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Groom Creek Water User Association
4209 So. Adeline Dr.
Prescott, Az. 86303
December 3, 2007

Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007

Re: Groom Creek Water Users Association Rate Increase Application,
Docket No. W-01865A-07-0385

Attached to this letter is a copy of a special report recently sent to all Association members. It provides details of a major water main break that occurred in October, 2007. The break was a result of stress cracking due to age and was not due to any external circumstances. This report provides physical evidence of the basic reason for the rate increase request to upgrade the entire water system.

This report is being sent to you for information purposes only, in order to assist in your evaluation of our application.

Sincerely,

Kal Miller

Kal Miller
Secretary
GCWUA

Arizona Corporation Commission
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cc: Docket Control Center (13 copies)
Brenden C. Aladi
Jerry Hodgson, President, GCWUA

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**Special Report to all Members of the Groom Creek Water User's
Association
Regarding the Water Main Break on Silver King Circle**

Your Board of Directors has been trying to initiate a major project to upgrade and modernize the Groom Creek water system. To accomplish this task a significant increase in water rates is required to finance the project. This rate increase requires Arizona Corporation Commission approval which is currently being reviewed by them.

There are some residents in Groom Creek who are still opposed to the rate change and feel that it is not necessary to do anything at this time even though the operating system is now well over 50 years old. The attitude is "If it ain't broke, don't fix it!" as one resident was reported as saying to the Board president about a month ago.

This special report is to tell everyone that "**The system is broken and it has to be fixed!!!**" On Friday October 20th at 11:30PM a major water line eruption occurred under the asphalt paving on Silver King Circle. Water was found spewing out under the asphalt and the entire water system was shut down. At 5:00 AM on Saturday morning the affected portion of the water main was finally isolated and the rest of the system was re-activated and pressurized. A total of 17 homes were in the broken pipe zone and six of the homes were occupied at this time. It took until noon on Tuesday, Oct. 23rd to repair the line and re-establish service to the 17 homes. Emergency drinking water was provided by the Association to the occupied homes during the three day outage.

The asphalt had to be saw cut and a trench 32 feet long had to be dug to expose the water main. What the repair crew found was a 20 foot length of piping that had stress corrosion cracking the length of the pipe. This was a failure that was not caused by a specific incident but by age of the piping. Photographs of some of the cracked pipe sections are attached to this report so that all can see what is happening to our infrastructure and it is not good. It may be fortunate that this happened when it did because it is the evidence needed to hopefully convince everyone that this project must go forward.

The cost to the Association to repair the break in the line was \$ 6,619.00 including repaving after the trench was back filled. (See details at end of report) Again, this was for only a 32 foot section. If you will remember, the Board was able to get Yavapai County to postpone the road paving until the water mains could be replaced. We could have let the county pave the roads and then come back later to replace the lines. If we take the above noted actual cost and extended that cost to the entire grid network assuming it was all paved, the estimated total project cost would be about \$ 4,500,000.00 compared to the current estimate of about \$ 500,000.00. (This figure will be firmed up in the near future as the engineering study progresses.)

Unfortunately, our whole grid system is antiquated and **MUST** be replaced. We also

suspect that there are currently other stress cracks in the system that we do not know about because no surface water has been found. The reason for this is that in 2006 a total of 500,000 gallons of water was pumped from the ground that could not be accounted for as water sales. This was prior to the great cold snap in January of 2007. The unaccounted for water loss in 2006 was 7 percent of all the water pumped.

It is only a matter of time until we have another break somewhere else in the system. If we don't aggressively address these problems, we are not doing the job you elected us, as Board Members, to do. We are desperately trying to get the funds to replace our system. That is why we are seeking a substantial rate increase.

Don't forget that our homes in this forest paradise are useless without an adequate water supply.

GCWUA Board of Directors

cc: All Association members
Arizona Corporation Commission
Margie Good

Details of Repair Costs

Backhoe	\$ 853.00
Labor	1829.00
Pipe Materials	733.00
Saw Cut Pavement	150.00
Concrete	1230.00
Dump Truck Haul off	548.00
Backhoe Transport	450.00
Asphalt Paving	<u>826.00</u>

Total \$ 6,619.00



STRESS CRACKING IN TRANSITE MAIN LINE
PIPING FOUND ON SILVER KING CIRCLE
LENGTH OF CRACK WAS APPROX. 20 FEET