

OPEN MEETING AGENDA ITEM



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Groom Creek Water Users' Association
4209 S. Adeline Drive
Prescott, Arizona 85303

ORIGINAL

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October 21, 2008

2008 OCT 22 P 1:53

Arizona Corporation Commission
Water Utilities Division
1200 W. Washington Street
Phoenix, Arizona 85007

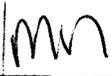
AZ CORP COMMISSION
DOCKET CONTROL

Attn: Chairman Mike Gleason
Commissioner Kristin Mayes
Commissioner William Mundel
Commissioner Jeff Hatch-Miller
Commissioner Gary Pierce

Arizona Corporation Commission

DOCKETED

OCT 22 2008

DOCKETED BY 

Reference: Docket No. W-01865A-07-0384
Reference: Docket No. W-01865A-07-0385

Subject: Arizona Corporation Commission hearing held on October 15, 2008
Re: Groom Creek Water Users' Association (GCWUA)

Dear Commissioners:

Although I am aware of the letter to the ACC by the GCWUA's secretary, Mr. Kal Miller, I feel compelled to write this letter to emphasize the seriousness of the misrepresentations by the interveners.

I will try to not excessively repeat the content of Mr. Miller's letter.

The petition presented by the interveners and the verbal statements by Ms. Berry are fraught, at best, with mistruths. This petition was NEVER received by the GCWUA and I dare say that Ms. Berry cannot produce any proof of mailing.

As indicated in Mr. Miller's letter, the so-called petition's multiple signature pages that include 74 signatures is actually a representation of only 51 households and of those 22 home owners own two houses. Only the 29 remaining households of the 228 should be considered regarding the concern of "Rate Shock" as expressed by commissioner Mayes. Of the 29 remaining households less than 1/4 fall into the category of possible hardship as per Mr. Miller's letter.

As a certified public accountant for more than 30 years I can tell you that the project of replacing the aged pipelines cannot financially be done in phases (a) due to future increases in interest rates which would require an additional rate increase, (b) due to the inability to make

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the required monthly payments as required by the loan contract, (c) due to the inability to negotiate a phased approach to this project as required by WIFA as they will only approve one loan to complete this project. WIFA is the Association's only source of viable funding and we are included only in their 2009 budget. A phased approach to the rate increase will jeopardize the WIFA funding. As indicated in Mr. Miller's letter, it is impractical to attempt to replace piping over a number of years with the idea of phasing in periodic rate increases. Incidentally, Yavapai County, at the request of GCWUA has only deferred the road paving to allow GCWUA to complete its pipe project. The county has merely moved the cost of the paving to a future year's budget.

After 24 years the net book value (net equity) of GCWUA, after an initial \$11,050 contribution by unidentified contributors, is a mere \$47,047 as of December 31, 2007 due to a lack of any long-term planning. The cost of the most recent major break will reduce the Association's equity to less than \$30,000. The \$50 base rate, as determined by your staff to which we agree, only allows adequacy for monthly loan payments, increase in operating expenses and nominal funds for other repairs and maintenance.

At GCWUA's most recent annual meeting over the Labor Day weekend there were more than 70 favorable votes for board candidates in favor of the pipe replacement from the more than 70 members, including proxy votes that attended the meeting. Had the general membership been unhappy with the decision to replace the old Mexican transite pipe, the membership had the opportunity to vote four "anti-improvement" candidates onto the new board. This did not happen because there are only a "handful" of individuals who wish to force their will onto the majority. They just don't want the rate increase despite the need for the improvements.

As has been said previously, the entire membership has been notified numerous times by newsletter, by special mailing and by mailings required by the ACC.

It is imperative that the Commission grant the rate increase requested and recommended by the ACC staff.

Very truly yours,
Groom Creek Water Users' Association

For the Board of Directors


Loren Greenberg, Treasurer

C: Board of Directors: Ernest Alldredge, Dean Clemit, Jerry Hodgson, Kal Miller,
Ernie Serrano, Jr., LeRoy Sites, Todd Starr, Cindy Tirota