

W-1580A-13-0255 ORIGINAL



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ARIZONA CORPORATION COMM

UTILITY COMPLAINT FORM

Investigator: Tom Davis

Arizona Corporation Commission

DOCKETED

Priority: Respond Within Five Days

AUG 27 2013

Opinion No. 2013 - 112436

Date: 8/26/2013

Complaint Description: 08A Rate Case Items - Opposed  
N/A Not Applicable

DOCKETED BY NR

Complaint By: First: Jerry Last: Lewinson

Account Name: Jerry Lewinson

Street:

City: Payson

State: AZ Zip: 85541

RECEIVED  
2013 AUG 29 A 10:36  
AZ CORP COMMISSION  
DOCKET CONTROL  
Work: (000000-0000)  
is: E-M

Utility Company: Tonto Village Water Company, Inc.

Division: Water

Contact Name:

Nature of Complaint:

OPPOSED

W-1580A-13-0255

ELECTRIC

Re: Arizona Corporation Commission Utilities Division 1200 W. Washington Street Phoenix, AZ 85007  
Docket #W-1580A-13-0255 Tonto Village Water Co. Rate Increase Application

Attention: Docket Control,

I am writing this as a resident and property owner in Tonto Village not as chairman of the Tonto Village Domestic Water Improvement District (TVDWID), there has been no meeting to take any actions by the TVDWID board. I have waited patiently for the Water Company to replace the failing infrastructure in Tonto Village I & II. When Jeff Daniels purchased the Water Company he acknowledged the degenerated water lines needed replacing just as the Standages acknowledged before him, and promised that the failing infrastructure in Tonto Village I & II would be replaced within 5 years, as he was securing WIFA loans. I was hopeful that he could accomplish this and he has done the best he can, but Jeff Daniels told me personally that he cannot afford to do the necessary upgrades without loans and that the Water Company was turned down by WIFA because they had no collateral to guarantee the loans.

The Water Company can never secure the funding that it will take to upgrade this system properly (\$600,000 to \$800,000). The rate increase that the Water Company is asking for is huge, but the worst part is this money can never be enough to even start the repairs needed for the system and prevent the constant leaks, shut downs and pressure loss which can allow the septic effluent into the water lines. I cannot support a rate increase; we need the water system upgraded properly and permanently.

Water Company Responsibilities need to be clarified, stated and done:

•Urgency in repairs. Leaks go on for long periods of time and it has been reported that the Water Company says "we are not in hurry the water does not cost us anything." It does however add to the operational costs spurring the rate increase and negates the needs for accelerated cost/gallon billing.

•The water system has a very weak, antiquated and vulnerable piping system made out of 1950's 1/16" thin irrigation poly material, held together with improper fittings, rubber boots and band clamps from the old days. The expanding and contracting clay soils cause small rocks to migrate to the pipe and over time etch cracks into

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the thin material. Much of this piping is in direct contact with septic system leach fields. I don't know of hardly any resident who doesn't buy bottled water. Consumer confidence in the quality of the water is low among Tonto Village residents. There must be a definite plan to replace the failing infrastructure.

- Proper repair techniques should be practiced as recommended by ADEQ. ADEQ states that the system should be disinfected and all the lines flushed out after the repair to purge the debris that falls into the repaired piping as well as any contaminants infiltrating from the septic lines into cracks and seal leaks in the lines during pressure loss. This also means that system flushing should happen when any loss of pressure occurs. To my knowledge there are no proper flushing procedures followed during repairs and no one I have talked to is aware a flushing ever having occurred.

- Consumer Confidence Reports should be sent to residents.

- Beyond the required report information there should be disclosed descriptions of the water quality and the sustainability of the water supply such as depth to the water table. Are wells 2 and 3 tested and what condition are they in? Some people commented to me that they are finding some sand in their toilet tanks, which could possibly indicate over-pumping or well stress. Water pressure is very low in the Tonto Village III and it appears that everyone is on one well now with the pressure kept low to prevent pipes from bursting in Tonto Village I & II. We don't know if we have a good backup well or if the water levels are diminishing. These items should be included with this report so people feel secure.

- Water supply—the state of water usage vs aquifer draw-down, coupled with the Company's "water can be wasted because it costs nothing" indicates that the graduated usage cost is not justified in addition to being usurious and outrageous.

Where Mr. Daniels purchased the Tonto Village Water Company he knowingly took on a difficult task that has little reward and lots of liabilities from potential public illness from constant line breaks. He needs to be more aggressive to protect the residents of from the effects of pressure loss and give us enough information about the condition of our system.

I encourage the Corporation Commission to:

- 1.Contact Jeff Daniels and appeal to him to sell the Water Company to the TVDWID so they can receive the grants Tonto Village qualifies for and fix the system properly. I am a staunch supporter of small business and free enterprise but in this situation where peoples health and safety are at risk government assistance is called for.

- 2.Require water system operation in a fashion to protect the health of Tonto Village residents.

- 3.If a rate increase is considered then my recommendation would be a maximum increase of \$5,700 (10% return on the \$57,000 purchase price Jeff Daniels paid for the Tonto Village Water Company) along with no increase in tiers 1&2, eliminating tier 3, and increase only the base rate.

Representatives of the USDA are available to come to Tonto Village and address the resident's questions and concerns.

Thank you for your consideration of this matter.

Jerry Lewinson

### TVDWID Funding History

In the early days TVDWID had told the residents that as a public entity, not privately owned, they were able to secure financial assistance grants and low interest loans over 40 years from the USDA, but the public consensus was not to rock the boat and to let the new owner get the WIFA loans and do the upgrades. In the meantime the TVDWID sent an application to the USDA see if they could qualify for grants. A copy of the letter they received back on February 10, 2011 is attached. It has always been the goal of the TVDWID to secure funding and grants to help repair our failing system and make significant improvements; additional deeper wells insuring a lasting supply of clean water at good pressures as well as incorporate back-up systems and generators to keep it running even in power outages. This would really help protect our property values and peace of mind.

In the last several years the TVDWID spent money they collected to do the engineering studies that the USDA and other agencies require as part of the application process. This was needed in order for the agencies to assess the priority level under which Tonto Village would qualify, along with the necessary improvements and funds required.

The TVDWID was told in the February 10, 2011 letter by the USDA that Tonto Village is in the lowest Median Household Income (MHI) level and since it was a public entity and not private could qualify for up to the maximum grant of 75% and 40 year low interest loans, the rate being 2.25%. In regard to priority Tonto Village is

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at the highest level because this area has been red tagged by the EPA and there is a lot of pressure on ADEQ to resolve the water quality problems mainly due to septic system influence on the water supplies. The USDA will fund the upgrades to the Tonto Village system and keep the utility rates low, within the means of the MDI income level of the residents which is the lowest possible.

\*End of Complaint\*

### Utilities' Response:

### Investigator's Comments and Disposition:

8/26/13: Entered for the record and docketed

CLOSED

\*End of Comments\*

Date Completed: 8/26/2013

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