>

36  
37 **Q. Ms. Olsen is seeking recovery of legal fees as part of ordinary operating expenses.**  
38 **Ms. Olsen stated: As of December 2012, the Company has incurred \$29,032 in legal**  
39 **fees with attorney Doug Fitzpatrick and \$25,699 in legal fees to Fennemore Craig.**  
40 **These are legal fees outside of the current rate case, including various legal**  
41 **proceeding and actions initiated by Mr. Dougherty and Mr. Buddeke, as well as**  
42 **proceedings before ADEQ and the County. (Page 16, Lines 22-26)**  
43 **Should these legal fees be considered ordinary operating expenses?**

44  
45 A. No. The vast majority of the \$29,032 in legal fees charged by Doug Fitzpatrick is

---

<sup>6</sup> ACC Staff Direct Testimony, Engineering Report, Paragraph G, May 24, 2013.

1 related to the Company's failure to obtain a valid use permit to operate a commercial well  
2 site in a residential area and drilling Well No. 4 in violation of the County Water Code.  
3 Montezuma ignored a survey it commissioned of the Well No. 4 site and filed a  
4 misleading site plan with Yavapai County in 2006 showing it complied with the setback  
5 regulations. (Ex. 21)

6  
7 These are gross management mistakes that should have never occurred if the Company  
8 was competently and honestly operated.

9  
10 Most of the \$25,699 in legal fees from Fennemore Craig outside the rate case is related to  
11 the following matters:

12 1. Legal representation before ADEQ over Montezuma's ongoing arsenic  
13 violations that date back to 2005, long before I intervened in this matter and filed a  
14 formal complaint.

15 2. Mr. Wiley's representation of the Company in the 0361/0362 Docket beginning  
16 in early 2012 when the Company was proposing to finance the arsenic facility through  
17 lease agreements.

18 Given Ms. Olsen's statement that she didn't inform Counsel that Montezuma had  
19 signed the March 22, 2012 Capital Leases with Nile River and Financial Pacific, Mr.  
20 Wiley's representation not only deceived the Commission, it provided no useful purpose  
21 to Montezuma and his fees should be Ms. Olsen's responsibility.

22  
23 **Q. Ms. Olsen states, "The Company also is incurring legal costs relating to  
24 condemnation proceedings relating to an easement to satisfy setback requirements  
25 for operation of Well No. 4." (Page 17, Lines 20-25).**

26  
27 **Should these legal expenses be charged to ratepayers?**

28  
29 A. No. Legal costs associated with the condemnation proceedings related to the setback  
30 requirements for Well No. 4 are a direct result of Montezuma drilling the well in 2006  
31 without first obtaining a proper use permit and in violation of the County's well code. Ms.  
32 Olsen also submitted a false and misleading site plan to Yavapai County showing the  
33 well site met the County's setback requirements.

34  
35 These legal costs should not be shifted to ratepayers and should be Ms. Olsen's  
36 responsibility.

37  
38 **Q. Ms. Olsen states Montezuma should recover \$58,000 in rate case legal expenses.**

39  
40 **"The Company has incurred \$32,545.93 in rate case expense. I anticipate another  
41 \$25,000 in fees relating to filing this testimony, preparation for hearing and the  
42 evidentiary hearing." (Page 19, Lines 9-11)**

43  
44 **Should Montezuma be entitled to recover \$58,000 in rate case legal expenses?**

45 A. No. Montezuma should not be encumbered with any of the legal fees stemming from  
46 the rate case. The rate case may never have been necessary if Montezuma had provided

1 the March 22, 2012 Capital Leases as required by Procedural orders and state Statute in  
2 the 0361/0362 docket. Review of the Capital leases would have delayed installation of  
3 the arsenic facility triggering major fines and sanctions that would have led to the  
4 Commission staff seeking a Show Cause Order. Montezuma would have been in an  
5 entirely different regulatory environment than what is now occurring.

6  
7 Ms. Olsen's decision to deceive the Commission and the public (and apparently her  
8 Counsel) by withholding the March 22, 2012 leases from timely Commission review in  
9 the 0361/0362 docket poisons all subsequent legal expenses incurred by the Company,  
10 including all expenses related to the rate case. These legal fees are Ms. Olsen's  
11 responsibility.

12  
13 **Q. Ms. Olsen states the Company is seeking \$108,000 in financing for four 20,000-**  
14 **gallon water tanks. (Page 20, Lines 24-26, Page 21, Line 1)**

15  
16 **Should the financing for the four water tanks be approved?**

17  
18 A. No. The company's CCN should be revoked. Revocation of Montezuma's CCN  
19 and/or the sale of Montezuma to Arizona Water, for instance, could eliminate the need  
20 for these storage tanks.

21  
22 **Q. Ms. Olsen states the Company needs to incur \$8,000 in debt through retroactive**  
23 **approval of the Nile River Capital Lease for the arsenic treatment storage building.**  
24 **(Page 21, Line 21-24)**

25  
26 **Should the Commission approve retroactive financing for the arsenic treatment**  
27 **building?**

28  
29 A. No. Revocation of Montezuma's CCN and/or the sale of Montezuma to Arizona  
30 Water, for instance, would eliminate the need for the arsenic treatment building.

31  
32 Furthermore, the Company has not docketed the true and accurate March 22, 2012  
33 Capital Lease agreement with Nile River by failing to include Rider No. 2.

34  
35 **Q. Ms. Olsen states the purported May 2, 2012 Capital Lease agreement with**  
36 **Financial Pacific is necessary "to pay for the arsenic treatment plant so**  
37 **that MRWC can continually provide water to its customers and future customers in**  
38 **compliance with applicable drinking water standards." (Page 22, Lines 22-24).**

39  
40 **Should the Commission approve retroactive financing for the arsenic treatment**  
41 **system?**

42  
43 A. No. The revocation of Montezuma's CCN and/or the sale of Montezuma to Arizona  
44 Water, for instance, would eliminate the need for the arsenic treatment system. The May  
45 2, 2012 lease docketed by Montezuma is an unauthorized modified version of the original.

1 **Q. Ms. Olsen states the Company is seeking \$68,592 in Docket No. 12-204 for**  
2 **construction of water line connecting Well No. 4 to the arsenic treatment facility at**  
3 **Well No. 1. (Page 23, Lines 8-12)**  
4

5 **Should the Commission approve financing for the transmission line?**  
6

7 A. No. The revocation of Montezuma's CCN and/or the sale of Montezuma to Arizona  
8 Water, for instance, would eliminate the need for the water transmission line.  
9

10 **Q. Ms. Olsen states the Company is seeking \$21,377 in Docket 12-205 relating to**  
11 **Well No. 4. "I used my personal, separate, and private funds to pay the final debt**  
12 **owned on the assets and property. (Page 23, Lines 15-16).**  
13

14 **Should the Commission approve financing for the purchase of assets and land for**  
15 **Well No. 4?**  
16

17 A. No. The Company states in the 12-205 Docket that the funds are to be used to pay for  
18 a "company vehicle" and to "purchase the Well No. 4 site".  
19

20 Montezuma's service area is less than 2/3 square mile in Rimrock, AZ. There is no need  
21 for the 210 Ratepayers to be encumbered with \$4,620 in debt to pay for Ms. Olsen's  
22 personal vehicle that she uses to commute from her home in Flagstaff to Rimrock,  
23 approximately 50 miles away. It should not be included in the rate base.  
24

25 Well No. 4 is not used or useful because it does not have a valid County Use Permit.  
26

27 **Q. Ms. Olsen requests in Docket 12-206 approval of financing for \$15,000 to**  
28 **purchase an 8,000-gallon hydro-pneumatic tank. (Page 24, Lines 21-23)**  
29

30 **Should the Commission approve financing for the purchase of the tank?**  
31

32 A. No. Revocation of the CCN and/or sale of Montezuma to Arizona Water, for instance,  
33 could eliminate the need for the hydro-pneumatic tank.  
34

35 **Q. Ms. Olsen states that my conduct has been harmful to the Company and its**  
36 **customers. Ms. Olsen also states, "Mr. Dougherty also has made verbal and physical**  
37 **threats against me personally." (Page 15, Lines 25-26).**  
38

39 A. Ms. Olsen provides no supporting evidence of her accusation.  
40

41 I have never verbally or physically threatened Ms. Olsen.  
42

43 To the contrary, I have been subjected to repeated abusive and false allegations made by  
44 Ms. Olsen. These include a May 2012 incident where she falsely stated to police that I  
45 struck her with my motorcycle and fled the scene of an accident. (Ex. 22) Ms. Olsen and  
46 her supporters have repeatedly made public statements demonizing me and have sought

1 my arrest.

2

3 **Q. Ms. Olsen states that Montezuma entered into \$32,000 in long term debt to**  
4 **purchase a parcel for Well site No. 4 in November 2005 from Anna Barbara**  
5 **Brunner. (Page 26, Line 13-17)**

6

7 **Is Ms. Olsen admitting that she violated the terms of Decision No. 67583 that**  
8 **approved Montezuma's purchase of the water company and transfer of the CCN,**  
9 **specifically Findings of Fact No. 37, by causing Montezuma to enter into long-term**  
10 **debt without prior Commission approval?**

11

12 A. Yes.

13

14 **Q. Who is Ms. Brunner and what relationship does she have with the water**  
15 **company?**

16

17 A. Ms. Brunner is a friend of Ms. Olsen and lives next door to the Well No. 4 property.

18

19 Ms. Brunner was an active member of the MEPOA board, which opposed the sale of the  
20 water company to Arizona Water in 2004. Ms. Brunner also states in docketed filings that  
21 Arizona Water was not interested in purchasing the water company in 2004.

22

23 Ms. Brunner purchased the lot next to her home that was later sold to Montezuma in  
24 December 2001 for \$7,000 cash.

25

26 Ms. Brunner sold the lot to Montezuma in October 2005 for \$35,000. (Ex. 23)

27

28 **Q. Ms. Olsen states, "The reason that the purchase of the property was not included**  
29 **in the Company annual reports is because I had originally explained to my**  
30 **accountant that it was going to purchase the property outright. I then later**  
31 **explained that it needed to be included but I also subsequently paid for the property**  
32 **from personal funds."**

33

34 **Is Ms. Olsen blaming her accountant for not disclosing the long term**  
35 **Montezuma's annual reports to the Commission?**

36

37 A. Yes.

38

39 Ms. Olsen does not address why the Company failed to obtain prior Commission  
40 approval for the debt.

41

42 **Q. Given that there is no dispute that Ms. Olsen encumbered Montezuma with**  
43 **unapproved long-term debt from the Brunner loan, does the Commission have the**  
44 **authority to declare Montezuma Estates Property Owner's Association 2005 sale**  
45 **and of the water company and transfer of the CNN to Montezuma "null and void"?**  
46

Debt  
Q 30

1 A. Yes. On Feb. 15, 2005 Decision No. 67583 approved the sale of the water company  
2 and transfer of the CCN from MEPOA to Montezuma.

3  
4 Findings of Fact No. 37 states: “We shall approve the application subject to MRWC  
5 complying with the following conditions...” including that “MRWC shall not encumber  
6 the assets of the utility in any way without prior Commission approval.”<sup>7</sup>

7  
8 Decision No. 67583 further states that that Montezuma “shall comply in all respects to  
9 the Findings of Fact No. 37 and Conclusion of Law No. 6.”

10  
11 Conclusion of Law No. 6 states: “The conditions set forth in Findings of Fact No. 37 are  
12 reasonable and should be adopted.”<sup>8</sup>

13  
14 Violation of the Findings of Fact No. 37 carries a serious penalty.

15  
16 “It is further ordered that Montezuma Rimrock Water Company, L.L.C. shall comply in  
17 all respects with Findings of Fact No. 37 and Conclusion of Law No. 6 or *the approval*  
18 *granted herein shall be null and void.*”<sup>9</sup> (Emphasis added)

19  
20 In addition to declaring the 2005 water company sale and transfer of the CCN to  
21 Montezuma “null and void”, Montezuma should be found in Contempt of the  
22 Commission for failing to disclose this debt and subsequently covering it up in Annual  
23 Reports. The Company should also be held in violation of S40-303 (c).

24  
25 Montezuma’s failure to obtain prior Commission approval for the long term debt and  
26 then covering up the fact by failing to disclose the debt in Annual Reports establishes a  
27 pattern of deception and violation of Commission regulations and state Statutes that  
28 culminated with the Company’s failure to disclose the March 22, 2012 Capital Leases in  
29 the 0361/0362 docket.

30  
31 The Company’s failure to disclose the March 22, 2012 Capital also violates Decision No.  
32 67583 and Findings of Fact No. 37.

33  
34 **Q. Ms. Olsen states that no Ratepayer funds were used to pay for the property.**  
35 **(Page 27, Line 1-2)**

36  
37 **Did Montezuma make monthly payments to Yavapai Tile Company for the**  
38 **purchase the lot for Well No. 4 from the Company’s checking account?**

39  
40 A. Yes. Records obtained from National Bank of Arizona show that Montezuma made  
41 monthly payments of \$363.27 from NBA Account No. XXXXXX3297. Montezuma  
42 opened the NBA accounts in September 2008. Payments from the NBA account to

---

<sup>7</sup> Formal Complaint, August 23, 2011, Details of Allegations, Allegation I

<sup>8</sup> Decision No. 67583, Feb. 15, 2005, Page 9, Lines 22-23

<sup>9</sup> Decision No. 67583, Feb. 15, 2005, Page 11, Lines 1-3.

1 Yavapai Title began in September 2008 and continued through at least March 2011.<sup>10</sup>

2  
3 **Q. Ms. Olsen states that “Mr. Dougherty’s demands for an environmental impact**  
4 **study as a condition for WIFA funding made WIFA financing impossible or**  
5 **impracticable for the Company. (Page 30-Lines 21-23)**

6  
7 **Do you agree with Ms. Olsen’s statement?**

8  
9 A. No.

10  
11 In January 2010, I alerted WIFA that Montezuma made false statements on a  
12 questionnaire in order to obtain a Categorical Exemption from the National  
13 Environmental Policy Act. In February 2010, WIFA withdrew the Categorical Exemption  
14 because Montezuma provided false information.

15  
16 I had no influence whatsoever on WIFA’s decision to later require Montezuma to prepare  
17 an Environmental Impact Statement as a condition to receiving the \$165,000 loan. WIFA  
18 based its decision on recommendations from a private contractor and US EPA, Region IX.

19  
20 **Q. Ms. Olsen states, “MRWC didn’t start making payments to Financial Pacific for**  
21 **the arsenic treatment system until October 23, 2012. MRWC started making**  
22 **payments to Nile River for the arsenic building on December 17, 2012. (Page 34,**  
23 **Line 11-13)**

24  
25 **Does MRWC have authorization to make payments for the unapproved Capital**  
26 **Leases?**

27  
28 A. No. MRWC is using Ratepayer funds to make \$1,500 a month in payments on  
29 unapproved Capital Leases that it is now seeking retroactive approval.

30  
31 **Q. Ms. Olsen states, “The Company acknowledges that the Company should have**  
32 **docketed the lease agreements and apologizes for the mistake.” (Page 36, Lines 7-9)**

33  
34 **Is this a sincere “apology” and should it be accepted without consequences?**

35  
36 A. Absolutely not. Ms. Olsen’s apology is a sham. Ms. Olsen repeatedly states in direct  
37 testimony that it was always her intention for the Capital leases to be reviewed in the rate  
38 case. Ms. Olsen should be found in violation of S40-303 (c) for her actions.

39  
40 **Q. Ms. Olsen states immediately after the “apology” that the Company did not have**  
41 **any ulterior or improper motive.” (Page 36, Lines 7-9)**

42  
43 **Do you agree that the Company had no “ulterior or improper motive” by not**  
44 **disclosing the Capital Leases?**

---

<sup>10</sup> Copies of the NBA bank statements have been provided to Montezuma and Staff and may be entered into evidence during the hearing.

1 A. Absolutely not. Ms. Olsen repeatedly states in direct testimony that Montezuma was  
2 under pressure from ADEQ to construct the arsenic treatment plant or face sanctions for  
3 violating the June 2010 Consent Order.

4  
5 ADEQ's threat to impose sanctions against Montezuma motivated the Company to  
6 docket the invalid March 16, 2012 leases to avoid Commission review and approval of  
7 the actual March 22, 2012 Capital Leases signed by Montezuma.

8  
9 **Q. Ms. Olsen states, "MRWC also contacted staff to inform them that the personal  
10 leases were not preferable because Mr. Dougherty raised objections about lack of  
11 Commission review. In turn, the Company entered the leases with the clear intent of  
12 submitting them for Commission review and approval." (Page 36, Lines 18-21)**

13  
14 **What are the implications of Ms. Olsen's statement?**

15  
16 A. The implications are very serious.

17  
18 Ms. Olsen is stating in her direct testimony that Staff was alerted that the March 16, 2012  
19 personal leases she signed with Nile River were "not preferable" sometime between my  
20 docketing objections to the leases on March 21, 2012 and Montezuma signing the Capital  
21 Leases on March 22, 2012.

22  
23 On March 19, 2012, Ms. Olsen, while under the representation of Counsel, docketed the  
24 purported March 16, 2012 lease agreements with Nile River signed by her personally.<sup>11</sup>

25  
26 On March 21, 2012 I docketed my response to the March 19, 2012 filing by Ms. Olsen. I  
27 stated that the March 16 lease agreements between Ms. Olsen and Nile River were  
28 Capital Leases. I further stated that the Water Services Agreement was a ploy to sidestep  
29 regulatory approval of Capital Leases.

30  
31 Ms. Olsen's direct testimony suggests she received tacit approval from Staff on or about  
32 March 21, 2012 about her intention to substitute the March 16 personal leases with leases  
33 signed by the Company "with the clear intent of submitting them for Commission review  
34 and approval.

35  
36 Ms. Olsen must be required to identify who on Staff she contacted concerning the  
37 purported March 16, 2012 personal leases and Montezuma's subsequent signing of  
38 Capital Leases, when the contact was made and what was discussed.

39  
40 **Q. Is their evidence that Staff was aware by April 26, 2012 that Montezuma  
41 intended to install the arsenic treatment facility prior to June 7, 2012?**

42  
43 A. Yes.

44

---

<sup>11</sup> While the cover sheet of this filing does not identify who docketed the contracts, the ACC website for docket W-04254A-08-0361/0362 states that Patricia Olsen docketed the contracts.

1 On April 26, 2012, three ACC staff members – Attorney Nancy Scott, Engineer Marlin  
2 Scott and Utility Analyst Jeff Michlik -- attended a joint meeting with ADEQ staff  
3 members and Ms. Olsen to discuss the Consent Order and status of installation of the  
4 arsenic system. The meeting was held at ADEQ between 10 a.m. and 11:30 a.m. (Ex. 25)

5  
6 During the meeting, Ms. Olsen displayed a copy of a letter from the arsenic treatment  
7 system installer stating that the system would be installed by June 7, 2012. ADEQ  
8 specifically asked Ms. Olsen if she could meet the ADEQ June 7, 2012 deadline to install  
9 the facility. Ms. Olsen stated “yes”, according to the notes of the meeting that were  
10 initialed by all the attendees.

11  
12 The next day, April 27, 2012, Staff docketed a Legal Brief in 0361/0362 that concluded  
13 the Company’s proposed Water Services Agreement was a Capital Lease that would need  
14 commission approval.<sup>12</sup> Mr. Michlik, who attended the joint meeting the day before,  
15 prepared the Capital Lease analysis that is dated the same day as the ADEQ/ACC/Olsen  
16 meeting.

17  
18 Under the purported plan before the Commission at this time, Ms. Olsen was going to  
19 personally lease the arsenic equipment and sublease it to her company through the Water  
20 Services Agreement.

21  
22 Neither the Company nor Staff informed the Administrative Law Judge or  
23 Complainant/Intervenor about the April 26, 2012 joint meeting during the April 30, 2012  
24 Procedural Conference. Nor did Staff or the Company disclose that Montezuma was  
25 guaranteeing that the arsenic treatment system would be installed by June 7, 2012.

26  
27 This was pertinent and material information that should have been disclosed during the  
28 April 30, 2012 procedural conference because it had a direct bearing on Montezuma’s  
29 purchase and financing plans for the arsenic treatment system.

30  
31 **Q. Ms. Olsen states, “I would ask that the Commission put a stop to Mr.**  
32 **Dougherty’s actions and prevent them in the future. Again, Mr. Dougherty is not a**  
33 **customer of the Company and his use of the Commission to conduct a personal**  
34 **grudge against the Company and me does not seem to be the proper use of**  
35 **Commission resources.” (Page 37, Lines 11-15)**

36  
37 **Is it appropriate for the Commission to terminate Mr. Dougherty’s Intervention and**  
38 **Complaint?**

39  
40 A. Absolutely not.

41  
42 My intervention and complaint occurred only after I discovered that that Montezuma and  
43 Ms. Olsen repeatedly violated state, county and Commission regulations. My work has  
44 provided the Commission, Ratepayers and the Public with valuable and important

---

<sup>12</sup> Michlik memorandum, April 26, 2012, Ex. 1 to Staff’s Replay to Procedural Order April 27, 2012 in 0361/0362

1 information about the operations of Montezuma and must be allowed to continue.

2  
3 **Q. What is your recommendation?**

4  
5 A. Decision No. 67583, Findings of Fact No. 37, provides the legal justification for the  
6 Commission to declare the 2005 sale and transfer of the CCN from MEPOA to  
7 Montezuma null and void. This action would be in the Public Interest because it protects  
8 ratepayers from unreasonable rates and removes corrupt management.

9  
10 **Q. Does this end your responsive testimony to Montezuma's direct testimony?**

11  
12 A. Yes. I will now provide responsive testimony to Staff's May 24, 2013 direct testimony  
13 provided by Gerald Becker, executive consultant, utilities division, Arizona Corporation  
14 Commission.

15  
16 **Responsive Testimony to the Direct Testimony of Gerald Becker**

17  
18 **Q. Does Mr. Becker provide a clear explanation of what future rates will be for**  
19 **Montezuma's customers, including all surcharges?**

20  
21 A. No.

22  
23 There is no clear explanation of what ratepayers could expect to be charged in Staff's  
24 analysis.

25  
26 **Q. What is the current storage capacity of Montezuma's system?**

27  
28 A. The system currently has 25,200 gallons of storage provided by two, 10,000-gallon  
29 tanks and one 5,200-gallon tank. A second 5,200-gallon storage tank has been converted  
30 as a back wash tank for the arsenic system. In addition, there are two, 2,000-gallon  
31 pressure tanks.

32  
33 **Q. What additions in storage capacity is staff proposing for the system?**

34  
35 A. Staff is proposing the addition of four, 20,000-gallon water tanks and the deletion of  
36 the two leaking 10,000-gallon tanks. Staff proposed to add an 8,000-gallon hydro-  
37 pneumatic pressure tank. The Company states the 8,000-gallon tank would replace one of  
38 its two, 2,000-gallon pressure tanks.

39  
40 **Q. Has staff provided an estimate of how many connections could be served from**  
41 **Well No. 1, 85,200 gallons of total storage, the new 8,000-gallon hydro-pneumatic**  
42 **tank and one 2,000-gallon pressure tank?**

43  
44 A. No.

1 **Q. What has staff provided?**

2

3 A. The Engineering report on Page 12 under "System Analysis" states:

4

5 "For this system to adequately serve the current 210 service connections including  
6 reasonable system growth and fire protection, this system would require a total storage  
7 capacity of 87,500 gallons."

8

9 **Q. Does Staff define "reasonable growth"?**

10

11 A. No.

12

13 **Q. Mr. Becker recommends disallowing Well No. 4 and the pipeline connecting Well  
14 No. 4 to the arsenic treatment plant from the rate base.**

15

16 **Does Mr. Becker provide an analysis of the impact of approving Montezuma's  
17 request to install four, 20,000-gallon water tanks, the 8,000-gallon hydro-pneumatic  
18 tank as well as Well No. 4 and the pipeline in the rate base?**

19

20 A. No.

21

22 **Q. Why is such an analysis important to this case?**

23

24 A. Commission approval of the four, 20,000-gallon storage tanks and the 8,000-gallon  
25 hydro-pneumatic tank, and the possible subsequent approval of Well No. 4 and the  
26 pipeline in a post rate case amendment, would create significant excess capacity for the  
27 system and burden ratepayers with extremely onerous rates.

28

29 Montezuma states in direct testimony that the base rate for a 5/8 meter would increase  
30 from \$27.25 to an average rate for a 5/8 meter of \$80 a month if it received approvals for  
31 the 80,000 gallons of storage tanks, the 8,000 gallon hydro-pneumatic tank, Well No. 4,  
32 the pipeline and the arsenic treatment system.

33

34 The 2009 Staff Report in conjunction with Decision No. 71317 concluded that  
35 Montezuma would only need 30,000 gallons of additional storage capacity, bringing total  
36 storage at the time to 60,400 gallons, to meet demand for 206 connections.<sup>13</sup>

37

38 Staff is now recommending an additional 20,000 gallons of total storage, or an expansion  
39 of capacity by 32 percent over the 2009 assessment.

40

41 It is reasonable to assume, therefore, that Montezuma would have sufficient capacity to  
42 expand its present system by approximately 64 connections before it would need  
43 additional water supply and storage.

---

<sup>13</sup> The current well capacity of 70 GPM and storage capacity of 30,400 gallons is adequate to serve up to 92 service connections. For this system to adequately serve the current 206 service connections, the system would need an additional 30,000 gallons of storage capacity. (2009 Engineering Report, Page 9, System Analysis)

1 **Q. What did staff conclude in 2009 about the impact of Well No. 4 and whether the**  
2 **Company would need additional storage capacity?**

3  
4 A. Staff concluded in Decision 71317 that 30,000 gallons of total storage with the  
5 addition of Well No. 4 producing 100 gpm would provide sufficient water and storage to  
6 service 425 connections, more than twice the number of current connections.<sup>14</sup>  
7

8 **Q. What would be the impact of adding Well No. 4 and the pipeline to staff's**  
9 **current proposed system?**

10  
11 A. Obviously, adding Well No. 4 and the pipeline to staff's proposed system of 85,200  
12 gallons of storage and the 8,000-gallon hydro-pneumatic pressure tank would create far  
13 more capacity than Montezuma would need for many, many years, if ever.  
14

15 **Q. What would be the impact on Ratepayers of the combined system of Well No. 4,**  
16 **the pipeline and 85,200 gallons of storage?**

17  
18 A. Ratepayers would needlessly suffer from unreasonable rates while Montezuma would  
19 receive excessive benefits from a much higher rate base than necessary. This would not  
20 be in the Public Interest.  
21

22 **Q. Does Mr. Becker provide a clear explanation of Staff's recommended rate**  
23 **design? (Page 23, Line 23-24)**

24  
25 A. No. Mr. Becker refers to the Company's "Sewer Division". It is therefore unclear if  
26 the information that follows is addressing Montezuma, or some other company.  
27

28 **Q. Mr. Becker recommends retroactive approval of Montezuma's lease agreements**  
29 **for the arsenic treatment building and arsenic treatment system.**

30  
31 **"Retroactive approval of the debt at issue in this case is appropriate." (Page 26,**  
32 **Lines 27)**

33  
34 **Do you agree with this recommendation?**

35  
36 A. No. The leases should not be retroactively approved.  
37

38 **Q. Mr. Becker states that he analyzed the arsenic building lease and the arsenic**  
39 **system lease.**

40  
41 **"Staff has evaluated these leases and determined the lease on the ATS is a capital**  
42 **lease and the associated long term obligation that needs to be approved by the**  
43 **Commission." (Page 22, Line 3-4)**  
44

---

<sup>14</sup> Decision No. 71317, Paragraph 21.

1 **Do you agree with Staff's assessment?**

2  
3 A. Partially. I agree that the Financial Pacific arsenic treatment system lease is a Capital  
4 Lease. Mr. Becker, however, fails to explicitly state that the Nile River arsenic building  
5 lease is a Capital Lease.

6  
7 The Nile River lease, including Rider No. 2, clearly shows that it is a Capital Lease.  
8 Montezuma has also stated that the Nile River and Financial Pacific leases are Capital  
9 Leases.

10  
11 **Q. Mr. Becker recommends the following:**

12 **Outside Services - Adjustment F increases Outside Services Expense by \$5,811 from**  
13 **\$15,890 to \$21,701 to reflect annualized expenses excluding non-rate case, non-legal**  
14 **expenses of \$11,436 which were supported by the Company, plus 75 percent of**  
15 **annualized non rate case related, legal expenses of 13,686 or \$10,265, for a total of**  
16 **\$21,701. A review of documentation provided by the Company indicated that the**  
17 **cost were incurred for regulatory agency approvals for construction and operation**  
18 **of its ATS including ADEQ and Yavapai County matters, Commission proceedings**  
19 **related to its ATS, defending itself against a suit brought by John Dougherty and**  
20 **Fred Shute, and obtaining an Order of Protection against John Dougherty. The**  
21 **Company states that from November 2009 through October 2012, it incurred**  
22 **\$29,032.50 to the Law Offices of Douglas C. Fitzpatrick and that April 2010 through**  
23 **December 2012, it incurred \$25,699 to Fennemore Craig, not including expenses in**  
24 **the current proceeding. Adding the amount results in total of \$54,731 over an**  
25 **approximately 4-year period, or \$13,683 per year.**

26  
27 **Although the ADEQ and Yavapai matters were related to the construction of well**  
28 **No. 4 which was intended to provide an additional water supply for the ratepayers,**  
29 **Staff recommends a 25 percent disallowance of legal fees to reflect the matters**  
30 **related to correcting some zoning violations that could have been avoided by the**  
31 **Company. (Page 15, Line 5-21)**

32 **Do you agree with this analysis?**

33  
34 A. No. The disallowance of 25 percent is far too low. Most of Montezuma's non rate-case  
35 legal expenses are related to the company's failure to obtain a County use permit prior to  
36 constructing Well No. 4 and installing Well No. 4 in violation of the County Water Well  
37 Code. These expenses are the direct result of mismanagement and deception by Ms.  
38 Olsen and must not be shifted to Ratepayers.

39  
40 I strongly object to staff's inclusion of legal expenses related to Ms. Olsen's Order of  
41 Protection obtained against me in July 2011. Ms. Olsen obtained that order personally  
42 and not on behalf of Montezuma. Ms. Olsen obtained the Order to use it as a sword as  
43 evidenced by her leaving the order with an ACC security in an attempt to keep me from  
44 attending a July 25, 2011 Procedural Conference. Furthermore, the Order was dismissed  
45 in May 2012 after a Verde Valley Justice Court Judge ruled that Ms. Olsen was abusing  
46 the order.

1 Most of Fennemore Craig's non-rate case legal fees should be barred. Ms. Olsen stated in  
2 direct testimony that she did not consult with Fennemore Craig prior to signing the March  
3 22, 2012 Capital Leases with Financial Pacific and Nile River. Her failure to consult with  
4 Montezuma's attorney resulted in a series of pleadings that were not based on the true  
5 facts at the time. Therefore, Fennemore Craig provided no useful purpose to Montezuma  
6 and Mr. Wiley's legal fees should be Ms. Olsen's responsibility.

7  
8 The only legitimate non-rate case legal fees are those incurred by Fennemore Craig  
9 during its representation with ADEQ on arsenic issues, including the 2008 Notice of  
10 Violation, the Feb. 25, 2010 Compliance Order, the June 2, 2010 Consent Order and the  
11 April 12, 2012 Notice of Violation.

12  
13 **Q. Mr. Becker is recommending the following for rate case legal expenses:**

14  
15 **Regulatory Commission Expense - Rate Case - This adjustment increases**  
16 **Regulatory Commission Expense - Rate Case by \$13,364 from \$833 to \$14,250.**  
17 **(Page 11, 19-20)**

18  
19 **Do you agree with this adjustment?**

20  
21 A. No. If Mr. Wiley had submitted the true and correct March 22, 2012 Capital Leases  
22 for review in Docket 0361/0362 as directed by the Court in three Procedural Orders,  
23 Montezuma would have failed to meet the June 7, 2012 ADEQ deadline and the company  
24 would have faced sanctions.

25  
26 This action would have resulted in an entirely different regulatory proceeding where the  
27 rate case would have been unnecessary. Therefore, the rate case legal expenses should be  
28 barred until the Commission rules on the Amended Formal Complaint and request that  
29 the Company's CCN be revoked.

30  
31 **Q. Mr. Becker recommended the following proposed capital improvements.**

32  
33 **Staff recommends \$108,000 of financing with WIFA for the storage tanks, \$8,000**  
34 **for the ATS building, but \$38,000 for the ATS included \$16,280 of media costs, for a**  
35 **net cost for the ATS of \$21,720. As discussed above, Staff recommends that the cost**  
36 **of the arsenic media be recovered by depreciating these costs over 24 months and**  
37 **including 12 months of media expense as part of Chemicals Expense, as discussed**  
38 **above. (Page 20-Lines 24-26; Page 21, Lines 1-2)**

39  
40 **Do you agree with this proposal?**

41  
42 A. No. Retroactive approval of the Nile River and Financial Pacific Capital Leases  
43 should be denied. Therefore, there is no need to include capital improvements for the  
44 ATS building and the ATS.

45  
46 **Q. Mr. Becker issued the following recommendations pertaining to the Financing:**

1 For the financing applications, Staff finds that the request for: a) the transmission  
2 main connecting Well Site #4 to Well Site #1 at \$68,592 is not reasonable nor  
3 appropriate, b) the purchase of Well Site #4 at \$16,758 is not reasonable nor  
4 appropriate, c) the purchase and installation of an 8,000 gallon hydro-pneumatic  
5 tank at \$18,541 is reasonable and appropriate, d) the purchase and installation of  
6 four 20,000 gallon storage tanks at \$108,000 is reasonable and appropriate, and e)  
7 the installation of the arsenic treatment building and the arsenic treatment system  
8 are reasonable and appropriate. (Page 38, Lines 26-32)

9  
10 Do you agree with these recommendations?

11  
12 A. I agree with recommendations for a) and b). I disagree with recommendations c), d)  
13 and e).

14  
15 Items c), d) and e) should not be approved until the Commission renders a final decision  
16 on the Amended Formal Complaint and the request to revoke Montezuma's CCN or  
17 Montezuma sells the company to another provider which may, or may not, need these  
18 capital improvements.

19  
20 Q. Page 6 of the Engineering Report includes Table 4 that states there are 243  
21 customer meters.

22  
23 Do you agree with this number?

24  
25 A. No. The correct total based on the information in the table should be 225.

26  
27 In addition, this number overstates the actual number of connections. The engineering  
28 report states on Page 5, Paragraph B:

29  
30 "The operation of the water system consists of one well (55 gallons per minute  
31 ("GPM")), a centralized 150 GPM arsenic treatment system, three storage tanks, two  
32 booster systems, and a distribution system servicing 210 service connections during the test  
33 year ending 2011."

34  
35 Q. The engineering report states the company could have 220 connections by 2016.  
36 Is this a reasonable projection?

37  
38 A. No. Montezuma had 208 connections in TY 2007 and 210 connections in TY 2011.  
39 There has been no construction in this area for years and the housing market continues to  
40 be depressed. Staff's projection overstates the optimistic estimate in the accompanying  
41 graph, which projects 217 connections by 2016.

42  
43 Q. Please summarize your testimony.

44  
45 A. Staff has not provided Ratepayers with a clear and concise projection of rates,  
46 including surcharges.

1 Staff has not provided the total number of connections that can be supported by its  
2 proposed system of 5,200 gallons of present storage, 80,000 gallons of new storage, a  
3 new 8,000-gallon hydro-pneumatic tank, one 2,000-gallon pressure tank, and production  
4 from Well No. 1.

5  
6 Staff has not provided the total number of connections with its proposed system design  
7 plus Well No. 4 and the pipeline.

8  
9 Montezuma has stated it intends to seek Commission permission to add Well No. 4 and  
10 the pipeline to the rate base after it completes condemnation and obtains a County use  
11 permit. Staff has not fully analyzed Montezuma's rate case proposal by failing to include  
12 the impact of the possible addition of Well No. 4 and the pipeline to the rate base.

13  
14 Including Well No. 4 and the pipeline in addition to 85,200 gallons of storage, the 8,000-  
15 gallon hydro-pneumatic tank and one 2,000-gallon pressure tank would create far more  
16 capacity than would ever be required for this system and burden customers with  
17 unreasonable rates.<sup>15</sup>

18  
19 **Q. What is your recommendation?**

20  
21 A. My recommendation is to declare the sale and transfer of the CCN to Montezuma null  
22 and void based on violations of Findings of Fact No. 37 in Decision No. 67583 and to  
23 consolidate Montezuma's service area with Arizona Water Company as recommended by  
24 staff in 2004.

25  
26 **Does this conclude your response testimony?**

27  
28 A. Yes.

29  
30 **List of Exhibits**

31 Page 5

32 Exhibit 16 (Clarkdale employment records)

33 Exhibit 17 (Garfield Letter)

34  
35 Page 7

36 Exhibit 18 (Hastings Order)

37  
38 Page 8

39 Exhibit 19 (Staffs 3<sup>rd</sup> Data Request)

40 Exhibit 20 (Financial Pacific/Dougherty emails)

41  
42 Page 11

43 Exhibit 21 (Well No. 4 site plans)

44  

---

<sup>15</sup> Montezuma states it will replace one of its two 2,000-pressure tanks with the 8,000-gallon hydro-pneumatic tank.

- 1 Page 14
- 2 Exhibit 22 (YCSO report)
- 3 Exhibit 23 (Brunner Affidavits of Value)
- 4
- 5 Page 18
- 6 Exhibit 24 (ACC/ADEQ/Olsen meeting)
- 7
- 8
- 9
- 10

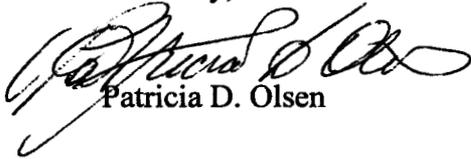
# EXHIBIT 16

Date: 10/29/07  
Time: 11:00 AM

Dear Mr. Burroughs

I hereby tender my resignation from my position as Water Utility Manager. My last day will be two weeks from today.

Sincerely,



Patricia D. Olsen

Town of Clarkdale  
PO Box 308, Clarkdale, AZ 86324  
Ph (928) 634-9591, Fx (928) 634-0407



November 5, 2007

Patsy Olsen  
[REDACTED]

Flagstaff, AZ 86001

Dear Patsy,

On October 29, 2007 I accepted your resignation, waiving any two-week notice. We have since gathered the personal items that were left behind in your office. Per my email to you dated November 1, 2007, all of those items have now been shipped directly to your home address.

Also included in that email was a description of two items of Town property which are in your possession. Those are:

1. Simpson Valve Exercising Project Disk with valves GPS locations
2. Esri Arcview version 9 GIS software.

In addition to the above mentioned cd's, work generated by you during your employment with the Town is also property of the Town. Given that the computer in your office here was left with none of the work saved on it, I assume that your computer work was saved only on the flash drive which you took with you. Please generate a copy of the work you did while employed here and provide that to us.

Your prompt handling of this request will be appreciated. Please let me know of any questions concerning this information.

Thank you,

Steven Burroughs  
Public Works Director

*Original letter mailed 11/5/07.  
• Copy of letter incl. in box of  
items shipped on 11/5/07*

# EXHIBIT 17

# ARIZONA WATER COMPANY

3805 N. BLACK CANYON HIGHWAY, PHOENIX, ARIZONA 85015-5351 • P.O. BOX 29006, PHOENIX, ARIZONA 85038-9006  
PHONE: (602) 240-6860 • FAX: (602) 240-6878 • WWW.AZWATER.COM

August 5, 2004

**RECEIVED**

AUG 09 2004

AZ CORPORATION COMMISSIO  
DIRECTOR OF UTILITIES

Mr. Jim Fisher  
Executive Consultant  
Arizona Corporation Commission  
Utilities Division  
1200 West Washington Street  
Phoenix, AZ 85007

Re: Montezuma Estates Property Owners' Association

Dear Mr. Fisher:

Arizona Water Company (the "Company") met with representatives of the Montezuma Estates Property Owners' Association (the "Association") in April 1999 concerning a potential sale of the Association's water system to the Company. In conducting its due diligence, the Company tested both of the Association's wells. The test results showed that the arsenic level in the main supply well exceeded 50 parts per billion ("PPB"), the maximum contaminant level ("MCL") for arsenic at that time. The Company's notes showed the main supply well was equipped for 88 gallons per minute ("GPM") and the smaller supply well was equipped for 16 GPM.

The Company contemplated interconnecting the Montezuma Estates water system with the Company's Rimrock water system. At that time it was likely that the Association's main supply well would need to be removed from service because of the high arsenic level. The Company informed the Association by letter dated April 21, 1999 (copy enclosed), that the Company would like to renew discussions with the Association on the possibility of the Company providing water service to Montezuma Estates when additional water supplies became available in the Company's Rimrock water system. As you can see from the attached map, the Association's water system is immediately adjacent to the Company's Rimrock water system and is much smaller in comparison.

Since April 21, 1999, the Company has developed a new water supply well for Rimrock, which is equipped for 350 GPM. More importantly, the Company has received approval from the Arizona Corporation Commission for an arsenic cost recovery mechanism. This allows the Company to move forward with the construction of arsenic treatment plants for its Rimrock water system to restore Rimrock Well #4 to service, which has an equipped capacity of 100 GPM.

E-MAIL: mail@azwater.com

**ARIZONA WATER COMPANY**

To: Jim Fisher – Arizona Corporation Commission  
Re: Montezuma Estates Property Owners' Association

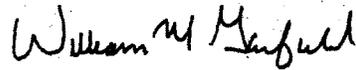
August 5, 2004

Page 2

The Company now has adequate capacity to interconnect the Montezuma Estates water system with its Rimrock water system and provide reliable water service not only to its Rimrock customers, but to all of the Montezuma Estates customers as well. In addition, the Company's ongoing arsenic treatment plant construction will achieve compliance with the new arsenic MCL of 10 PPB well before the January 23, 2006 deadline. The Company is interested in pursuing the acquisition of the Montezuma Estates water system if the Association is also interested.

If you have any questions on this matter, please call me.

Very truly yours,



William M. Garfield  
President

mcm  
Enclosures

# EXHIBIT 18

**YAVAPAI COUNTY DEVELOPMENT SERVICES**  
1020 Commerce Drive  
Prescott, AZ 86305  
(928) 771-3214

COUNTY OF YAVAPAI,  
Plaintiff

vs

MONTEZUMA RIMROCK WATER CO  
Defendant(s)

CASE NO. V32012000758

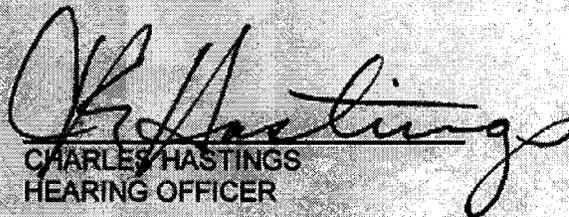
ORDER FOR  
REDUCTION OF  
CIVIL PENALTIES  
APN: 405-25-517

DISTRICT: 3

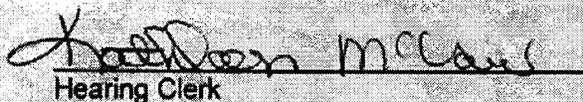
Having received a request for reconsideration of the Civil Penalties in the JUDGMENT dated November 12, 2013 and good case showing the CIVIL PENALTY has been reduced to \$5000.00 from the \$10,000.00 owing. The total amount due is \$5000.00. Payment must be made within 30 days from the date of the signed Order or it will revert back to the \$10,000.00 and will be turned over to collections. Payment must be made to:

Yavapai County Development Services  
1120 Commerce Dr  
Prescott, AZ 86305

Dated: 5/13/13

  
CHARLES HASTINGS  
HEARING OFFICER

FENNEMORE CRAIG  
DAWN MEIDINGER  
MONTEZUMA RIMROCK WATER CO  
2394 E. CAMELBACK RRD SUITE 600  
PHOENIX, AZ 85016

  
Heather Dawn McLaw  
Hearing Clerk

**Kathleen McCaw**

---

**From:** Boyce Macdonald  
**Sent:** Monday, May 13, 2013 10:04 AM  
**To:** Kathleen McCaw  
**Cc:** Steven Mauk; Jeanne Grossmayer  
**Subject:** MRRWC 405-25-517 non-compliance to Hearing Officer Case.

Staff has spent an enormous amount resources and taxpayer dollars on this case, but now since the property was finally brought into compliance Development Services would support a 50% (\$5000) reduction in the sanctions to \$5000.

Boyce Macdonald  
Planning and Land Use Manager  
Yavapai County Development Services  
[boyce.macdonald@yavapai.us](mailto:boyce.macdonald@yavapai.us)  
(928) 639-8151 or (928) 771-3214  
Yavapai County Development Services(Prescott Office) New Address is:  
1120 Commerce Dr  
Prescott, AZ 86305  
**As of June 3, 2013 Development Services will be open Monday – Friday from 8:00 – 5:00**

5/13/2013

# EXHIBIT 19

Exhibit 1

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



ERNEST G. JOHNSON  
Executive Director

ARIZONA CORPORATION COMMISSION

April 25, 2012

Todd C. Wiley  
FENNEMORE CRAIG, P.C.  
3003 North Central Avenue, Suite 2600  
Phoenix, Arizona 85012

*Sent via U.S. Mail & E-mail to:*  
[patsy@montezumawater.com](mailto:patsy@montezumawater.com)  
[twiley@fclaw.com](mailto:twiley@fclaw.com)

Patricia D. Olsen, Manager  
MONTEZUMA RIMROCK WATER  
COMPANY, L.L.C.  
Post Office Box 10  
Rimrock, Arizona 86335

Re: Staff's **Third** Set of Data Requests to Montezuma Rimrock Water Company, LLC  
Docket No. W-04254A-08-0361 et al.

Dear Mr. Wiley and Ms. Olsen:

Please treat this as Staff's **Third** Set of Data Requests to Montezuma Rimrock Water Company, in the above-referenced matter. For purposes of this data request set, the words "Company," "you," and "your" refer to Montezuma Rimrock Water Company, and any representative, including every person and/or entity acting with, under the control of, or on behalf of Montezuma Rimrock Water Company. For each answer, please identify by name, title, and address each person providing information that forms the basis for the response provided.

These data requests are continuing, and your answers or any documents supplied in response to these data requests should be supplemented with any additional information or documents that come to your attention after you have provided your initial responses. Please respond within **ten (10)** calendar days of your receipt of the copy of this letter. However, if you require additional time, please let us know.

*Please provide one hard copy as well as searchable PDF, DOC or EXCEL files (via email or electronic media) of the requested data directly to each of the following addressees via overnight delivery services to:*

- (1) Jeffery Michlik, Utilities Division, Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007. [jmichlik@azcc.gov](mailto:jmichlik@azcc.gov)
- (2) Charles H. Hains, Attorney, Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007. [chains@azcc.gov](mailto:chains@azcc.gov)

Sincerely,

Handwritten signature of Charles H. Hains in black ink.

Charles H. Hains, Attorney  
Legal Division  
(602) 542-3402

CHH:rbo  
Enclosures  
cc: Jeffery Michlik

**ARIZONA CORPORATION COMMISSION  
STAFF'S THIRD SET OF DATA REQUESTS  
REGARDING THE PROCEDURAL ORDER OF  
MONTEZUMA RIMROCK WATER COMPANY  
DOCKET NOS. W-04254A-08-0361 AND W-04254A-08-0362  
APRIL 25, 2012**

---

**Subject: All information responses should ONLY be provided in searchable PDF, DOC or EXCEL files via email or electronic media.**

**Accounting Data Requests**

- JMM 3.1**     Total Contract Price – Please provide the total contract price to Ms. Olsen for the Arsenic Treatment Facility, including all design, permitting, construction and acquisition costs.
- JMM 3.2**     Nile River Lease Agreements – Do the Terms and Conditions that were provided comprise the entirety of the lease agreements for the Arsenic Building Plant (“Building”) and the Arsenic Removal Water Treatment System (“Treatment System”)? If not, please provide copies of the entire lease agreements.
- JMM 3.3**     Nile River Lease Agreements – State whether Ms. Olsen considers the lease agreements to be operating leases or capital leases. Are either or both of the agreements considered to be “lease to own” agreements?
- JMM 3.4**     Nile River Lease Agreements – Does title to the respective leased property transfer to Ms. Olsen after the term of the lease expires (36 months for the Building and 60 months for the Treatment System)?
- JMM 3.5**     Nile River Building Lease Agreement – Please confirm that the total cost of the Building is \$12,315.24 (i.e., \$342.09 x 36). Otherwise, state the actual total cost of the Building and describe how that amount was determined. Please explain how this piece fits into the total contract price from JMM 3-1 above.
- JMM 3.6**     Nile River Treatment System Lease Agreement – Please confirm that the total cost of the Treatment System is \$63,490.80 (i.e., \$1,058.18 x 60). Otherwise, state the actual total cost of the Treatment System and describe how that amount was determined. Please explain how this piece fits into the total contract price from JMM 3-1 above.

**ARIZONA CORPORATION COMMISSION  
STAFF'S THIRD SET OF DATA REQUESTS  
REGARDING THE PROCEDURAL ORDER OF  
MONTEZUMA RIMROCK WATER COMPANY  
DOCKET NOS. W-04254A-08-0361 AND W-04254A-08-0362  
APRIL 25, 2012**

---

**Subject: All information responses should ONLY be provided in searchable PDF, DOC or EXCEL files via email or electronic media.**

**JMM 3.7**     Kevlor Design Group – Please explain how the project costs of \$46,000.00 from the Kevlor Design Group relate to the Nile River Lease Agreements? If the \$46,000 is separate from the lease agreements, please explain how this piece fits into the total contract price from JMM 3-1 above.

**JMM 3.8**     Water Services Agreement – Please confirm that the total cost for the monthly standby fee is \$360,000 (i.e., \$1,500 x 240). Otherwise, state the actual total monthly standby fee to be collected over the term of the lease and describe how this amount was determined.

**JMM 3.9**     Water Services Agreement – Please answer the following:

- a. Is the monthly standby fee structured as an ordinary annuity or an annuity due; i.e., are payments due at the end or the beginning of each month?
- b. What is the incremental borrowing rate of the lessee (the rate that would have been incurred to borrow the funds necessary to purchase the assets with a secured loan with payment terms similar to the payment schedule in the lease) or the percentage return on investment assumed by Ms. Olsen?
- c. What is the amount of executory costs (e.g., insurance, maintenance, and taxes) included in the monthly payments?
- d. Are the executory costs paid by Ms. Olsen or by Montezuma Rimrock Water Company?
- e. What are the residual values of the Building and Treatment System at the end of each lease?
- f. If there are residual values, are the values guaranteed or not guaranteed?

# EXHIBIT 20

Dawn Pearce <dpearce@finpac.com>

Thu, May 30, 2013 at 9:47 AM

To: John Dougherty <jd.investigativemedia@gmail.com>, Peter Fruge <pfruge@finpac.com>

John,

Please see answers to your questions below in red. I have worked with several people in my office to ensure that these answers are correct. I do not have any additional information to provide you other than what has been provided below.

Thank you,

Dawn Pearce

Paralegal

Financial Pacific Leasing, LLC

3455 S 344th Way, Suite 300

Federal Way, WA 98001

6/2/13 11:14 AM

Odyssey Financial is a broker, they commenced the lease using our documents. They then assigned the lease to us, Financial Pacific Leasing. When they sent the documents to us they came over without any typed dates. Financial Pacific completed the confirm call in house and used the date of the confirm call to fill in the blank date fields on the documents.

**2. What is Financial Pacific's response to Ms. Olsen's assertion that Financial Pacific provided MRWC with copies of the lease agreements dated April 2, 2012 and May 2, 2012?**

As stated previously we only provided one lease agreement to our customer. The agreements dated April 2, 2012 is the true and correct copy of the lease. Please see attached document. Any document other than the attached document is an unauthorized modified version of the original lease.

**3. What is Financial Pacific's response to Ms. Olsen's assertion that representatives of the company told her the agreement could be dated in April and May?**

This is not a true statement.

And, of course, I would welcome any further explanations and details from Financial Pacific that definitely describe the circumstance surrounding the lease agreement.

There is an evidentiary hearing scheduled for June 20 on this matter, as well as a general rate case hearing. I would like to avoid the time and expense related to issuing a subpoena for Financial Pacific to testify at the hearing. Hopefully, this can be avoided through correspondence and disclosures.

Thank you for your prompt attention.

Sincerely,

John Dougherty  
InvestigativeMedia.com  
602-710-4089

---

 Lease.pdf  
1185K

---

# EXHIBIT 21

5

Notice of Intent to Drill, Deepen, Replace or Modify a Well

WELL REGISTRATION NUMBER  
55 - 556391

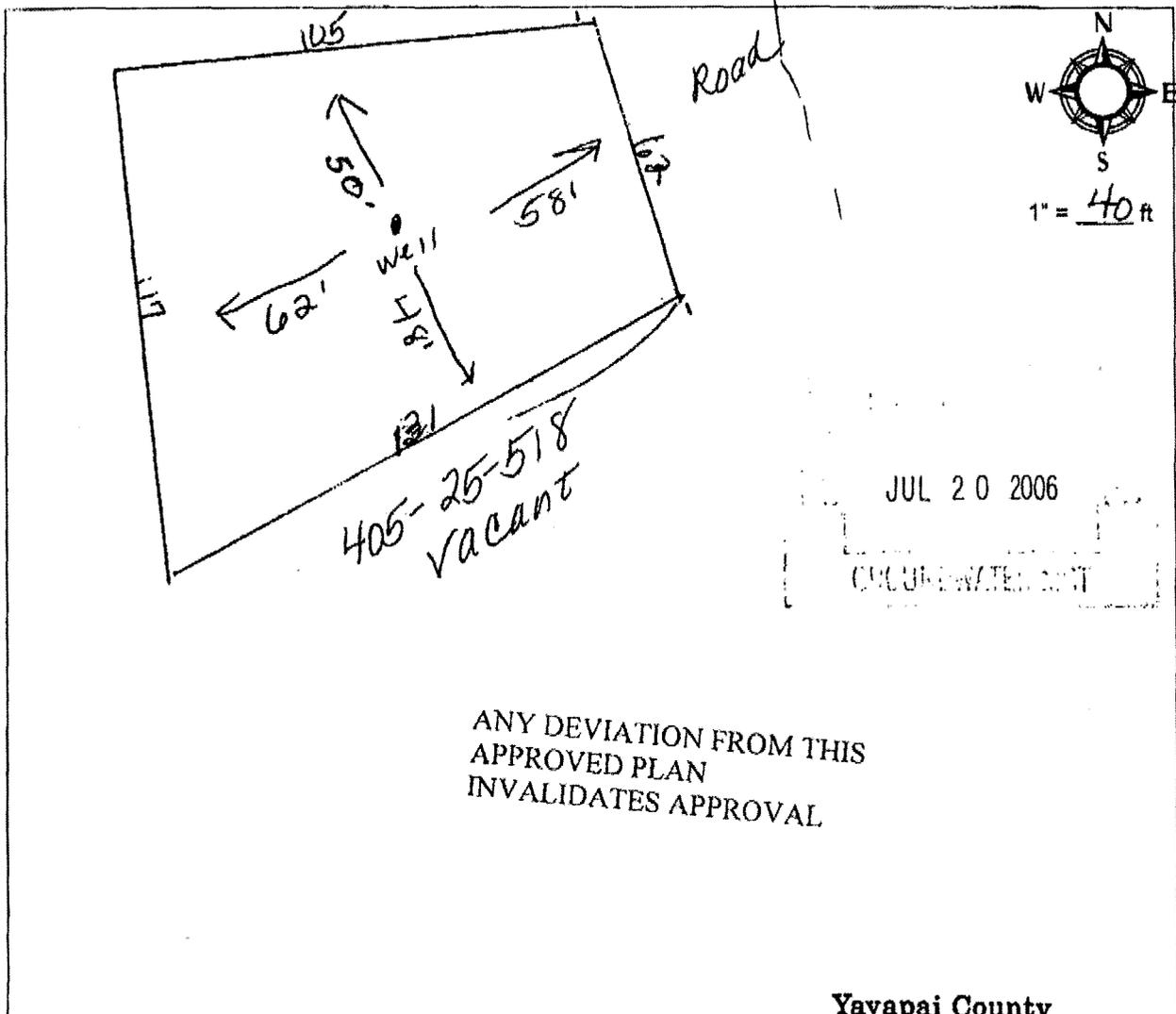
CHECK ONE  FILING MANUALLY  
 FILING ELECTRONICALLY\*

\*DRILLER'S E-MAIL ADDRESS:

\_\_\_\_\_ COUNTY APPROVAL CODE  
*If applicant is filing this NOI electronically via the ADWR website and County approval is required, please indicate approval by providing a County Approval Code.*

**WELL SITE PLAN**  
NAME OF WELL OWNER: Montezana Rimrock Water Co  
COUNTY ASSESSOR'S PARCEL ID NUMBER:  
BOOK 405 MAP 25 PARCEL 517

- ❖ If this well will be a domestic well on 5 acres or less, please draw the following: (1) the boundaries of your property; (2) the proposed well location; (3) the locations of all septic tank systems and sewer systems on the property or within 100 feet of the well location, even if on neighboring properties; and (4) any permanent structures on the property that may aid in locating the well. If the parcel is vacant land or lacks a septic tank or sewer system, please indicate this.
- ❖ Indicate the distance between the proposed well location and any septic tank system or sewer system.



ANY DEVIATION FROM THIS APPROVED PLAN INVALIDATES APPROVAL

Yavapai County

COUNTY OR LOCAL AUTHORITY NAME AND TITLE: Donald J. Mark Rep.  
 COUNTY OR LOCAL AUTHORITY SIGNATURE: Donald J. Mark Rep.  
 TELEPHONE NUMBER: 928 639 8251 DATE: 7-19-06

Development Services - EU  
Official County or Local Seal or Stamp  
Well Site Review

Δ Ja 7-19-06  
EHS Date

# EXHIBIT 22



# Yavapai County Sheriff's Office

Deputy Report for Incident 12-015988

Nature: Citizen Dispute  
Location: E31

Address: 4615 E GOLDMINE RD  
Rimrock AZ 86335

Offense Codes: CDIS

Received By: Schwartz, C  
Responding Officers: Harper, K  
Responsible Officer: Harper, K  
When Reported: 18:27:04 05/16/12

How Received: T

Agency: YCSO

Disposition: CNA 05/16/12

Occurred Between: 18:00:00 05/16/12 and 18:26:12 05/16/12

Assigned To:  
Status:

Detail:  
Status Date: \*\*/\*\*/\*\*

Date Assigned: \*\*/\*\*/\*\*  
Due Date: \*\*/\*\*/\*\*

Complainant: 389313

Last: OLSON  
DOB: [REDACTED]  
Race: W Sex: F

First: PATRICIA  
Dr Lic: [REDACTED]  
Phone: (928)592-9211

MId:  
Address: 4615 E. GOLDMINE RD.  
City: Rimrock, AZ 86335

### Offense Codes

Reported: DCON Disorderly Conduct  
Additional Offense: CDIS Citizen Dispute

Observed: CDIS Citizen Dispute

### Circumstances

LT13 Highway/Road/Alley  
EVID Evidence Booked

Responding Officers:  
Harper, K

Unit :  
E29

Responsible Officer: Harper, K  
Received By: Schwartz, C  
How Received: T Telephone

Agency: YCSO  
Last Radio Log: 20:24:22 05/16/12 CMPLT  
Clearance: CRD Cleared by Responding Deputy

When Reported: 18:27:04 05/16/12  
Judicial Status:  
Misc Entry: 2679

Disposition: CNA Date: 05/16/12  
Occurred between: 18:00:00 05/16/12  
and: 18:26:12 05/16/12

Modus Operandi:

Description :

Method :

### Involvements

Date	Type	Description
------	------	-------------

**Narrative**

Investigation Narrative

**Synopsis:**

Patricia Olsen and John Dougherty are involved in a long standing dispute, and Patricia has obtained an Injunction against Harassment against John. Today, Patricia saw John near her business property and she ran to confront him in the roadway. She stood in the roadway as he rode his motorcycle towards her and stopped. She yelled a profanity at him, and pointed in his face. He then drove forward and Patricia alleged that his motorcycle struck her body.

An investigation determined that the motorcycle did not collide with Patricia. It appeared that Patricia was possibly illegally blocking the roadway and both parties were told to seek civil remedies.

Vehicle Involved: Black 2003 BMW motorcycle Az/5MCR8Z  
VIN: WB10182A83ZE48438  
R/O: John E Dougherty

Involved Person #1: Olsen, Patricia W/F [REDACTED]  
4615 E. Goldmine Rd, Rimrock, Az 86335

Involved Person #2: Dougherty, John E W/M [REDACTED]  
5225 Bentley Drive, Rimrock, Az 86335

Evidence Impounded: (1) Audio CD recording of 2nd phone call and the entire investigation reference the motorcycle

(1) CD of Digital Photographs

Measurements: McBride Road -- approximately 13.0 feet wide (a dirt road which varies in width)

John's motorcycle pulled up to the edge of the drive to the Water Company property 188.0 feet south of the reference point (the McBride Rd/GoldMine Rd street sign pole)

Patricia stood in the roadway 93.0 feet south of the reference point

Patricia was 6.0 feet from the west curb line in my estimation based on what she showed me originally. She disputed that and showed me a point (after dark) that was 4.5 feet from the west curb line

Related D.R.: #12-015962 (reported violation of Injunction against harassment)

**Narrative:**

On 5-16-2012, at approximately 1730hrs, I spoke at length with Patricia Olsen on the telephone reference a reported violation of an Injunction against Harassment that Patricia had against John Dougherty.

Patricia called YCSO dispatch to report that her lawyer received an e-mail today advising that John had viewed construction equipment at Patricia's Water Company business at 4599 E. Goldmine Road.

I called Patricia back and she told me about the e-mail her lawyer received. She alleged to me that this meant that John had been on her property. Patricia then told me that she had actually seen John on the property at the time he was there yesterday around two o'clock. She said, however, that she did not call the police yesterday because the Sheriff's Department doesn't take any action (she then gave me a couple of examples).

I listened to Patricia's account of what had happened and also reviewed

the Injunction listed in the police computer. I pointed out that it prevented John from going directly on Patricia's property and she said that it said he had to be "25 feet" away from the property. I saw that there were no measurements anywhere in the Injunction and reiterated that to Patricia. She then said that each Deputy had complained about the same thing, but Patricia said the Judge specifically told her it was 25 feet.

I asked Patricia some very specific questions about where she had seen John on her property and her answers seemed somewhat evasive. At one point she said that she had "snuck" up on him and hid behind a bush while he was 10 feet away. I pointed out to her how close that was and questioned whether someone could be within 10 feet of someone and not have them know.

I asked her what she was alleging as the crime and she said that he had violated the order. I learned from Patricia that he had never seen her and did not know that she was inside the house. Patricia did allege that she had been outside throughout the day, and felt that John had been watching her, but she admitted she had not seen John. After speaking with Patricia, I told her that the only possible violation of the Injunction might be whether or not he had been on her property.

Patricia alleged that he had actually been on her property and I decided to ask her questions to determine where he had been, etc.

As I asked specific questions about where John had been, I pointed out several times that nothing in the Injunction seemed to prevent him from doing what he was doing. This seemed to irritate Patricia, but she listened patiently and asked many questions. I finally told Patricia that I would be driving out to her location to have her walk me through the exact movements John had made. I hung up and went and prepared to call a victim reference a stolen credit card I had recovered.

Instead, I received another call from Patricia and I recorded this call on my audio recorder. Patricia sounded calmer and said that she wanted to change her mind on reporting the violation of the Injunction. She and I talked at length again about how the Injunction could be possibly modified by the judge to include distances, roadways, etc. that could make it more effective. I did tell Patricia several times that the Judge, however, might not decide to enact any of the changes she would ask for.

Patricia got off the phone and I called my victim from another incident. When I got off the phone, Sgt. Williams advised me of a new call that Patricia had made to dispatch alleging a traffic offense. He asked that I drive out and contact her and investigate the incident.

**Motorcycle Incident Investigation:**

I arrived at 4615 E. Goldmine and contacted Patricia. There was an older female and a male and female couple also there. Everyone seemed rather excited and I listened as Patricia told me what had happened.

Patricia told me that shortly after she got off the phone with me, she was telling her houseguests what I had said reference amending the Injunction. She said that Barbara Anna Brunner happened to be near the rear window of the house (which looks out, and up the hill to where the Water Company business property is located).

Barbara exclaimed that John was near the Water Company on McBride Road (a private property roadway that appears to be a regular roadway, only narrower).

Patricia said that she went to the window, saw it was John on a motorcycle and that he had driven "up to my gate on my well site" (this was later found to be untrue, based on the definite tire marks found on the roadway).

Patricia told me that she walked out of her house and up towards the Water Company property and she saw John turn his motorcycle around. She said

that he rode his motorcycle directly towards her (the roadway is 13 feet wide and the only way out is to go back towards Goldmine Road). Patricia said that when John stopped she yelled at him, "You leave me the fuck alone! Do you hear me?! You leave me the fuck alone!"

Patricia demonstrated to me as she said these words that she had her right hand in the air in front of her, with her index finger pointed at him and "poking" the air as she spoke to add emphasis to her words.

Patricia said that was when John accelerated his motorcycle and hit her body on the right side. She pointed to her body and said that his handlebar hit her on her right side just above the waist line, and that his black saddlebag hit her on the outside of her right thigh.

Patricia then told me that Barbara saw what had happened. I spoke with Barbara who said that she had some medical issues and couldn't get outside right away. She said that she did see him on the motorcycle and could identify that as being him riding on the roadway.

I then learned that "Diane" (who did not come outside) had also seen the incident. Barbara (at my request) went inside and asked Diane if she saw the motorcycle actually hit Patricia. Diane told Barbara that she saw him get "very close".

I examined the roadway then and asked if McBride was actually a private drive (it looked like a street, or roadway, including street sign and stop sign). Patricia said that it was a private road. I then examined the signage and found that nothing indicated that it was a private road, or that people were not welcome to drive on it. I had Patricia walk me to the point on the roadway where the incident had happened and I took numerous photographs of the roadway (I later returned and took measurements, also).

Based on this, I quickly concluded that John had not violated the Injunction by simply driving on that road. I also concluded that it appeared, at least initially, that Patricia had ran from a place of safety in her house, outside to be in the direct path of John who would have to go directly to where she was at, in order to leave the area.

Further, I could see the marks in the dirt where he had driven, and it appeared that he had driven straight, at least prior and after the area where Patricia had been standing (I couldn't see the continuation of the marks right where Patricia had been) and made sure that he stayed away from driving on her property.

As I returned to the group, the man who was standing there loudly said that John must be arrested. I asked him why he would say that, since I didn't really see a violation, even if his motorcycle had hit Patricia. The man loudly said that there was an Injunction against John.

I pointed out to everyone there (who all seemed to have the same opinion that John was not allowed to be anywhere near this area) that I had seen the Injunction in the computer and that he was really not prohibited from doing very much. I pointed out he could be in the area.

I then listened several times as Patricia repeated the story and became irritated when I said that she had caused John to stop in the roadway. I learned that she felt he should have simply driven to the far right side of the roadway and driven on past her. I felt that this would place him in a position where he might actually hit her and I told her that I felt he was safer by stopping.

Eventually, Patricia's husband drove up and he was quite angry, even before making any contact with me. He asked immediately if I was going to be doing an investigation, and make an arrest, and pointed out that he was going to be calling the Department of Justice if things weren't done to his liking.

At one point, Patricia's husband (believed to possibly be Gregory Olsen) said that if the injunction wasn't going to be effective in keeping John away

from the home, then he was going to drive to John's house and yell at him from the street. I pointed out there was a difference between exercising a person's ability to move about freely, and causing a disorderly conduct by yelling. I suggested that he not go over there, but told him that I wasn't preventing him from going there. He then drove off and I later saw him in front of John's house.

I did then go over to John's house and spoke with him about the incident. He told me what had happened, and said that he was at the location to take some photographs of two new tanks that had just been installed. He said that he had just filed a motion with the Arizona Corporation Commission to get a restraining order against "Well Site #1" (possibly filed as recently as 5 hours before this incident).

He said that he saw Patricia come running around the corner of her house towards him, and said that he had only been there in front of the drive for 30 seconds. He said that because she has an injunction against him, he didn't want trouble and he turned his motorcycle to the left and made a u-turn. He said that as he finished his turn, she was right there in front of him, blocking the road. He said that he did not want to drive past her, because she might jump in front of him and say that he had hit her.

Instead, he said that he still had his motorcycle helmet on, his wind visor down and he said that he pulled up to where she was standing and he stopped. John said that Patricia immediately yelled that he had better "fucking" stop bothering her "you son of a bitch!" and John said that he remained completely quiet.

He then rode forward, leaning his body to the right to stay away from her and he continued on home. I then told him that she was making the allegation that he had struck her with his motorcycle and he appeared to be genuinely surprised, but then said that she would say something like that because she liked to stir up trouble.

I then went and examined the BMW motorcycle that John had been riding. I asked him to get the keys so he could unlock the steering column and sit on the bike and show me how it looked as it would have looked when he stopped in front of Patricia.

I immediately noticed that the left rear view mirror stuck out at least 2 to 4 inches farther than the handlebar. I examined the back of the mirror, which would have been the part that would have struck Patricia. I saw that the entire mirror, and metal assembly holding the mirror and attaching it to the handlebar was very dusty, dirty and covered in raised bugs. It was easy to see that nothing had been disturbed on the back of the mirror. In addition, it did not appear that anything had been disturbed where the arm holding the mirror met with the handlebar -- indicating that the mirror had not been pushed towards the body of the motorcycle, and then pushed back into its original place. It appeared to me that the mirror had not had any contact with anything in a considerable amount of time, if ever.

I took photographs of the motorcycle. I then stood in the position that Patricia had shown me she had been standing. I saw that to impact me in the places she had shown me, that I had to turn almost completely away from the motorcycle, in order for it to impact me on the middle right side of my body. In fact, I was essentially walking away from the motorcycle in order to line the parts of the handlebar, etc. with the middle right side of my body.

Based on this, I concluded that the incident did not occur as Patricia said it did. I then gave John my card, with the report number on it, and advised him that he might consider getting an injunction against the Olsens, in order to prevent what was happening at the time (Mr. Olsen had parked his car on the street almost in front of John's house. He had then sat himself down on a power transformer in front. He was making statements (talking, not yelling) about past problems between the two of them which John simply ignored).

I then returned to Goldmine Road and began taking measurements. I saw that Patricia was out in the darkness with a tape measure and saw that she had

determined that when John was riding on McBride Road that he was 13 feet from her property line. Because of this, she felt he was in violation of the Injunction. I pointed out that there was no "25 foot" indicator in the order and again suggested that she go to the court in the morning and speak to Judge Dwyer (I believe was the name of the Judge) about amending the order.

I gave Patricia my card with the report number on it, and suggested that I take photographs of her injuries. We went inside the front door of her house and I took a photograph of the right side of her waist area. She told me that although that area had hurt earlier, she could not find any marks. I also did not see any marks.

I then took a photograph of her lower right thigh area. I definitely saw what appeared to be a small fresh bruise on the side of her right thigh, although there was no way to tell what caused it. I took two photographs and then prepared to leave.

Patricia asked me what was going to happen with the investigation and I told her that I didn't believe that she was struck by the motorcycle in the manner that she had said. I also had pointed out repeatedly to her earlier that I believed that she had possibly committed a crime by blocking a thoroughfare (I was unsure, however, since this was a private drive if the Title 13-2906A statute was applicable in this situation).

I told her that I would document everything, including the photos and the audio recordings. I told her that she could consider getting an injury attorney to assist her if she felt that was necessary.

I then concluded my investigation and left the area.

This report is for informational purposes only.

Date, Time, Reporting Officer:  
Thu May 17 00:37:51 MST 2012  
Deputy K. Harper, L8999

Report Approved:  
Tue May 22 22:44:48 MST 2012  
Sgt. D.E. Williams, #2679

---

Responsible LEO:

---

Approved by:

---

Date

# EXHIBIT 23



AFFIDAVIT OF PROPERTY VALUE

1. ASSESSOR'S PARCEL NUMBER(s) (Primary Parcel Number)  
(a) 405-25-517-2  
BOOK \_\_\_\_\_ MAP \_\_\_\_\_ PARCEL \_\_\_\_\_ SPLIT \_\_\_\_\_

NOTE: If the sale involves multiple parcels, how many are included?  
(b) List the number of additional parcels other than the primary parcel that are included in sale.  
(c) \_\_\_\_\_ (d) \_\_\_\_\_  
(e) \_\_\_\_\_ (f) \_\_\_\_\_

2. SELLER'S NAME & ADDRESS:  
ROBERT ALSTON BEDAIR and SUSAN DIANE BEDAIR  
345 SHILL ROAD  
CAMP VERDE, AZ 86322

3. BUYER'S NAME & ADDRESS:  
ANNA BARBARA BRUNNER  
P.O. BOX 20351,  
SEDONA, AZ 86341  
Buyer and Seller related? Yes  No   
If yes, state relationship: \_\_\_\_\_

4. ADDRESS OF PROPERTY:  
4645 E. TIEMANN LANE  
RIMROCK, AZ 86335

5. MAIL TAX BILL TO:  
ANNA BARBARA BRUNNER  
P.O. BOX 20351  
SEDONA, AZ 86341

6. TYPE OF PROPERTY (Check one):  
a.  Vacant Land f.  Commercial/Industrial  
b.  Single Fam.Res. g.  Agriculture  
c.  Condo/Townhouse h.  Mobile Home  
d.  2-4 Plex Affixed   
e.  Apartment Bldg i.  Other, Specify: \_\_\_\_\_

7. RESIDENTIAL BUYER'S INTENDED USE (Answer if you checked b, c, d, or h above) (Check One):  
 To be occupied by owner or "family member." N/A  
 To be rented to someone other than "family member."

8. PARTY COMPLETING AFFIDAVIT (Name, Address & Phone)  
Seller at address shown above: Phone: \_\_\_\_\_  
Buyer at address shown above: Phone: \_\_\_\_\_  
CHICAGO TITLE INSURANCE COMPANY  
348 South Main, Suite 1, P.O. Box 4685 Camp Verde, AZ  
86322

FOR OFFICIAL USE ONLY (buyer and seller leave blank)

(a) County of Recordation: 13  
(b) Docket & Page Number: 3891-261  
(c) Fee/Recording Number: 3418900  
(d) Date of Recording: 1-3-02  
Assessor/DOR Validation Codes:  
(e) Assessor \_\_\_\_\_ (f) DOR \_\_\_\_\_

10. TYPE OF DEED OR INSTRUMENT (Check One):  
a.  Warranty Deed d.  Contract or Agreement  
b.  Special Warranty Deed e.  Quit Claim Deed  
c.  Joint Tenancy Deed f.  Other

11. TOTAL SALES PRICE:  
\$ 7,000.00

12. PERSONAL PROPERTY:  
Did the buyer receive any personal property that has a value greater than 5% of the sales price?  
(a) Yes  No  If yes, briefly describe: \_\_\_\_\_  
Approximate value: (b) \$ \_\_\_\_\_

13. DATE SALE: 12 01  
Month Year  
NOTE: This is the date of the contract of sale.  
If you are recording title in fulfillment of a previously recorded contract, you need not complete this affidavit.

14. CASH DOWNPAYMENT:  
\$ 7,000.00

15. METHOD OF FINANCING (check all that apply):  
a.  None b.  Exchange or trade  
c.  Assumption of existing loan(s) d.  New loan from seller  
e.  New Loan(s) from financial institution (Seller Carryback)  
1.  Conventional 2.  VA 3.  FHA  
f.  Other: Explain: \_\_\_\_\_

16. PARTIAL INTERESTS:  
Is only a partial interest (e.g., 1/3 or 1/2) being transferred?  
Yes  No  If yes, explain \_\_\_\_\_

17. SOLAR ENERGY (check all that apply):  
a.  None b.  Hot Water  
c.  Heating-Passive d.  Heating-Active

18. LEGAL DESCRIPTION  
Lot 500, LAKE MONTEZUMA ESTATES UNIT #2

THE UNDERSIGNED BEING DULY SWORN, ON OATH, SAYS THAT THE FOREGOING INFORMATION IS A TRUE AND CORRECT STATEMENT OF THE FACTS PERTAINING TO THE TRANSFER OF THE ABOVE DESCRIBED PROPERTY.

Robert Alston Bedair  
Signature of Seller/Agent: ROBERT ALSTON BEDAIR

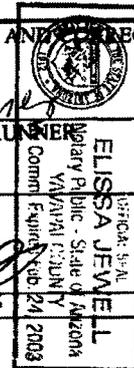
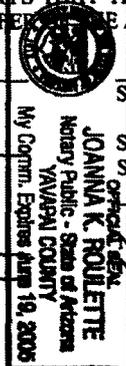
Anna Barbara Brunner  
Signature of Buyer/Agent: ANNA BARBARA BRUNNER

State of Arizona, County of Yavapai  
Subscribed and sworn to before me this  
27th day of DECEMBER, 2001

State of Arizona, County of Yavapai  
Subscribed and sworn to before me this  
31st day of December, 2001

Notary Public Joanna K. Roulette  
Notary Expiration Date JUNE 19, 2003

Notary Public Elissa Jewell  
Notary Expiration Date 10/29, 2003



**AFFIDAVIT OF PROPERTY VALUE**

**1. ASSESSOR'S PARCEL IDENTIFICATION NUMBER(s)**  
 Primary Parcel: 405-26-817  
 BOOK MAP PARCEL SPLIT LETTER  
 Does this sale include any parcels that are being split / divided?  
 Check one: Yes  No  X  
 How many parcels, other than the Primary Parcel, are included in this sale? \_\_\_\_\_  
 Please list the additional parcels below (no more than four):  
 (1) \_\_\_\_\_ (3) \_\_\_\_\_  
 (2) \_\_\_\_\_ (4) \_\_\_\_\_

**9. FOR OFFICIAL USE ONLY: Buyer and Seller leave blank**  
 (a) County of Recording: 13  
 (b) Docket & Page Number: 4335-428  
 (c) Date of Recording: 11-16-05  
 (d) Fee/Recording Number: 3942663  
 Validation Codes:  
 (e) ASSESSOR \_\_\_\_\_ (f) DOR \_\_\_\_\_  
**ASSESSOR'S USE ONLY**  
 Verify Primary Parcel in Item 1: \_\_\_\_\_  
 Use Code: \_\_\_\_\_ Full Cash Value: \$ \_\_\_\_\_

**2. SELLER'S NAME AND ADDRESS**  
ANNA BARBARA BRUNNER  
P.O. Box 20351  
Sedona, AZ 86341

**3. (a) BUYER'S NAME AND ADDRESS:**  
MONTEZUMA RIMROCK WATER CO., L.L.C.  
P.O. Box 10  
Rimrock, AZ 86336  
 (b) Are the Buyer and Seller related? Yes \_\_\_\_\_ No  X  
 If Yes, state relationship: \_\_\_\_\_

**4. ADDRESS OF PROPERTY:**  
VACANT LAND, LAKE MONTEZUMA, AZ 86342

**5. MAIL TAX BILL TO:**  
MONTEZUMA RIMROCK WATER CO., L.L.C.  
VACANT LAND  
LAKE MONTEZUMA, AZ 86342

**6. PROPERTY TYPE (for Primary Parcel):** NOTE: Check Only One Box  
 a.  Vacant Land f.  Commercial or Industrial Use  
 b.  Single Family Residence g.  Agriculture  
 c.  Condo or Townhouse h.  Mobile or Manufactured Home  
 d.  2-4 Plex i.  Other Use; Specify: \_\_\_\_\_  
 e.  Apartment Building

**7. RESIDENTIAL BUYER'S USE:** If you checked b, c, d or h in Item 6 above, please check one of the following:  
 To be occupied by owner or "family member."  
 To be rented to tenants Other than family member.  
 See reverse side for definition of a "family member."

**8. NUMBER OF UNITS:** \_\_\_\_\_  
 For Apartment Properties, Motels, Hotels, Mobile Home Parks, RV Parks, Mini-Storage, etc.

**10. TYPE OF DEED OR INSTRUMENT (Check Only One Box):**  
 a.  Warranty Deed d.  Contract or Agreement  
 b.  Special Warranty Deed e.  Quit Claim Deed  
 c.  Joint Tenancy Deed f.  Other: \_\_\_\_\_

**11. SALE PRICE:** \$ 35,000.00

**12. DATE OF SALE (Numeric Digits):** 10 / 2005  
 Month Year  
 (For example: 03/05 for March 2005)

**13. DOWN PAYMENT:** \$ 3,000.00

**14. METHOD OF FINANCING:**  
 a.  Cash (100% of Sale Price)  
 b.  Exchange or Trade  
 c.  Assumption of existing loans  
 d.  Seller-Loan (Carryback)  
 e.  New loan(s) from financial institution:  
 (1)  Conventional  
 (2)  VA  
 (3)  FHA  
 f.  Other financing; Specify: \_\_\_\_\_

**15. PERSONAL PROPERTY (see reverse side for definition):**  
 (a) Did the Sale Price in Item #11 include Personal Property that impacted the Sale Price by 5% or more? Yes \_\_\_\_\_ No  X  
 (b) If Yes, provide the dollar amount of the Personal Property:

\$ 00 AND  
 briefly describe the Personal Property: \_\_\_\_\_

**16. PARTIAL INTEREST:** If only a partial ownership interest is being sold, Briefly describe the partial interest: \_\_\_\_\_

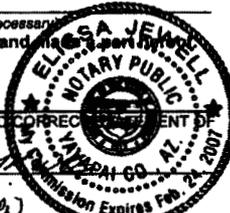
**17. PARTY COMPLETING AFFIDAVIT (Name, Address, Phone):**  
YAVAPAI TITLE AGENCY, INC.  
527 S. Main St., Camp Verde, AZ 86322  
 Phone (928) 587-0590

**18. LEGAL DESCRIPTION (attach copy if necessary):**  
 See Exhibit A attached hereto and \_\_\_\_\_

THE UNDERSIGNED BEING DULY SWORN, ON OATH SAYS THAT THE FOREGOING INFORMATION IS A TRUE AND CORRECT STATEMENT OF THE FACTS PERTAINING TO THE TRANSFER OF THE ABOVE DESCRIBED PROPERTY.

Anna Barbara Brunner  
 Signature of Seller/Agent  
 State of Arizona, County of Yavapai  
 Subscribed and sworn to before me this 16 day of Nov, 2005  
 Notary Public [Signature]  
 Notary Expiration Date Feb 24, 2007

[Signature]  
 Signature of Buyer/Agent  
 State of Arizona, County of Yavapai  
 Subscribed and sworn to before me this 16 day of Nov, 2005  
 Notary Public [Signature]  
 Notary Expiration Date Feb 24, 2007



# EXHIBIT 24



## FACILITY MEETING SUMMARY

**DATE:** April 26, 2012    **TIME:** 10 - 11:30    **LOCATION:** ADEQ - Phoenix, AZ

**PUPOSE OF MEETING:** Discuss status of arsenic treatment system at Montezuma Rimrock Water Co

**NAME OF FACILITY:** Arizona Department of Environmental Quality (ADEQ) and Arizona Corporation Commission (ACC)

**ADDRESS OF FACILITY:** Phoenix, AZ

**PRIMARY WQD SECTION:** Water Quality Compliance Section    **UNIT:** Enforcement Unit

**ATTENDEES:**

Name	Affiliation	Phone
1. Patricia Olsen <i>P.O.</i>	Montezuma Rimrock Water Co	
2. Mindi Cross <i>MC</i>	ADEQ	(602) 771-2209
3. Marcia Colquitt <i>MC</i>	ADEQ	771-4651
4. Vivian Burns <i>VB</i>	ADEQ	771-4608
5. Nancy Scott <i>NS</i>	ACC	542-0743
6. Marlin Scott <i>MS</i>	ACC	542-7262
7. Jeff Michlik <i>JM</i>	ACC	364-2034

*Purpose of meeting*

**KEY SUMMARY/AGREEMENTS/EXPECTATIONS:**

*Dispers Consult order requests and Amendment - Status of Arsenic Treatment Sys?*

*What is your Next Step -? MRCross - What's Next?*

*P. Olsen - what do you want me to do -? MRC*

*M. Colquitt - Do you need Well # 4? / NO: Need 150 gph*

*what alternative do you have / correct 50 gph?*

*if can't put well on-line -?*

*P.O. Prob. would lose pressure if well # 4 doesn't go online.*

*NEEDS pressure for future teststones -*

*MRC = Montezuma Rim Rock Water Co.*

ATS = ARSENIC TREATMENT SYS.

ADEQ - Must install treatment -

MRE - Have appealed <sup>and</sup> Yavapai Cty for permit.

ACC - Timeline for how soon? Hearing next week - <sup>to est.</sup> court date.

P. Olson - No option wells to use.

ADEQ -> sent Admin NOU - Penalties can be kicked in

Admin NOU - Photo MRE on notice - ADEQ - Grace MRE

Copy of the Admin NOU. Ms. D. said she has not received

Certified copy

ACC - what is how soon w/ Yavapai Cty? MRE - <sup>appealing</sup> <sup>expiration of</sup> Yavapai Cty ~~canceling~~ permit for well # 4 - <sup>for 50' setback.</sup>

Cty wants MRE to get permission from customer - <sup>County</sup> for the set-back. MRE - <sup>County</sup> contends <sup>other's</sup> have rec. <sup>permits</sup> w/ less than 50' setback -

ACC - what is NEEDED for MRE to be able to use ~~the~~ well #4

MRE - Can install arsenic sys, but can't use treated water yet

ADEQ - R U moving forward w/ installation of the ATS?

MRE - Submitted <sup>letter</sup> from installer - Does Not want to give copy of letter. <sup>letter says can install by June 7, 2012.</sup>

ADEQ - what is backup plan - MRE - Win suit against Cty.

ACC - is only option to use <sup>the</sup> sys that uses 150 gpm?

If <sup>well isn't</sup> ~~well~~ <sup>not</sup> approved - will need to install "Booster pumps"

ADEQ - If need to make changes in <sup>sys</sup> - NO New ATC / add changes on AOC. <sup>If NO Extension charges.</sup>

ADER - Clarification - Can use existing well / with  
boosted systems if needed ~~to~~ → Can then use Arsenic Test

MRR - City considers #4 as a New Well - It is a replacement well.

MRR - Plan B - Add Booster Pumps to support A.T.S.

MRR - If B. Pumps used - Modify or New ATC? How long  
to get approval?

ADER - Can you meet June 7 deadline? MRR - YES.

ADER - We have received complaints about not being able  
to get alt. water. MRR - ~~She~~ she is available and  
will give customers water if they call.

MRR - Says all customers get 40 psi.

~~MRR~~ → Contact Ms Olson each time we receive  
a complaint so she can handle the complaint.

MRR - would like a written report on the complaint.

MRR - "Will feed well #4 into storage tank back wash"

ADER - Reminder - Consent order was signed - and  
compliance is part of it. MRR "yes"

MRR - Using well #4 to irrigate vegetation.  
(now)

MRR - Does MRR need to wait for the ADC before using the  
New Well?

ADER - Will over-see ADC approval process.

MRR - Is continued monthly sampling for arsenic at TR's

~~ADP~~ - Continue ~~Sampling~~ sampling at ~~RO~~ <sup>and</sup> ~~test~~ <sup>servicing</sup> RO and test servicing  
all water until AOC is issued -

ACC - Customer base? MRR ~~220~~

\* ~~ADP~~ To check & see if using Well #4 for  
~~backwash~~ is a problem - Need modifications, etc.

\* ~~ADP~~ ~~ENGINEERING~~ Sect Mgmt to follow up if feedback  
is necessary

\* ~~ADP~~ - ~~Checked~~ / Eng Review Sect - the  
Fire Protection.