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ARIZONA CORPORATION COMMISSION  
BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

2018 DEC -5 A 11: 20

Arizona Corporation Commission

TOM FORESE – CHAIRMAN

DOCKETED

BOB BURNS

DEC 5 2018

ANDY TOBIN

BOYD DUNN

DOCKETED BY

JUSTIN OLSON

WJ

IN THE MATTER OF THE APPLICATION OF  
LAKE VERDE WATER COMPANY, INC, FOR  
APPROVAL OF A RATE INCREASE

DOCKET NO. W01557A-18-0222

INTERVENORS RESPONSE TO SUPPLEMENTAL STAFF REPORT

We, as interveners, believe that three important items have been neglected:

1. On October 3, 2018, we docketed a copy of LVWC's June 9, 2015, Docket No. W-01557A-15-0080. In their docket, LVWC provided detailed information supporting their request for 12 x 16 building (see Attachment A)

\*Building is for the housing of the pumps and Electrical Equipment, And also the Arsenic removal system. This is to protect the equipment from the environment and to extend equipment life.

\*Building 12'X16'

\$3,000.00

\*Building will be used for more than one purpose. It will be used also for tool storage and chlorine pump and tank storage as well as well (sic) as the electrical room. This will also house the 2 pumps for the water system.

2. Staff does not make a recommendation as to the reimbursement of the use/usefulness of the building debt. We, as interveners, understood that \$100,000 of the WIFA debt was forgiven. But, it should be reiterated that it was government agency funds that were misused. We, as interveners, hereby present two options in which we believe would be an appropriate solution to this misuse. Staff's Table 1 (below) tallies the costs associated with the building. However, we believe that Staff's Table 1 should be recalculated based on a 12'X16' footprint (See Table 2 (below)). The difference between Item cost and Staff's recommended value per 300 square

feet is \$34,626. We will use Staff's numbers below for the ease of interpretation. We hereby present two options in which we believe would be an appropriate solution to the misuse:

- A. LVWC should reimburse WIFA the \$34,626, or
- B. the \$6.40 WIFA Loan Surcharge (stipulated in Staff's Original Staff Report) be reduced respectively to reflect the \$34,626 difference. We defer to Staff or ALJ, Charles Hains, to calculate the adjustment to the \$6.40 WIFA Loan Surcharge adjustment.

**Table 1. Building Itemized Costs**

<b>Description of Item</b>	<b>Item Cost, \$</b>	<b>Staff's recommended value per 300 square feet</b>
Soil Testing	\$2,285	\$2,285
Rezzonico Welding	\$21,350	\$5,338
Concrete Footers/Floor	\$11,040	\$2,760
ADEQ Permits	\$5,500	Not applicable*
Yavapai County Permits	\$3,518	\$740**
Electrical	\$2,741	\$685
<b>Total</b>	<b>\$46,434</b>	<b>\$11,808</b>

**Table 2. Intervener's Building Itemized Costs**

<b>Description of Item</b>	<b>Item Cost, \$</b>	<b>Intervener's recommended value per 192 square feet</b>
Soil Testing	\$2,285	\$2,285
Rezzonico Welding	\$21,350	\$3,416
Concrete Footers/Floor	\$11,040	\$1,767
ADEQ Permits	\$5,500	Not applicable*
Yavapai County Permits	\$3,518	\$740**
Electrical	\$2,741	\$439
<b>Total</b>	<b>\$46,434</b>	<b>\$8,647</b>

- 3. In the Supplemental Staff Report, Staff states, "The Company has provided evidence that the lower well site has been cleaned off. This action can be removed from Table 10 in the initial Engineering Report."

The lower well site has been cleared of a useful hydropneumatic tank and all connections to the existing water system infrastructure. This has left our community in a vulnerable position. This has left the health, safety and welfare of our community in jeopardy counter to the purpose of the Arizona Corporation Commission. We have, this year alone, been without water for over 24-hour periods, twice. In LVWC's justification for their emergency surcharge request (see

Attachment A), they would be installing a new backup well. To this date, one has not been installed. The lower well site could have been refurbished, but to this date has been completely dismantled. Due to this fact, we believe that an investigation regarding the use of the emergency surcharge must continue by allowing us to receive printed copies of the bank statements and general ledger. Printed copies allows us the opportunity to thoroughly review the operations of LVWC and their dedication to the health, safety and welfare of our community.

Respectfully Submitted by,

Samuel Jocewicz 

Norm Rask 

On this 23rd day of November, 2018, this document was mailed to the following:

Lake Verde Water Company, Inc.  
P.O. Box 2777  
Camp Verde, AZ 86322

Andy Kvesic, Director  
Legal Division  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

On this 4th day of December, 2018, this document was hand delivered to the following:

Sue Williams  
3655 S Riverside Dr.  
Camp Verde, AZ 86335

## Attachment A

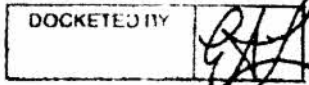


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Arizona Corporation Commission

**DOCKETED**

JUN 09 2015



Lake Verde Water Corp.

Docket No W-01557A-15-0079

W-01557A-15-0080

Estimate for Emergency Funding

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2015 JUN -9 A 11: 57

AZ CORP COMMISSION  
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Arsenic removal and business upgrades:

Arsenic equipment removal Bid:	\$ 30,000.00
Security Fence:	\$ 5,000.00
2- Pumps 7.5 HP.	\$ 3,500.00
1- Well Drilled	\$ 8,000.00
1 -Well Pump and Motor	\$ 3,000.00
Electrical wiring and equipment	\$ 7,500.00
1- 30,000 storage tank	\$ 33,000.00
Materials for tank and building pads	\$ 2,750.00
Concrete and Finish for building 4 yards minimum	\$ 1,500.00
1- 12'x 16' *Wood Building	\$ 3,000.00
ADEQ Permits (estimate)	\$ 2,500.00
County Permits (estimate)	\$ 1,500.00
Accounting and billing system	\$ 2,250.00
Property Survey:	\$ 2,500.00
One Full time office employee @ \$15.00 an hour, 40 hr. per week	\$ 20,800.00
One part time employee for repairs \$25.00 an hr., 8 hr. per week	\$ 10,400.00
One part time Water operator @ \$25.00 an hour, 24 hr. per week	\$ 31,200.00
Office space rent \$600.00 a month	\$ 7,800.00

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Total Estimate needed for emergency rate adjustment

\$ 168,700.00

\*Building is for the housing of the pumps and Electrical Equipment,  
And also the Arsenic removal system. This is to protect the equipment  
from the environment and to extend equipment life.

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Lake Verde Water Corp.

Docket No W-01557A-15-0079

Estimate for Arsenic Removal

Arsenic Removal Bid:	\$ 30,000.00
*Building 12'X 16'	\$ 3,000.00
Concrete Slab	\$ 1,500.00
Total	\$ 34,500.00

\*Building will be used for more than one purpose. It will be used also used for tool storage and chlorine pump and tank storage as well as well as the electrical room. This will also house the 2 pumps for the water system.

Media replacement takes roughly 2 hours for removal and refill. So the arsenic removal system should be down no longer than 2 hours. The service to customers will not be interrupted due to the new 30,000 gal. storage tank that is proposed for install.

Lake Verde Water Corp.

Docket No W-01557A-15-0079

Annual Cost Breakdown

Media Cost with a 25% bypass	\$ 4800.00
Media removal and replacement	\$ 400.00
Dump Fee	\$ 500.00
Total	\$ 5700.00