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ARIZONA CORPORATION COMMISSION

Commissioner Tobin Will Hold Field Hearing for Beaver Valley Water Company Customers to Address Major Operational Issues

(Phoenix) Arizona Corporation Commissioner Andy Tobin will hold a hearing in a community north of Payson to allow customers of Beaver Valley Water Company voice their concerns over the water company's health, safety and reliability of service. Recent reports of severe water quality infractions from the Arizona Department of Environmental Quality (ADEQ), along with numerous customer complaints prompted Tobin to intervene.

"As Chairman of the Water Committee, I am deeply concerned with this company's long history of malfeasance and noncompliance," said Tobin. "That is why I felt it was necessary to convene a hearing so that customers will have the opportunity to share their experience in receiving water service from Beaver Valley Water Company in a public forum."

In addition to Beaver Valley's ADEQ non-compliance with the Safe Drinking Water Act, the Arizona Department of Water Resources also reports that the company failed to file annual reports that include data on water loss, nor has the company filed a five-year capital improvement plan, causing further concern over the company's operations.

The hearing will occur in May and take place in or near the service territory of Beaver Valley, which is located north of Payson in Gila County. Tobin's office will work with community members to secure a convenient time and location for customers.

Attached to this release is a letter from ADEQ and photo that reveal violations or potential violations of drinking water regulations.



Douglas A. Ducey
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY



Misael Cabrera
Director

May 5, 2017

Arizona Corporation Commission
Attn: Andy Tobin, Commissioner
1200 West Washington Street
Phoenix, Arizona 85007-2927

Re: Beaver Valley Water Company

Commissioner Tobin,

This letter is to inform you that Beaver Valley Water Company (Beaver Valley) is currently out of compliance with Compliance Order DW-39-15, issued November 2, 2015 (Attachment A), and upheld by Administrative Law Judge Decision on March 18, 2016 (Attachment B). A Final Decision and Order was issued by ADEQ on April 4, 2016 (Attachment C). An Administrative Notice of Violation was issued on June 16, 2016, for failure to comply with the Order (Attachment D).

The remaining open compliance condition (Attachment A), requires Beaver Valley to replace the media in the system's sand filter with an ANSI/NSF Standard 61 certified filter media or disconnect the sand filter from the groundwater source. To date, Beaver Valley has failed to do either and remains out of compliance with the Order. Attempts by ADEQ to assist Beaver Valley in achieving compliance have been unsuccessful.

In order to achieve compliance with the surface water treatment technique violation in the Order Beaver Valley disconnected and deactivated their surface water source. Beaver Valley cannot reconnect the surface water system and serve surface water to its customers until it obtains a Department-approved surface water treatment process that meets the required filtration and disinfection criteria. Billing and usage summaries from 2016 provided by Beaver Valley (Attachment E) indicate that the current storage capacity of 20,000 gallons met the average daily demand during the peak summer months; however, ADEQ believes that if the voluntary water restrictions put in place during 2016 and continuing to date are lifted, Beaver Valley would be unable to meet the minimum storage capacity required by rule without increased storage capacity or adding an additional source of water.

On February 28, 2017, ADEQ began receiving complaints from Beaver Valley customers of service disruptions due to break in a water line that crosses the Verde River, as well as

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complaints about the materials and methods used for the temporary line repair. As part of these complaints ADEQ received photographs (Attachment F through H) taken by Beaver Valley customers of the discoloration and increased turbidity of their water when service was restored after attempts were made to repair the line. According to Beaver Valley representatives the temporary line repair may be in place until this fall. Based upon the length of time until the final repair is in place and the nature of the engineering of the temporary line repair ADEQ is concerned that the temporary repair will not be able to reliably and consistently deliver water to the customers.

Thank you for your consideration in this matter.

Sincerely,



Randall Matas
Deputy Director, Water Quality Division
Arizona Department of Environmental Quality

Attachments:

- Attachment A – Compliance Order DW-39-15
- Attachment B – Administrative Law Judge Decision No. 16A-DW039-DEQ
- Attachment C – Final Decision and Order No. 16A-DW039-DEQ
- Attachment D – Administrative Notice of Violation, Case #163000
- Attachment E – Beaver Valley Billing and Usage Statement for June and July 2016
- Attachment F, G, H – Beaver Valley Customer photographs from April 25, 2016

