

**ORIGINAL**  
Betsy Cameron

**OPEN MEETING AGENDA ITEM**



0000090274

**From:** Virginia Jacobson [vinceandjinny@hotmail.com]  
**Sent:** Friday, November 07, 2008 10:06 PM  
**To:** Mayes-WebEmail; Mundell-Web; Gleason-WebEmail; Hatch-WebEmail; Pierce-Web  
**Subject:** RE: W-01865A-07-0385 and W-01865A-07-0384

**RECEIVED**

Arizona Corporation Commission  
**DOCKETED**

**NOV 10 2008**

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY

Dear Commissioners,

I note that my email and three page letter attached and submitted late morning on Nov. 6, 2008 have not yet been docketed by late today, the following day. Typically, it would appear that emailed correspondence to the Commission is docketed by the day after the email is submitted. I would appreciate confirmation that each Commissioner has indeed received my email of Nov.6 below, along with the attached three page letter, and also that they have been docketed in the public record. Obviously time is of the essence. I have attached the letter to this email again, for your convenience (though please don't docket it twice, but rather just make sure it has in fact been received and docketed). Please docket my original email and three page letter as submitted on Nov. 6, as well as this email submitted November 7, 2008.

Further, please note my additional comment that Kristen Mayes' proposed Amendment seems to reflect a continued misunderstanding on her part of the salient facts that comprise the clear case our Board has made for the requested rate increase and financing request. She further seems to ignore her own staff's Supplemental Report of July 7, 2008, which varies dramatically in its analysis of the situation and its recommendation for our company from their original January 2008 report. Instead, she seems to be relying on the January 2008 report, instead of her own Staff's more complete and updated report and recommendation almost 7 months later. It is simply disingenuous for her to cite "rate shock" for rejecting her own Staff's recommendation, her own administrative judge's ruling, and the clear factual case laid out by the Groom Creek Water Users' Association. Members of our association have had some 25 years of undervalued, underpriced water service, and most recently have had over 16 months of notice, of discussion and explanation, of time to adjust, to insure they are most certainly NOT suffering from "rate shock." They had had an additional 16 months of practically FREE water service compared to the open market. She feels that an additional 12 months at the meaninglessly increased rate of \$22.50 is the panacea? Perhaps Kristen Mayes should try telling her mortgage company that, gee, 'she really would like to keep living in her house, but can she just pay her mortgage in "phases"?' and see how that discussion goes. Because that is what she is asking Groom Creek Water Users' Association to try and do.

Is she unaware of the 16 month process that her Commission has overseen? Does she truly want to refuse the board of our water company - our member-owned, non-profit water company - the ability to secure reasonable rates and financing so that the water company can continue to exist and thrive for all its members? Does she want to be responsible for the imminent bankruptcy of our water company, for the financial collapse and certain chaos that will follow? Does she want to compensate all of the members of GCWUA for their crashed housing values when word creeps out that "Groom Creek has WATER PROBLEMS"?? Potential homebuyers and realtors won't care what the water problems are, won't understand this whole long saga, but will simply seek to avoid any area that has 'problems', much less water problems in Arizona. It is simply unfair and irresponsible for Commissioner Mayes to cite "rate shock" as a reason to deny our water company the ability to preserve and maintain itself now and for years to come, when members have had almost a year and a half to adjust to a realistic and more normalized water bill. We are talking a \$36 increase! We are not talking hundreds or thousands! Many of our members (some 60%!) are multiple home owners where Groom Creek is their vacation or second home (including the outspoken Patty Berry, who owns a home in the valley worth approximately \$280,000 in addition to her brand new home here in Groom Creek worth approximately \$302,000). Everyone agrees that the additional \$36 will be an added expense for us all, but it is absurd to suggest that another \$36/month shared by all of us will be a bigger burden than the possibility of thousands of dollars in water district tax bills or assessments, much less paving assessments and road improvement taxes should we miss the boat on the county paving project. Sadly, the few people in our community that may really be so financially disadvantaged that this increase will be a real hardship on them do not seem to be the people that are complaining. Perhaps the ACC should consider creating a real disadvantaged customer program

for those few that really fall into a truly low income category such that basic utilities such as water, heat, power, should be subsidized, just like some electric and fuel oil and gas companies have done. Perhaps that would put to rest any real concerns that a small few will be harmed by having to pay a realistic and normal water bill. The city of Phoenix just raised its monthly water rates to over \$52, after having been at \$48 for some time. Of course, they didn't have to go through this grinding and challenging process just to be able to charge a functional rate for their commodity as those subject to ACC jurisdiction do.

With all due respect, many other members have written thoughtful and superior letters to mine, and many more stay silent because they believe their board is handling this matter on their behalf and they shouldn't have to get involved. But the real ramifications for those of us that live here, and particularly those of us that live here full time in our one and only house, are becoming scarier and more frustrating by the minute. And valid, well-reasoned, factually-supported solutions are being bandied about and delayed for little good reason that I can see. Please do not tie the hands (or rather, the purse strings!) of our company to actually manage, run, and pay for itself, as it should and must do.

Thank you for your consideration in this matter. I am hopeful that a prompt and final approval of the rate and financing requests will be forthcoming. Our unpaid, volunteer board can then turn its attention and energies to the real work of managing this major project, securing the financing needed, and continuing the good job of keepings its members well served with reliable water as well as respectful and accurate information.

Sincerely,  
Virginia Jacobson, Esq.  
P.O. Box 2822 Prescott, AZ 86302-2822  
Tel: (928) 708-0682 (and FAX) Cell: (928) 277-3521

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From: vinceandjinny@hotmail.com  
To: mayes-web@azcc.gov; mundell-web@azcc.gov; gleason-web@azcc.gov; hatch-web@azcc.gov; pierce-web@azcc.gov  
Subject: W-01865A-07-0385 and W-01865A-07-0384  
Date: Thu, 6 Nov 2008 11:25:02 -0700

Dear Commissioners,

Please find attached my letter, to your attention, concerning the pending rate increase and financing request for Groom Creek Water Users' Association. Please docket said letter, and please consider this email and attached letter in support of our board's efforts in securing the requested rate increase and financing request, including the demand for a rehearing before the full Commission as soon as possible on your November, 2008 calendar.

Your attention to this urgent matter is much appreciated.  
Please let me know if there is any problem with opening and docketing the attached letter.  
Thank you very much for your consideration in this matter.

Sincerely,  
Virginia Jacobson, Esq.  
P.O. Box 2822 Prescott, AZ 86302-2822  
Tel: (928) 708-0682 (and FAX) Cell: (928) 277-3521  
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11/10/2008

Re: Docket No. W-01865A-07-0385 (and W-01865A-07-0384)

November 6, 2008

Sent via email: [Mayes-web@azcc.gov](mailto:Mayes-web@azcc.gov)  
[Mundell-web@azcc.gov](mailto:Mundell-web@azcc.gov)  
[Gleason-web@azcc.gov](mailto:Gleason-web@azcc.gov)  
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[pierce-web@azcc.gov](mailto:pierce-web@azcc.gov)

Dear Commissioners of the ACC,

As a concerned owner and member of Groom Creek Water Users' Association, I share the disappointment of much of our community at the Commission's failure to do its job on October 15, 2008. Your failure to approve the rate increase and financing request supported by 16 months of documentation, hearings, your own staff's reports, and the administrative judge's rulings in this matter, puts our member-owned water company in peril of imminent bankruptcy, system failure, water outages, and endless additional months of delay that we cannot survive. Observers at the October 15<sup>th</sup>, 2008 ACC hearing were disappointed to find that some of the Commissioners appeared unprepared and unfamiliar with the information and recommendations resulting from this 16 month process and equally disappointed by the short shrift shown to GCWUA due to an overcrowded calendar before the Commission and personal infighting between some of the commissioners. **I urge you to follow up 16 months of effort by our board and your staff by approving the requested rate increase and financing request at the earliest possible setting for a rehearing before the full Commission on this matter.** Please show our membership, and all those who have worked so hard on this rate increase and financing request, that you are responsive and concerned about your role in overseeing and monitoring utilities and customers that are under your jurisdiction. As your own website states in the Utilities information, "*The Arizona Corporation Commission has jurisdiction over the quality of service and rates charged by public service utilities. By state law, public service utilities are regulated monopolies given the opportunity to earn a fair and reasonable return on their investments. What is fair and reasonable in any particular case has been and always will be open to debate in rate hearings before the Commission. Generally, the Commission tries to balance the customers' interest in affordable and reliable utility service with the utility's interest in earning a fair profit.*" One of the main considerations that would normally occupy the Commission's time in making this decision – balancing the customers' interest in affordable and reliable utility service *with the utility's interest in earning a fair profit* – is irrelevant to GCWUA's situation! **We are a member-owned water utility – thus the customers and the owners are one in the same. We are non-profit – and are seeking the minimum funds and financing to simply SURVIVE and remain viable as a small water utility!** Yet, even without being a profit-based company, and even though the ACC does not have to balance customers' interests with concerns over profits, here we sit after 16 months of making and re-making the clear case for our company's needs.

Your website information continues, stating "*The Utilities Division makes specific recommendations to the Commissioners to assist them in reaching decisions regarding public utility rates, utility finance and quality of service. The Division is responsible for researching and developing utility issues, providing information and evidence in Commission proceedings dealing with utility applications, and monitoring the quality of utility service, and the rates approved by the Commissioners. /// All rate changes require approval of the Commission in an Open Meeting. Staff preparation for a major rate hearing begins at the time of utility's initial filing, and takes*

*approximately four to six months before the hearing takes place. Work efforts between the time of filing and hearing include a review of past Commission actions, a review of documents on file with the Commission, an audit of the books and records of the utility, discussions with utility personnel and other interested parties, formulation of the staff recommendation, an analysis of the impacts of the recommendation, and preparation of written testimony and schedules.”* It would seem that everyone in this process has done their job – except for the Commissioners themselves. It is one thing for the Commissioners to admit that on October 15<sup>th</sup>, 2008 they personally needed additional time to make a fully informed and effective decision, despite the fact that the ACC’s own procedure has taken three times longer than the expected four to six months. But it is shameful and without excuse to simply vote against your own staff recommendations, against the overwhelming case made for GCWUA’s requests, and with complete disregard to the 16 months that this process has consumed, without taking any other sensible action, such as continuing or resetting the hearing.

**Our volunteer board, while perhaps not being well-versed in this process or in dealing with the ACC, has done all that has been asked of it, has clearly laid out the case for needed rate increases and financing options, and deserves assistance, not obstructionism, from the ACC so that they can continue the hard work of actually maintaining and upgrading the system for their members.** As you well know, it will take the board many more months to complete the process of securing and reviewing contractor bids once they are able to do so, making the hard decisions that will continue to be necessary for this project, continuing to communicate with Yavapai County about paving scheduling, securing the necessary financing (hopefully from WIFA, though we now risk being delayed in being on their ‘list’ for funding recipients for 2009!), and all the while continuing their excellent efforts of keeping the membership informed and involved! **Our board has done an admirable job of trying to remedy some twenty-plus years of neglect. They have stayed the course despite some very nasty and vocal nay-sayers.** *Even those dissenters that have repeatedly objected to the rate and financing requests, and the facts underlying those requests, have most recently admitted that the system is indeed in need of replacement!* Both your experts and ours agree that the job must be done effectively, and that precludes doing it in bits and pieces or over an even longer period of time. Our system is as much as 2.5 times its expected life span, and demands are continually increasing as homes in our beautiful and desirable area are converting from summer vacation homes to year round family homes.

**When Kris Mayes so kindly came and spoke to our owners at our last annual meeting in September of 2007, she urged us to appreciate the need for a company such as ours to keep its infrastructure healthy and updated. She noted that this is how you avoid problems like the recent catastrophe down in Wilhoit! She suggested that ideally a water company such as ours should be seeking possible rate or other funding increases every 5 to 7 years. Our company (but for a small 2000 rate increase meant to fund valve replacement, the revenue from said increase being apparently misallocated or otherwise allocated) has not had a rate or funding increase to my knowledge basically since its inception!** Suggestions by some members in our community that this volunteer board has some sort of negative ‘agenda’ are unfortunate and ill-conceived criticisms which seem to flow from some that were previously involved with or close friends with the board members ousted by the members back in September 2006. All of the input from members - whether reasonable or unreasonable, supportive or critical, factual or based in personal politics, emotion or even just plain confusion – has contributed to this 16 month process. **But the end result is that there is little question that the Commissioners should have been well-briefed and thoroughly informed on this matter such that they should have made a decisive ruling approving the rate increase and financing requests before them on October 15, 2008.**

This latest delay in finalizing this torturously long process was simply unsupported by the facts – and the Commissioners can not waste another minute on the few dissenters in our community that simply don't want to pay the increased price because, well, really no good or articulated reason other than they just don't want to pay their share! *The increased price will be an added burden on everyone in our community, but it is a bearable and necessary burden!* We all have to share the burden in order to reap the benefit of a healthy and reliable water company. Please show us that you understand that we live with the fear that our water system will be allowed – or rather *forced* – to fail, leaving not only our water bills but also our water utility and property values in peril. Please show us that you respond to facts, data, and information from learned engineers, CPA's, and other professionals and laypersons knowledgeable about our water system and its critical needs. Don't shirk your responsibilities in a haze of confusion and delay blamed on alleged 'surprise' or new information that is not new at all, but rather the repeated complaints and confusions of a vocal few. In the meantime, this Commission's lack of timely action has insured that a 16 month process will now be even longer, and while you reset hearings or otherwise sit on the fence on doing your job, our water system creeps closer to bankruptcy and complete disaster. **It makes us wonder about Kristen Mayes when she told our membership way back in September 2007 that a small water company like ours needs to pursue responsible and necessary rate increases and that hopefully the ACC could help the process move more quickly. And yet here we are at 16 months and counting!!!**

The ACC is well aware of the nature of Groom Creek Water Users' Association's needs and can assist both our volunteer board and our private membership in our efforts to be responsible about the realities of preserving and managing our non-profit, member-owned public water utility now and for years to come. **I ask the ACC to please allow us to function and to be responsible and self-sufficient in governing ourselves by approving the necessary rate increases and financial options needed.** Please understand that the frustration in our community increases every time there is another delay caused by the ACC. Please understand that continued delay fuels the divisions and negativity that have caused neighbor to stop waving to neighbor, and have caused some to make nasty, baseless accusations about neighbors who are simply seeking to serve the water company the best way that they can. Continued delay fuels those that threaten that members will abandon the water company and seek to drill their own wells, as well as pushing other members to seek any available legal action against the Commissioners themselves if damage or loss results to our water company and its members because of this delay in allowing the preservation of our water company. Please stop tying the hands of our board and putting our water system in peril. Your consideration and prompt attention to this urgent matter is very much appreciated.

Sincerely,

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86302  
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