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ICR Water Users Association

March 26, 2008

Re: Response to Correspondence Filed in Docket No. W-02824A-07-0388

Mr. Charles Turney:

This is in response to your email correspondence sent on March 13, 2008 to the Arizona Corporation Commission ("Commission") Commissioners, which was docketed in Docket No. W-02824A-07-0388.

ICR Water Users Association ("Association") has previously addressed the majority of your questions in its responses to Mr. Bligh and Mr. and Mrs. Fogarty. These responses have been filed with the Commission and copies are available at <http://edocket.azcc.gov> by searching under Docket No. W-02824A-07-0388. For your convenience, the Association encloses a copy of those responses to this letter.

Regarding your question regarding the storage tank, presently, the Association's Talking Rock water system has one 300,000 gallon storage tank in service. The developer is in the final construction stages on a second 300,000 gallon storage tank. It is expected to be added to the water system this year.

You may contact me directly at 928-771-9705 or contact our Business Manager, Mr. Robert Busch at 928-713-0548 with any additional questions you may have.

Yours truly,

Earl Cummings
President, ICR Water Users Association

Arizona Corporation Commission
DOCKETED

APR - 3 2008

Enclosures

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cc: Arizona Corporation Commission Docket Control

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ICR Water Users Association

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AZ CORP COMMISSION
DOCKET CONTROL



March 11, 2008

Mr. Larry Bligh:

The purpose of this letter is to respond to your email correspondence sent on February 22, 2008 to Commissioner Mayes of the Arizona Corporation Commission ("Commission").

You cited concerns about the Company's alleged disregard of Decision No. 64360. Let me assure you that in no way has the Company acted to intentionally disregard the Commission's order. The Company believed it was in compliance with the Commission's order, because the Company filed, as a compliance item to Decision No. 64360, the First Amendment to the Main Extension Agreement and Well Agreement on March 7, 2003 without objection from the Commission. It has been only recently that concerns have been raised about the Company's compliance with Decision No. 64360. The Company takes these concerns very seriously and will be working with the Commission to address them during the current rate case.

It is true that the Well Agreement sets forth the wheeling charge the golf course must pay for the water delivered to the golf course from all three wells in the Talking Rock well field, plus its pro rata share of the Company's operating and maintenance expenses for the Talking Rock system. The Well Agreement was executed in 2003 to satisfy the Commission's requirements in Decision No. 64360. One of the main purposes of the Well Agreement was for the developer of Talking Rock (Harvard Investments) to convey two of its wells to the Company in exchange for the golf course's use of the water. Again, the Company will be working with the Commission to address all of these issues during the rate case.

As to your comments about the use of groundwater for the golf course, the Commission approved the extension of the Company's certificate of convenience and necessity to serve Talking Rock Ranch with groundwater in 2002. The Company does not have control over how the golf course uses its own wells to irrigate the golf course.

As a member of this volunteer board, I assure you that we serve the best interests of the entire water company, not just certain subdivisions that the Company serves. All board members take this duty very seriously and will continue to work hard to resolve the issues that are before us.

Thank you for your interest and concern. Please feel free to contact me directly at 928-771-9705 or contact our Business Manager, Mr. Robert Busch at 928-713-0548 with any additional questions you may have.

P.O. Box 5669, Chino Valley, AZ 86323

Phone: (928) 583-0741 Fax: (928) 636-9771

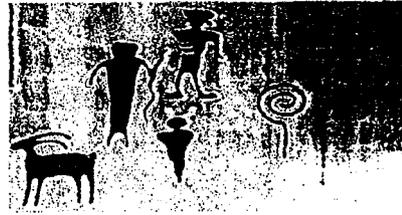
Yours truly,



Earl Cummings
President, ICR Water Users Association

cc: Arizona Corporation Commission Docket Control

ICR Water Users Association



March 11, 2008

Mr. Jerry and Ms. Vickie Fogarty:

The purpose of this letter is to respond to your email correspondence sent on February 22, 2008 to Commissioner Mayes of the Arizona Corporation Commission ("Commission"). You cited several budgetary concerns to which the Company would like to respond.

You first expressed concern about a \$15,000 account receivable on the books for over two years. In response, the Company rarely has more than a few hundred dollars in delinquent accounts at any one time. Your comment may be in reference to an adjustment of Talking Rock's pro rata share of the operating and maintenance expenses of the Talking Rock system that was made in late 2007. The adjustments and subsequent billing to Talking Rock was the result of an internal error in apportioning costs between the Inscription Canyon Ranch system and the Talking Rock system. When the error was discovered, the adjustment was made and billed to Talking Rock, who paid the entire adjustment amount when the bill was rendered. Because these amounts were not initially billed to Talking Rock, the Company did not ask or expect Talking Rock to pay a penalty or interest.

You also questioned a \$27,000 furniture purchase. It is not clear where the figure came from, but the Company does not own, nor could it use, \$27,000 in furniture. There is reference in the Rate Application, Exhibit B2, to \$27,117 in Plant added during 2006. The added Plant was the cost of new meters purchased for new customers added to the system during 2006. The largest furniture purchase in the last several years has been for three file cabinets, costing less than \$150.00 each.

Regarding your question about the different "fee structure" for Talking Rock, I assume you are referring to the Talking Rock Golf Course, not the residents of Talking Rock. In accordance with the Well Agreement, the golf course pays the Company a wheeling charge for water delivered to the golf course from all three wells in the Talking Rock well field, plus a pro rata share of the Company's operating and maintenance expenses for the Talking Rock system. The Well Agreement was executed in 2003 to satisfy the Commission's requirements in Decision No. 64360. One of the main purposes of the Well Agreement was for the developer of Talking Rock (Harvard Investments) to convey two of its wells to the Company in exchange for the golf course's use of the water. The Company will be working with the Commission to resolve this issue during the rate case.

In response to your comments about the Company's board members, I assure you that the board is not biased towards Talking Rock. We are a volunteer board with a duty to serve the best interests of the entire water company, not just certain subdivisions that the Company serves. All board members take this duty very seriously and have been exemplary in their service. Although it is true that the current board consists of three

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members who live in Talking Rock and two who live in Inscription Canyon Ranch, the reverse was true until the recent election in December 2007. Perhaps of interest to you, the board has been considering revisions to the bylaws that would have minimum representation from all three subdivisions.

As to your concerns regarding when annual meetings are held, the Company's bylaws dictate that these meetings are to be held on Saturdays. The board determines the time of the meeting each year.

As to the Company's office rental, the board pays \$300 per month for rental of the conference room at the ICR Sales Office. In addition to holding several meetings each month, the board also has use of copy machines and telephones and stores its Corporate Records at the office. The Texaco station would not be able to provide all of these services. Other entities also use the same facility but not at the Company's expense. The Sanitary District maintains files and conducts meetings in the same office and Architectural Committees for Inscription Canyon Ranch also use the conference room.

Finally, you expressed some concern about having the "correct" well transferred. As a result of Commission Decision No. 64360, the Company and Harvard Investments entered into negotiations regarding which wells were to be transferred and when. As a result of these negotiations, the parties drafted and executed the Well Agreement, which sets forth what the parties agreed to in regards to well ownership.

Thank you for your interest and concern. Please feel free to contact me directly at 928-771-9705 or contact our Business Manager, Mr. Robert Busch at 928-713-0548 with any additional questions you may have.

Yours truly,



Earl Cummings
President, ICR Water Users Association

cc: Arizona Corporation Commission Docket Control