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ARIZONA CORPORATION COMMISSION

December 9, 2005

SENT VIA CERTIFIED MAIL
AND FACSIMILIE

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2005 DEC - 9 P 2:53
AZ CORP COMMISSION
DOCUMENT CONTROL

Mr. Ed Delaney
Delaney & Melkonoff, P.C.
1013 East Washington
Phoenix, Arizona 85034-1094

RE: BEAVER VALLEY WATER COMPANY

W-02015A-03-0724

Dear Mr. Delaney:

The Utilities Division Staff ("Staff") of the Arizona Corporation Commission ("Commission") has received a number of calls from residents regarding a "town hall" meeting which took place on December 7, 2005 at Beaver Valley Water Company ("Beaver Valley"). This meeting was conducted by Mr. Davoren and, at least in part, included him communicating his intentions and objections about continuing to run the system.

In the course of the meeting, Mr. Davoren apparently stated his intention to cease operating the system within the next week. As was mentioned in our telephone conversation on December 7, 2005, Mr. Davoren had already suggested that he would step away this Saturday, December 10th. Whatever the specific date, he has apparently taken the step to communicate with customers his intention to terminate his involvement in Beaver Valley Water Company operations.

This letter is to more formally communicate issues of concern to Staff.

You and Mr. R. E. Ward are responsible for operating the water system or for hiring a new manager/certified operator to operate the system. A list of certified operators is available at the Arizona Department of Environmental Quality ("A.D.E.Q"). Additionally, you might wish to acquaint yourself with the available contractors that could provide water related services in the area of Beaver Valley.

You previously stated that operation of the system was not a problem as your partner, Mr. Ward, was a certified operator and had previously operated the system. You stated that the partnership did not really want to operate the system but that it could do so.

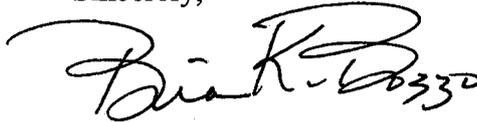
Mr. Ed Delaney
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As mentioned in previous meetings, the Commission recognizes the partnership as the legal owner of the water company. This has been the case even with Mr. Davoren operating the system. The Commission will look to the partnership to guarantee that the system is operated efficiently and that the customers have water service.

In addition, please inform us when we can come to your offices to inspect the Beaver Valley books and records. We would like to perform this review within the next few weeks.

If you have any questions, please feel free to contact me at (602) 542-0852 or Ms. Kim Battista at (602) 542-4251.

Sincerely,

A handwritten signature in black ink that reads "Brian K. Bozzo". The signature is written in a cursive style with a large, stylized "B" at the beginning.

Brian K. Bozzo
Manager, Compliance and Enforcement
Utilities Division

cc: Mr. R. E. Ward
P.O. Box 9031
Phoenix, Arizona 85068

SERVICE LIST FOR:
DOCKET NO.

BEAVER VALLEY WATER COMPANY
W-02015A-03-0724

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Certified Mail
Return Receipt Requested**

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Phoenix, Arizona 85068
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Michael Davoren
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