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April 7, 2014

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Arizona Corporation Commission
Docket Control Center
1200 W. Washington Street
Phoenix, AZ 85007

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Re: Docket No. W-02518A-13-0414 Q Mountain Mobile Home Park,
DBA Q Mountain Vista Water, Rate Application, Supplemental Comments
To Staff Report Regarding Purchased Water Cost Adjuster

Dear Sirs,

Q Mountain Mobile Home Park, DBA Q Mountain Vista Water, files these supplemental comments to the Staff Report for consideration during the time period opened by Procedural Order dated March 28, 2014 for additional Staff review and response on or before April 18, 2014.

Q Mountain Mobile Home Park in supplemental comments dated March 31, 2014 provided comment regarding the need for a Purchased Water Cost Adjuster regarding the Town of Quartzsite's Resolution No. 10-01 Water User Fees monthly commodity charge. Q Mountain Mobile Home Park would like to expand for consideration a Purchased Water Cost Adjustment regarding the Town of Quartzsite's monthly water base rate charge.

As the Town of Quartzsite is our only source of water, at the end of our five year rate agreement August 31, 2014, the Water Company is a captive customer with no alternative but to absorb price adjustments for monthly base rates and commodity charges as they are approved by the Town Council and Mayor. Q Mountain Vista is Town's only wholesale purchaser of water. Currently, we are unclassified as residential, commercial, or RV/MH Park by Town's Resolution No. 10-01 which is currently in effect. Our contract Town base rate is \$1,436.50 which is approximately \$6.00 per deeded lot for 241 parcels, which was negotiated in 2009. Under Town Resolution No 10-01, residential property has no 6" meter monthly base fee.

In discussion in 2012 and 2013 with then Town Manager, Laura Bruno, to negotiate a five year purchased water rate agreement, she indicated we would be treated as either a commercial account or as an RV/MH Park based on a meter size and not a per deeded lot account. However, Laura Bruno is being replaced and Town politics have delayed implementing the Town's water rate structure study. By Resolution, Town can continue to charge us \$6.00 or more per parcel beginning September 1, 2014. The Staff proposed design and rate structure is based on a constant \$843.23 monthly base rate per Town Resolution 10-01 for a 6" commercial meter (our current best information). This rate was established in 2010.

Q Mountain Mobile Home Park is recommending a Purchased Water Cost Adjuster for Town monthly base rate increases as well as Town water commodity increases. Whenever the Town of Quartzsite monthly water base rate charged to Company increases above the \$843.23 (approximately \$3.50 per parcel), the Company shall include a purchased water surcharge to Company monthly base rate based on the Town increase.

For illustration purposes in September, 2014, if Town charges a monthly base rate of \$843.23 increases to \$969.71 (a 15% increase), the increase would then be added as a surcharge to Company monthly base rate. For example, $\$969.71 - \$843.23 = \$126.48$ divided by 244 parcels = \$.52; thus Company's base rate of \$18.00 per customer would be \$18.52 per month (a 2.9% increase).

The politics of the Town of Quartzsite and change of administrative leadership has delayed a Town of Quartzsite Notice of Proposed Sewer Rate Change in July, 2013, which was expected to take effect October 1, 2013. The Town has stated that they were not interested in a long term rate agreement with our Water Company until Town updates their current water rate structure. And because Q Mountain Mobile Home Park is a not for profit HOA, has limited staff time, and limited uncompensated volunteer time, another Rate Application due to Town rate increases within the next two or three years would be expensive, consume limited staff and volunteer time, and contribute to the instability of the Water Company.

Q Mountain Mobile Home Park is requesting the Water Company be allowed to implement a Purchased Water Adjustor for both monthly base rate and water commodity charges, so charges to Company cost of wholesale water purchases from the Town of Quartzsite, over which we have no control, are automatically passed through to our customers/home owners, eliminating the need for another rate application in the near future. It is critical for the Water Company to generate an operating margin to address our excessive water loss, identify and repair background leaks as well as bursts, and seek engineering design and planning to reconstruct or replace our water distribution system.

Thank you for your consideration of these comments.

Respectfully submitted,



Cheryl A. Greenstreet, Treasurer for the HOA 2014 Board of Directors