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JIM IRVIN  
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January 4, 2001

ARIZONA CORPORATION COMMISSION  
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Commissioner William A. Mundell  
Commissioner Mark Spitzer  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, Arizona 85007

Re: Diversified Water Utilities, Inc., Johnson Utilities L.L.C., Queen Creek Water Company, H2O, Inc., Applications to Extend CC&N, Docket Nos. W-02234A-00-0371; WS-02987A-99-0583; WS-02987A-00-0618; W-02859A-00-0774 and W-01395A-00-0784

Dear Colleagues:

I would like to draw your attention to the above referenced dockets concerning water and wastewater service in Pinal County. Based on the record to date, this matter has been a highly contested dispute amongst competing service providers.

While I am not suggesting that we make any conclusion regarding the merits of each parties' position at this time, I believe that the Commission should be sensitive to the time concerns expressed by the Pinal County Board of Supervisors, through their manager, Dr. Stanley Griffis. Dr. Griffis reports that Pinal County potentially stands to lose approximately \$29 million dollars, earmarked for repairing existing or building new roads to serve the area from Apache Junction to Florence, if the Commission's process becomes unduly delayed.

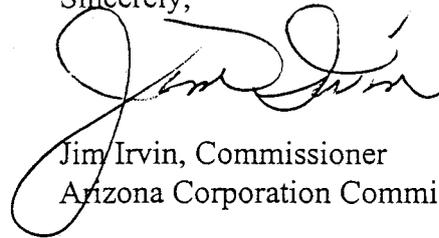
In October 2000, I attended a public comment session in the above-referenced dockets, and the central issue focused on the timing of the Commission's decision to certify a water supplier in the contested areas. Although I was informed at the meeting that, due to staff constraints, the current procedural schedule provides for sufficient review (i.e. engineering reports, etc.), I also invited interested parties to provide their procedural concerns in writing to the Commission.

Staff's report is due on January 9, 2001, and the hearing on this matter is currently scheduled for March 15, 2001. Given that all parties are afforded every opportunity commensurate with due process, it is my hope that the Commission can deal with these issues in a timely manner consistent with 'the public interest.'

January 4, 2001

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Sincerely,

A handwritten signature in black ink, appearing to read "Jim Irvin". The signature is fluid and cursive, with a large initial "J" and "I".

Jim Irvin, Commissioner  
Arizona Corporation Commission

Cc: Pinal County Board of Supervisors  
Dr. Stanley Griffis, Pinal County Manager  
Mark Dinunzio, Utilities Staff  
Docket Control

# PINAL COUNTY BOARD OF SUPERVISORS

LIONEL D. RUIZ, District 1  
Mammoth

SANDIE SMITH, District 2  
Apache Junction

JIMMIE B. KERR, District 3  
Casa Grande



STANLEY D. GRIFFIS, Ph.D.  
County Manager

*Via Facsimile*

January 3, 2001

**Facsimile #(602) 542-0765**  
**Hard Copy Will Follow**

Mr. Patrick Black  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Re: Water for northern Johnson Ranch area

Dear Mr. Black,

The most immediate concern is the development, Pecan Ranch, in the north corner of Combs School Road and Ironwood/Vineyard Roads. At present, the inability to have an assured water supply is holding up an immediate contribution, to the Ironwood/Vineyard Project, in the amount of \$140,800 and jeopardizes near term future contributions of \$2,657,844. The southeast corner of the same intersection, Circle Cross Ranch, is in the contested area and has the potential to cost Pinal County \$4,252,716 if the window of opportunity for development is missed. Given the recent economic forecasts, a long wait for an assured water supply could indefinitely delay and conceivably kill both of these projects.

Three other planned subdivisions (Ware Farms, Arizona Farms and Bella Vista Farms) in the contested area, if unduly delayed, have the potential to either postpone or kill developments that will generate, in 1999 dollars, \$22,104,188.

All of these dollars are earmarked for repairing existing or building new roads to serve the area from Apache Junction to Florence.

As you are aware, timing is everything in the development of subdivisions. In Pinal County, we have many planned subdivisions that never reached fruition due to bad timing and missing the market.

Once again, Pinal County is asking you to consider the importance, to Pinal County, of making a quick decision as to whom the water supplier will be. Pinal County still supports the agreement reached by Johnson Utilities, H2O, Inc., and Queen Creek Water Company.

In summary, the potential dollars impact to Pinal County is:

Mr. Patrick Black  
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<u>Subdivison</u>	<u>Cost</u>
Pecan Ranch	\$ 2,798,644 (\$140,800 + \$2,657,844)
Circle Cross Ranch	4,252,716
Bella Vista Farms, Ware Farms, and Arizona Farms	<u>22,104,188</u>
Total Potential Impact	<u>\$29,155,548</u>

If you need any more information, please call me at (520) 868-6212.

Sincerely,



Stanley D. Griffis, Ph.D.  
County Manager

SDG/rp