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MEMORANDUM

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FROM: Brian K. Bozzo *BKB*
Manager, Compliance and Enforcement
Utilities Division

2008 NOV 21 P 4:10

AZ CORP COMMISSION
DOCKET CONTROL

DATE: November 21, 2008

RE: ICR WATER USERS ASSOCIATION, INC. - COMPLIANCE REQUIREMENT
TRANSFER ISSUE OF WELLS FROM HARVARD SIMON I, LLC TO UTILITY
PER DECISION NO. 64360 (DOCKET NO. W-02824A-01-0450)

On January 15, 2002, the Arizona Corporation Commission ("Commission") issued Decision No. 64360, approving the application of ICR Water Users Association, Inc. ("ICR" or "Company") for an extension of its Certificate of Convenience and Necessity ("CC&N"), subject to several conditions. The Commission expressed concern regarding "the fact that ICR does not own or have its own production facilities". Therefore, one of the conditions under which the extension was granted was that ICR arrange to have Harvard Simon I, LLC ("Harvard") transfer to ICR "the wells which it has drilled for the purposes of providing water to the extension area". The Commission stated that the purpose of the transfer was "to ensure that the utility has adequate water for its customers and to ensure that they are not subject to relying for their water on a third party over which the Commission lacks jurisdiction." The decision did not specifically identify any particular well. All that is clear is that the Commission ordered that two wells should be transferred.

On March 7, 2003, the Company filed a document titled "ICR Water Users Association, Inc. Notice of Compliance" which purported compliance with the above requirement. This item was accepted by Staff at that time. However, an intervenor in the instant docket challenged that compliance. As a result, Staff re-evaluated ICR's previous compliance filing. As a result of that re-evaluation, on January 15, 2008, Staff docketed a memorandum of compliance stating that the March 7, 2003 filing "did not result in the timely transfer of two wells to ICR and therefore the Company did not achieve compliance", since the agreement submitted in the Company's compliance filing only resulted in the *immediate* transfer of one well.

In response to Staff's January filing, Harvard transferred a second well to ICR. Staff has reviewed the documents submitted by ICR which indicate that transfer was accomplished on May 21, 2008. Staff is now satisfied that ICR is in compliance with the requirements of Decision No. 64360.

EGJ:BKB:ihm

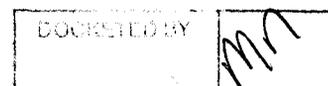
Originator: Brian K. Bozzo

Attachment

Arizona Corporation Commission

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SERVICE LIST FOR: ICR WATER USERS ASSOCIATION, INC.
DOCKET NO. W-02824A-01-0450

Mr. Robert Metli
SNELL & WILMER, LLP
One Arizona Center
Phoenix, Arizona 85004-2202
Attorney for ICR Water Users Association, Inc.

Mr. Robert Busch
ICR Water Users Association
Post Office Box 5669
Chino Valley, Arizona 86323

Mr. Dayne Taylor
13868 North Grey Bears Trail
Prescott, Arizona 86305-1516

Mr. Jay Shapiro
FENNEMORE CRAIG
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012-2913
Attorneys for Harvard Simon I, L.L.C.

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Janice M. Alward
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007