

ORIGINAL



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Aug 2, 2006

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Beaver Valley Water Co.
PO Box 421
Payson, Az. 85547

W-02015A-03-0724

To: Arizona Corporation Commission
Earnest Johnson
Director of Utilities

Sir,

In response to the compliance delinquency notice dated July 7, 2006, Beaver Valley Water Co. has determined that reconnection of the existing well is not economically feasible. Due to the existing income restrictions imposed by the commission (by way of customer credits) Beaver Valley Water Co. is operating at a rate structure equal to the rates that were in effect in 1992. I'm confident the commission would realize the difficulty in the endeavor to upgrade the current system at rates so antiquated. After research, it was discovered that the engineering costs for the necessary drawings would amount to approximately \$800.00 in 1992. The estimate for the same job today is \$2500.00 (just for the drawing). The steel storage tanks planned for the well site have more than doubled in price, and not to mention the \$165.00 per hour charge for the crane to erect them (2hr. minimum plus travel and set up time). It simply is not feasible to reconnect the well without adequate storage. Add in costs for electrical and plumbing at a distance of 340 ft. from the well to the distribution point. The Water Co. cannot fund this project. Due to restricted income, BVWC will not qualify for WIFA loan until at least Aug., 2008 (projected end of customer credits) at which time, I'm sure, another rate increase will be needed in order to qualify. Rate case will take at least 5 months additional I'm told. This makes BVWC eligible for WIFA priority list in the spring of 2009, if all goes smooth, to fund this and other projects badly needed; ie, 1/2 mile of water main that needs to be replaced and to drill another well so that we can discontinue use of surface water. Both projects are in the best interest of the customer base and BVWC.

Response to the required additional storage capacity.

The new steel tanks that were purchased for the well site, will instead replace old existing storage tanks. Since the new tanks are replacing old ones, and are the same size, there is no requirement for approval to construct by ADEQ. By the end of July, 06, BVWC will have 35,000 of the 38,000+/- gallons of the directed storage capacity; however will have to wait for available funds for the engineering it takes to be able to set another tank and fill it with water.

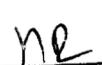
Regards


Michael Davoren
Beaver Valley Water Co

Arizona Corporation Commission
DOCKETED

AUG - 4 2006

cc; to Brian Bozzo

DOCKETED BY 

AZ CORP COMMISSION
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Compliance Due By Date Range

1/1/2000 to 6/30/2006

NAME OF UTILITY: Beaver Valley Water Company, Inc.
DOCKET NUMBER: W-02015A-03-0268
DECISION NO. 66388 DECISION DATE: 10/6/2003

RULE NO.

ACTION:

Reconnect the existing well to the system as a backup source no later than December 1, 2004. If the Company determines that reconnection of the well is not feasible for technical or economic reasons, the Company will report to the Director of the Utilities Division its findings no later than twelve months from the effective date of this Decision.

DUE: 12/1/2004

NAME OF UTILITY: Beaver Valley Water Company, Inc.
DOCKET NUMBER: W-02015A-03-0268
DECISION NO. 66388 DECISION DATE: 10/6/2003

RULE NO.

ACTION:

Construct the 20,000 gallon storage tank project to comply with ADEQ requirements as soon as possible and submit a copy of the Certificate of Approval of Construction issued by ADEQ for the project to the Director of the Utilities Division no later than December 1, 2004.

DUE: 12/1/2004

NAME OF UTILITY: Beaver Valley Water Company, Inc.
DOCKET NUMBER: W-02015A-03-0724
DECISION NO. 68083 DECISION DATE: 8/17/2005

RULE NO.

ACTION:

That the application of Beaver Valley Water Company to transfer its assets and its Certificate of Convenience and Necessity to Michael Davoren is hereby granted subject to Beaver Valley Water Company's, an Arizona Partnership, timely compliance with the following ordering paragraphs: that failure to demonstrate compliance with the above stated conditions within 90 days of the effective date of this Decision will result in the imposition of a penalty against Beaver Valley Water Company, an Arizona Partnership, in the amount of \$10,500, said payment to be made payable to the State of Arizona and presented to the Arizona Corporation Commission.

DUE: 1/3/2006