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 Sent: Thursday, May 22, 2008 8:25 PM
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 Subject: Re: Docket No. W-02824A-07-0388

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 AZ CORP COMMISSION
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Arizona Corporation Commission
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MAY 23 2008

Re: ICR Water Users Association, Inc.
 Docket No. W-02824A-07-0388

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Commissioners Mayes, Mundell, Hatch-Miller, Pierce and Chairman Gleason,

Thank you and your Staff for all the time and efforts applied to the ICRWUA (ICR) rate case and issues identified in testimony and public comment in these matters. In our recent review of filed documents on e-docket, we would like to address ICR non-compliance with ACC Decision 64360

Non-compliance with Decision 64360 was filed by Staff on 15 January 2008. They clearly documented one non-compliance issue, transfer of the second well. However, we would like to request Staff re-visit compliance with Findings of Fact Nos. 34 and 35. We believe are two (2) issues related to well transfer, which effects compliance with ACC Decision 64360.

Decision 64360 directed:

34. include in its advance, the wells which it has drilled for the purpose of providing water to the extension area described in Exhibit A to ensure that the utility has adequate water for its customers

35. we shall require ICR to file a copy of the relevant documents transferring ownership of the wells and related water production facilities to ICR within 365 days of the effective date of this Decision or the approval granted herein shall be rendered null and void without further

Decision 64360, Finding of Fact 20:

<>Harvard has drilled two test wells, one of which produces approximately 700 gallons of water per minute. However, water production from it has been lowered to 525 gallons of water per minute because the Ranch's demands at full build-out including the golf course and all residential units are projected at 523 gallons of water per minute. Additionally, Harvard will utilize the second well as a back-up emergency well and has the ability to add a third well, if needed.

Subsequent to the 15 January, 2002 date of Decision 64360, Harvard drilled two new production wells, Well #2 and Well #3, on or about 23 May, 2003. It appears only one well existed at the time of 64360, which is referred to as Well #1 in later discussions. They carefully created amendments to the main extension agreement and the well agreement to address the well transfers. They made no mention of the only well in existence on the date of Decision 64360, Well #1. It appears to us, they fraudulently substituted the poorest producing new well, Well #3, in lieu of the well they were directed to transfer, the only well that existed at the time of Decision 64360. I do not believe they can substantiate this as an inadvertent error. (Further discussion of the wells is contained in the direct testimony and exhibits of Mr. Dayne Taylor docketed on 1

February 2008)

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Harvard/ICR intentionally circumvented Directive 64360 by not immediately transferring the existing well described in Finding of Fact 20. They substituted a new well, Well 3, which did not exist at that time, nor does it have adequate capacity to support the development build-out as asserted for Well #1. In fact, in my opinion, they deceptively avoided transferring the best producing well, Well #1, to retain it for their own use. Well #3 capacity is inadequate. Well #3 is down to 250 gpm, based on the well test data included as exhibit DT-1 in Dayne Taylor's direct testimony referenced in the preceding paragraph.

To bring ICR into full compliance:

<>Well #1 should immediately be transferred to ICR in lieu of the incorrect well, Well #3. The second well, Well #2, should also be immediately transferred.

Their carefully crafted amended agreements intentionally circumvented the authority of the ACC's direction and set some very arbitrary artificial and unpredictable future event for the second well transfer. This is totally unacceptable.

TRGC is now using ownership of Well #1, in our opinion, as a leverage against ICR to negotiate better terms in a new "Special Contract". TRGC would not have this sort of leverage, nor would some sort of "Special Contract" be required, had Harvard complied in transferring Well #1 to ICR, as instructed in Decision 64360, rather than deceptively transferring Well #3. This deception transfer is also unacceptable.

We want to thank you for your continued efforts in behalf of the ICR shareholders and rate payers, and providing us an opportunity to be heard in this matter.

Respectfully submitted,

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