

ORIGINAL



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Arizona Corporation Commission
Mike Gleason, Chairman
William A. Mundell
Jeff Hatch-Miller
Kristan K. Mayes
Gary Pierce
Sarah N. Harpring

John Sears
Chairman-UCSA
Hillcrest Bay
Parcel 310-32-144

Docket No. E-01345A-07-0663
Docket No. T-01846b-07-0663

This is a rather late response to the letter to The Honorable Judge Sarah N. Harpring from Mr. Glenn Ecker Docketed on Oct 22, 2008.

Regarding the ACC amendment to the ROO of July 1, 2008, # 4, new petition.

In my response to the inquiry of Mr. Ecker concerning the effect of this new petition, my reply to Mr. Ecker was that the new petition was " advisory" and the the qualifying petitions for this project to go forward had been submitted to the utilities in 2007. Apparently Mr. Ecker's interpretation of my comment was that the petition was meaningless. I do not believe that the petition is meaningless, only that it is not in the same category as the original petitions that were required to meet a legal standard, and therefore qualify the UCSA to be brought to the ACC for approval.

Mr. Ecker believes that both sides to the project are not being presented.

The effort to advance this project is due to the owners by a large majority having petitioned for and therefore expecting that the USCA project be advanced by the HOA and implemented in a timely manner. Even so, some of the "other side" include the cost of the project, both long term financed and short term connection costs, the redesign of the overhead including the additional 42 poles to be placed in the streets. Verizon's position of retaining the poles and their lines as is. The temporary disruption to the community due to construction, electric panel conversion from overhead to underground feed and more, have all been mentioned, discussed and written about over time. Everyone who has followed along, will have understood the information presented as this project unfolded.

Please see the various letters of information sent to each owner over time. (attached)

Mr. Ecker is concerned about the square footage, not realizing that the property owned by La Paz County is eliminated under Section 30-346. This figure is 63.18%.

Mr. Ecker wonders why APS has a problem with rear feed poles and Verizon does not. I am not expert in this, however I believe that only APS reads meters for billing purposes, and therefore needs access. Verizon does not have meters to read.

Sincerely,

John Sears

AZ CORP COMMISSION

2008 DEC -14 10: 03

RECEIVED

Arizona Corporation Commission

DOCKETED

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DOCKETED

Attachments: (18)

Underground Utilities Project-----update-----February 22, 2005

As of February 22, 2005, the board has not received from Arizona Public Service the Engineering Plans that they are developing for us.

Once the Engineering Plans are completed and presented to the Board, the Board will be in a position to obtain estimates from APS approved contractors for trenching the streets, laying conduit and repairing the streets. Estimates for placing the power lines underground, installing transformers, connecting power to new street pedestals and removal of power poles and old meters will come from APS with the engineering plans. We will obtain estimates from Verizon for laying their telephone lines underground as well. With these estimates the process for creating an Underground Utilities District can begin.

These documents:

[1] the legal description of The Underground Utilities District, approved by the Board Of Supervisors.

[2] a Map of Hillcrest Bay, approved by the Board of Supervisors.

[3] a General Plan for the Project, with estimates will be attached to a: "PETITION REQUESTING ESTABLISHMENT OF AN UNDERGROUND UTILITIES DISTRICT"

This petition together with these attachments, will be circulated for signatures to authorize the formation of the District. A majority of owners, measured by property size, must approve the the District. If a majority of signatures is not received, the project ends.

This is the first step..... It is required by the county..... It does not authorize the construction.

If a majority of signatures is obtained, the petition is then submitted to the Board of Supervisors. The Supervisors will post and publish notices and hold public hearings. The Board of Supervisors may approve that the District be formed and order an election. Actual plans and specifications for the improvement must be filed after approval by the Supervisors and before the election. The county will mail ballots to all property owners. If a majority of voters approve both the formation and assessment, the District is formed.

The Improvement District, once formed, will seek financing through the bond market with the intention that the funding be repaid through property assessments.

Until the Petition is approved we cannot know if the funding is available, or the terms.

The cost of the project, the impact on taxes is not known.

We do not know the cost of reconnecting power to each home, which, will be separate from the District. The board members are working to find out what the improvement costs will be and will continue to forward information to you, as we learn.

Just like you, some board members are for this project, some against it and some want to find out more before deciding if this is the right improvement for Hillcrest Bay.

We ask for your support and patience as this process goes forward.

NOVEMBER 6, 2005

TO: HILLCREST BAY HOMEOWNER

FROM: HILLCREST BAY BOARD MEMBERS

PLEASE READ THE ATTACHED LETTER

CONCERNING THE

UNDERGROUND UTILITIES PROJECT.

THIS PETITION MOVES THE PROJECT TO THE
NEXT STEP.

PLEASE COMPLETE AND SIGN THE

ENCLOSED PETITION AND MAIL IT BACK IN

THE SELF ADDRESSED STAMPED ENVELOPE

AS SOON AS POSSIBLE.

On May 1st, 2006, as a result of the petitions that have been signed by the property owners of Hillcrest Bay and certified by LaPaz County, the LaPaz County Board of Supervisors unanimously approved the formation of The Hillcrest Bay Underground Utility District.

LaPaz County has ordered an election, by mail ballot on or about August 7th, 2006, of all property owners within the proposed district to decide if the old overhead power and telephone system will be converted to a new underground system.

The information within the ballot will include the cost of this project, calculated by the county, to each property owner.

LaPaz County will have oversight of this project. They will administer the funding and they will pay the contractors.

Neither the Hillcrest Bay Association nor members of the board will have access to the funds allotted for this project.

The board continues to work hard to get a quality project done at the best possible price, for all of us.

As previously stated, the costs to the property owners of Hillcrest Bay are for the labor to do the trenching, the conduit, the labor to install it and for new electric panels to replace, the old electric panels on each dwelling, where required.

Arizona Public Service is providing cable, labor, transmission boxes, transformers, pads, removal of telephone poles, etc. at no cost to the property owners, provided that this project is approved by the homeowners and provided that we do this project now.

Verizon has also committed to placing their service underground.....at no cost to the property owners.

As it stands today, and it will be firm by July 15th, 2006, the cost to us for this underground project is slightly less than \$2,000,000.00. We are still working on the cost of permits and bonding the project, as well as some additional evaluation. The final cost of the project may be just over \$2,000,000.00, we will see.

Of course if the property owners do not approve of this project at this time, the cost at a later date could easily be \$4,000,000.00 to \$6,000,000.00, or more.

We will remind you, but please watch for, vote and return the LaPaz County ballot that is expected to be mailed to you from the county August 7th, 2006 or so.

The ballot from the county will ask:

[1] Do you want the utilities placed underground?

[2] Are you willing to pay your proportionate share through your property taxes?
[The ballot will state the amount the county will assess each property].

A yes vote to #1 and a yes to #2 is required for the project to be approved.
Your ballot must be returned to the county within 30 days, for your vote to be counted.

John Sears....for the board
Questions? jlsears@cox.net

This is an important update. Please read it in its entirety. The underground project is moving forward, however the board will be using a new procedure. We will not be forming an underground utility district as has been anticipated. Therefore the voting on the formation of the district expected in August, will not take place.

Why?...Verizon has decided not to participate in this underground project. To quote Verizon, "At this time, it is our intention to leave our facilities in the air". "Funding is no longer available". When APS either goes underground or onto the streets with a new system and abandon's the existing poles, Verizon has the right to stay on the poles and in fact will own the poles.

How does this affect the underground project?...Unless we change our procedure we cannot go underground. Hillcrest will end up with old telephone lines on existing old poles as well as new [more] power poles in the streets as APS upgrades their overhead service.

So, what is the Hillcrest board doing to move this project forward?.....At the recommendation of Arizona Public Service and in accordance with La Paz County, we will do the following: We will change our procedure to "Article 6.1 Conversion of Overhead Electric and Communication Facilities", which is now available to Hillcrest Bay through the State of Arizona. This legislation mandates that the utilities comply with its provisions for placing the utilities underground. In time, with sufficient signatures, the State Corporation Commission will be petitioned to establish an underground conversion service for Hillcrest Bay.

How will this work?.....First the board will be collecting signatures on a "petition of owners for cost study establishing an underground service area". This petition does not create any obligation, nor does it approve the underground. Once 60% of the owner's signatures are collected on the first petition and submitted to the utilities, two important things will happen.

[1] Since these cost studies are mandated by Article 6.1 [as above], the utilities are required to fund the studies. Therefore, the \$28,000.00 that Hillcrest has previously advanced to APS for engineering plans will immediately be refunded to Hillcrest Bay.

[2] A summary of the individual cost to each lot for the conversion, must be mailed to every property owner, by the joint utilities, within 120 days after the petitions have been submitted to them.

What comes next?.....Within 90 days of the cost report, the board will present a second petition to the owners for their signatures, 60% must sign within this 90 day period. This petition will then be submitted to the utilities who are required to then petition the Corporation Commission for the "establishment of an underground conversion service area". There will be hearings on this matter. If we are successful all electrical and telephone lines will be placed underground and all of the poles will be removed. Hillcrest will not only have all new systems we all will have a much improved view. APS will fund the project over 15 years. There will be a window of 60 days in which it can be paid off.

If we are not successful in collecting the necessary signatures, the old poles, they are mostly 30 to 35 years old now, will remain with the old telephone lines attached and APS will in the near future put new power poles and lines in the streets. Hillcrest will be left with a maze of lines and poles.

The board appreciates your patience and once again asks for your support by signing both petitions when they are presented to you. The next yearly homeowners meeting will be Saturday, 9/23/2006.

John Sears.....for the board

Questions?..... jlsears@cox.net...or...714/838/1551



Hillcrest Bay, Inc.

UNDERGROUND UTILITY PROJECT

FEBRUARY 25, 2007

THE PETITIONS THAT WERE SIGNED BY THE HILLCREST OWNERS FOR THE UTILITY COMPANIES TO REMOVE THEIR TELEPHONE POLES AND TO LOCATE THE POWER AND TELEPHONE LINES UNDERGROUND AND BRING POWER TO EACH LOT, HAVE BEEN CERTIFIED. THE PROPORTIONATE COST TO EACH OWNER TO ACCOMPLISH THIS, WILL BE MAILED BY THE UTILITIES, TO EACH OWNER ON MARCH 21ST. 2007.

PLEASE WATCH FOR THIS APS AND VERIZON REPORT.

THIS COST, TO EACH OWNER CAN BE REPAID TO THE UTILITIES OVER A PERIOD OF UP TO 15 YEARS AT A RATE NOT TO EXCEED 8%, AS DETERMINED BY THE ARIZONA CORPORATION COMMISSION OR IT MAY BE PAID FOR UPON COMPLETION OF THE PROJECT. THE CONNECTION AND CONVERSION COSTS ARE SEPERATE AND ESTIMATES WILL COME WITH THE PETITIONS.

WITH EVERYONE'S CONTINUED SUPPORT THE EXISTING TELEPHONE POLES, POWER POLES, POWER AND TELEPHONE LINES WILL BE REMOVED. NO NEW POWER POLES WILL BE ERECTED. NO ADDITIONAL LINES WILL BE HUNG IN THE AIR. THE OVERHEAD SYSTEM WILL BE GONE.....OTHERWISE, OUR DEVELOPMENT WILL HAVE AN OVERHEAD UTILITY SYSTEM THAT WILL BE PATCHED UP BY ARIZONA PUBLIC SERVICE.

THE \$28,000.00 THAT HILLCREST BAY PAID TO APS FOR THE ENGINEERING PLANS FOR THIS PROJECT HAS BEEN RETURNED TO THE ASSOCIATION, AS PROMISED.

PETITIONS FOR THIS PROJECT TO CONTINUE, WITH ADDITIONAL INFORMATION, WILL BE MAILED AND/OR MADE AVAILABLE AFTER THE MARCH 21ST COST REPORT. PLEASE SIGN AND RETURN THE PETITIONS IMMEDIATELY AS THE ASSOCIATION HAS A DEADLINE OF JUNE 15TH, 2007 TO TURN IN THE PETITIONS. EACH SIGNED PETITION IS IMPORTANT AND NECESSARY TO COMPLETE THE PROJECT.

JUST A REMINDER:

ALL OF US TOGETHER WILL PAY TO PLACE THE UTILITIES UNDERGROUND NOW OR THE EXISTING TELEPHONE POLES AND LINES WILL REMAIN. IN ADDITION NEW APS POWER POLES WILL BE LOCATED ON MOST STREETS, WITH REPLACEMENT POWER LINES BROUGHT IN TO MOST OF OUR HOMES, FROM THE STREET.....IF THE UNDERGROUND CONVERSION IS NOT DONE NOW.....ALL OF THIS WILL BE WITH US FOR A LONG TIME.

JOHN SEARS
HILLCREST BAY HOMEOWNERS ASSOCIATION

QUESTIONS JLSEARS@COX.NET 714-838-1551

PROPOSED UNDERGROUND UTILITY PROJECT

7

The most frequently asked questions:

April 15, 2007

I received a letter from A P S. and Verizon for the underground project. I do not understand what the cost is for?

Answer:

APS and Verizon are splitting the trenching costs, public [in the street] and on private property [50/50]. Each number on the utility cost sheet that you received includes the cost for trenching and laying conduit in the public area [street] to your lot line, plus where appropriate, continuing on your property to your meter. [lot conversion]. The utilities will lay two separate conduit's in the trench 12" apart through which the copper cable will be pulled.

Please explain how I can understand the cost breakdown?

[Line 1] The first APS cost, the top number, is for their conduit and 50% of the street trenching, based on the sq. ft. of each lot. [APS has agreed not to charge Hillcrest for the copper cable, the cable pulling, the sweep to the lot line, transformers, labor, etc. This savings is a one time offer to the Hillcrest owners.]

[Line 2] This line is Verizon's 50% share of the street trenching, plus charges for their conduit and cable, labor to pull the cable, etc. Subtract Line 1 [50% APS trenching cost, etc.] from line 2, the difference is Verizon's charge for labor and material. [Unlike APS, Verizon is charging for this.]

[Line3] This cost is for APS trenching and laying conduit on your property from the street to your meter, as necessary.[No charge for labor or material].

[Line 4] This cost is Verizon's 50% share of the private property trenching cost, plus conduit cable and labor to get the phone lines from the street to your house, at the meter. Subtract Line 3 [50%, APS private property trenching] from line 4, Verizon's private property trenching and connection work, the difference will be Verizons cost for the telephone connection work.

All of these cost's include complete restoration of concrete, gravel, asphalt, earth compaction, etc. where trenching is done on either private or public property.

Could I be charged more?

The utility estimates are all on the high end and cannot be exceeded. The cost's are verifiable when the project is completed. Only actual work will be charged, so the cost could be lower....but can't be higher.

In addition will be the conversion cost from the meter to the house where needed. Each property has been individually evaluated and estimates mailed to you.

What else should I know?

The 2"conduit that Verizon will lay can be used for fiber optic installation, [television, computer and phone] when it becomes available.

The utilities will install their service to the meter or to the lot line of an undeveloped lot. The utilities are funding the project and only ask that the owners repay them over 10 or 15 years at a nominal rate of interest.

Since Verizon backed out of their agreement to the Homeowners, refused to cooperate, the association had to look to a new Arizona State statute, change format and start over. The district that Hillcrest had formed could not compel Verizon to participate in the project. Verizon was going to leave the poles up and their lines in the air. Verizon is now willing to go underground with an improved service.



Hillcrest Bay, Inc.

ENCLOSED IS AN AERIAL PHOTOGRAPH OF HILLCREST BAY, IN WHICH ALL OF THE TELEPHONE POLES, TELEPHONE LINES, AS WELL AS THE ELECTRIC LINES HAVE BEEN DIGITALLY REMOVED.

THIS IS THE WAY HILLCREST BAY WILL APPEAR ONCE THE PROPOSED UNDERGROUND PROJECT IS COMPLETED, IN A YEAR OR SO.

THE BOARD HOPES THAT YOU LIKE THIS PICTURE AND THANKS EACH OF YOU, WHO HAVE ALREADY RETURNED YOUR SIGNED PETITION.

EACH SIGNED PETITION IS A VERY IMPORTANT STEP TOWARD KEEPING THE PROPOSED UNDERGROUND PROJECT MOVING FORWARD.

IF YOU HAVE NOT AS YET RETURNED YOUR PETITION, WE ASK THAT YOU DO SO. THERE IS A DEADLINE, SOME 60 DAYS AWAY, BY WHICH WE MUST HAVE A SUFFICIENT NUMBER OF SIGNED PETITIONS TO SUBMIT TO THE UTILITIES, FOR APPROVAL.

MANY HAVE CALLED OR E-MAILED WITH QUESTIONS, WE ENCOURAGE YOU TO DO SO. WE WILL MAKE EVERY EFFORT TO ANSWER YOUR QUESTIONS.

Underground Utilities Chair

John Sears 714-838-1551

john.sears@hillcrestbay.com

Board Officers:

President Bob Strong 562-420-8118

tantenviro@aol.com

Vice President Dave Thomas 562-599-2882

haydavet@aol.com

Secretary Robyn Stein 714-289-8300

robyn.stein@hillcrestbay.com

Treasurer Jerry Bowe 928-667-2008

Member at large Carol Jones 714-670-1290

caroleajones@sbcglobal.net

Member at large Terry Bitrich 714-686-5659

billhunter@rraz.net

terry.bitrich@verizon.net

Permits Margaret Hokenson 928-667-3304

desertescort@netzero.com

Member at large Grace Babcock 562-947-6651

grace.babcock@hillcrestbay.com

Hillcrest Bay Estates, Web Page: <http://www.hillcrestbay.com>

UNDERGROUND UTILITY PROJECT

JUNE 6TH, 2007

LAST CHANCE:

AFTER ALMOST 3 YEARS OF MANY PEOPLE WORKING TO PUT THIS PROJECT TOGETHER, WELL OVER 50 % OF OWNERS HAVE PETITIONED FOR AND ARE WILLING TO PAY FOR THE COMPLETE REMOVAL OF ALL POLES AND LINES THAT CONTINUE TO MAKE HILLCREST BAY APPEAR AS A 1970'S MOBILE HOME PARK. PLACING THE NEW SYSTEMS UNDERGROUND WOULD DRAMATICALLY AND PERMANENTLY IMPROVE THE APPEARANCE AND VALUE OF HILLCREST.

HOWEVER IT TAKES 60% OF OWNERS WHO ACTUALLY SIGN AND RETURN THE PETITIONS TO GET THE UTILITIES TO DO THIS PROJECT.

WE ARE NOT THERE YET. JUNE 18TH, 2007 IS THE DEADLINE.

WE MUST HAVE 60% OF THE PETITIONS SIGNED AND IN OUR HANDS SO THAT THEY CAN BE TURNED IN BY JUNE 18TH, 2007 OR THE PROJECT IS DEAD. WITHOUT THE 60% THE PROJECT WILL BE CANCELED, PERMANENTLY.....IT WILL BE OUT OF OUR HANDS.

A.P.S. IN TIME, WILL THEN ADD 42 POLES & STRING MORE WIRES THROUGH THE HILLCREST BAY COMMUNITY. ACCORDING TO A.P.S. ALL OF THE EXISTING WOOD POLES AND WIRES WILL REMAIN.

IF YOU HAVE BEEN SITTING ON THE FENCE ON THIS OR JUST FAILED TO RETURN THE PETITION, THERE IS JUST ONE WEEK TO DO SO. YOUR SIGNED PETITION IS VERY IMPORTANT AND MAY WELL MAKE THE DIFFERENCE IN THIS MOST IMPORTANT AND WORTHY PROJECT. PLEASE CONSIDER BEAUTIFYING YOUR PROPERTY AND THE COMMUNITY OF HILLCREST BAY BY RETURNING YOUR SIGNED PETITION, TODAY.....THANK YOU

IF YOU NEED A PETITION; jlsears@cox.net 714 838 1551

UNDERGROUND INFORMATION POINTS

- [1] Be pleasant, be friendly. Put this information in your own words. Use only what you need.
- [2] State why we are calling....for Hillcrest to obtain new utility systems, means better service, cleaner streets, [free of telephone poles], a better view, improved property values and saleability.
- [3] All of the lines and the ugly telephone poles would be gone forever.
- [4] We need everyone's signed petition returned as soon as possible. Ask for the petition to be returned.
- [5] Great opportunity. The utilities are funding the money [for a project like this, they usually do not].
- [6] Our pay back will not start until the project is completed [at least a year, perhaps two years from now].
- [7] All of the estimates are deliberately set on the high side. They cannot be higher. Only the actual work performed will be charged to the owner, so the cost could be lower than stated.
- [8] It can never be cheaper to do this large and important project. We do it now or it will not be possible in the future. [why?] If this project does not go forward, A.P.S. will invest in redesigning the overhead wire system to make it safer for all of us and easier for them to service. To do the project at some later date Hillcrest would not only pay the entire cost to go underground. [we would have to pay A.P.S. for all of the labor and materials, a cost that we are not now paying], we would have to reimburse A.P.S. for labor and materials spent fixing our overhead system, the entire value and then pay A.P.S. to take all of it down.
- [9] It only makes sense to do it while we have a chance.
- [10] If the owners do not support this project we will have all of the existing poles and overhead lines, front and back of our properties, plus a scheduled 42 more poles in our streets.
- [11] [question] The poles do not bother me. [answer] Even so, the system is old and needs to be replaced.
- [12] [question] Why does it cost so much? [answer] copper and especially labor are very expensive.[or] It can only cost more later. [or] All of our properties have increased in value way more than anyone expected.
- [13] [statement] I do not have a view, this only benefits those with a view. [answer] This is a good investment in all of our properties and it will benefit everyone.
- [14] [statement] I cannot afford the conversion cost. [answer] Some owners who can do this work have already offered to help some who cannot afford it. We hope that this good will expands to everyone in need.
- [15] What if the owner no longer has the petition? Offer to send them another petition, with a stamped envelope, if they will promise you to sign and return it.
- [16] Good response, bad response, it does not matter. Thank each person for their time. You represent the Board.
- [17] Unanswered questions get a name, number and the question. John will call them with an answer.



PROPOSED UNDERGROUND UTILITY PROJECT

JULY 17TH, 2007

ON JUNE 18TH, AFTER A FLURRY OF LAST MINUTE SIGNED PETITIONS SUPPORTING THIS PROJECT, WERE RETURNED, 108 PETITIONS REPRESENTING 153 OWNERS WERE TURNED IN TO APS, WHO THEN TOOK THEM TO THE LA PAZ COUNTY ASSESSORS OFFICE TO BE REVIEWED. THE VALIDATION PROCESS TOOK TWO WEEKS. ONLY ONE SIGNATURE WAS REJECTED, THIS DUE TO A CHANGE OF OWNERSHIP.

THE STATES REQUIREMENT OF 60% OF OWNERS SIGNING AND TURNING IN PETITIONS TO MOVE THIS PROJECT FORWARD, WAS EXCEEDED BY A CONSIDERABLE AMOUNT.

THE NEXT STEP, WITHIN 60 DAYS, IS A REQUEST TO THE CORPORATION COMMISSION OF THE STATE OF ARIZONA FOR THE ESTABLISHMENT OF AN "UNDERGROUND CONVERSION SERVICE AREA" AND THE REQUIRED PUBLIC HEARINGS THAT WILL FOLLOW.

WE THANK THE PREPONDERANCE OF OWNERS WHO ACTUALLY SIGNED AND RETURNED THEIR PETITION SUPPORTING THIS PROJECT AND UNDERSTOOD THAT THIS IS A ONE TIME OPPORTUNITY TO BURY THE UGLY EYESORE OF OVERHEAD WIRES AND LONG LASTING TELEPHONE POLES, AT THE LOWEST POSSIBLE COST. WE ALSO THANK EVERYONE WHO DID NOT SIGN THE PETITION, BUT WHO SAID THAT THEY WOULD SUPPORT THE PROJECT IF IT WAS APPROVED BY THE MAJORITY.

CONTARY TO WHAT "A CONCERNED HOMEOWNER" STATED IN A RECENT LETTER. THE 42 APS POLES THAT WILL BE INSTALLED, IF THE OVERHEAD WERE TO REMAIN AND BE REDESIGNED, ARE NOT REPLACEMENTS FOR EXISTING POLES. THE 42 NEW POWER POLES ARE IN ADDITION TO THE EXISTING POLES AND THEY WILL BE PLACED IN THE STREETS. AT THE NEXT TWO HOMEOWNERS MEETINGS AT HILLCREST, JULY AND AUGUST, AN APS ENGINEERING PLAN OF THESE POLES WILL BE AVAILABLE TO ANYONE INTERESTED. IT SHOWS THE NUMBER OF POLES [42], AND THE PLANNED LOCATION OF THESE POLES IN THE STREETS, PERHAPS EVEN IN FRONT OF YOUR PROPERTY. IF YOU ARE UNABLE TO ATTEND A MONTHLY MEETING AND YOU CARE TO REVIEW THIS PLAN, YOU MAY CALL ME AT 714 8381551 OR 928 667 4161. WHEN I AM AT HILLCREST OR IN ORANGE COUNTY. I WILL MAKE ARRAIGNMENTS FOR YOU TO REVIEW THIS APS POWER POLE DRAWING.

SOME WILL TRY TO UNDERMINE THE UNDERGROUND UTILITY PROJECT, EVEN THOUGH IT WILL DRAMATICLY IMPROVE HILLCREST BAY, PREFERRING INSTEAD TO LEAVE THE OVERHEAD UP AND IN THE AIR FOREVER. THE CONTINUED SUPPORT OF ALL PETITIONERS WILL BE NECESSARY, IF THIS PROJECT IS TO GO FORWARD AND SUCCEED.

NEW OWNERS.....SINCE THIS PROJECT BEGAN IN LATE 2004, HILLCREST BAY HAS MANY NEW OWNERS. ATTACHED IS AN EXPLANATION FROM 2/2005 AS TO WHY THIS PROJECT WAS UNDERTAKEN. IT MAY SERVE AS A REMINDER FOR ALL OF US, AS WELL.....THANK YOU.

JOHN SEARS.....FOR THE BOARD
QUESTIONS?.....JLSEARS@COX.NET

Hillcrest Bay Homeowners meeting October 20th, 2007

Address: John Sears, Underground Utility Chairman

Good Morning!

Three years ago the Arizona Republic newspaper featured an article about four communities, in the greater Phoenix area, who had elected to pay to remove their overhead utilities and enhance their communities by putting in new underground systems.

Mindful then, as we are today, of our aging and dangerous overhead system. [Our 30 year old wooden telephone poles, now falling into the streets, and the maze of clustered power and phone lines over our homes, our streets and ourselves], we wondered if Hillcrest Bay could make this same improvement.

So we asked ourselves this question:

What would it take for the owners of Hillcrest Bay to completely remove this problem overhead system, remove it, and place new utilities underground, as other communities have done, to be safer and to improve their properties?

To answer that question we began by discussing this with our County Supervisor. We discussed this with the management of Arizona Public Service and Verizon. We hired a very experienced energy consultant, Alex Romero, who has been involved with major projects all over the southwest. [Alex was in New Orleans after Katrina, with the Army Corp of Engineers.] We took his advice and brought trenching contractors and electrical contractors to Hillcrest Bay for evaluation of the project. We worked with the county inspector and engineers from APS, Verizon and more.

During this three years, we asked you the owners, by way of petition, what you wanted us to do? Three separate petitions were sent to you.

The 1st petition asked: In order to proceed, should Hillcrest Bay form an Underground Utility District?

The majority of you said yes.

The 2nd petition asked: Should the cost for an under ground utility system, be determined?

The majority of you said yes and that was done.

The last of the three petitions asked this question: Do you want the utilities put underground? Are you willing to pay your share to do so?

A large majority, over 60% of you, said yes!

In addition, some owners who were reluctant to sign the last petition, said they would support the project, if the majority supported it, or said that it would be a

1] WHY ARE SOME OWNERS PAYING AS LITTLTE AS \$5000.00 AND SOME \$30,000.00?

ANSWER: ACCORDING TO SWORN TESTIMONY AT THE JANUARY 12TH, 2008 ARIZONA CORPORATION COMMISSION HEARINGS " THE SIZE OF THE PRIVATE COSTS WOULD DEPEND UPON THE AMOUNT OF WORK THAT IS REQUIRED. IT COULD BE IMPACTED BY THE LENGTH OF THE TRENCH IF A TRENCH IS REQUIRED IT COULD BE IMPACTED BY WHETHER OR NOT CONCRETE OR ASPHALT THAT HAS TO BE CUT THROUGH AND RESTORED. IT COULD BE IMPACTED BY WHETHER OR NOT A SERVICE PANEL NEEDS TO BE UPGRADED OR REPLACED". THE LONGER THE TRENCH THE GREATER THE COST. THE AVERAGE MAY BE 50 ' THE LOT WITH THE HIGHEST COST HAS 270' TO TRENCH. IF THE LOT SIZE IS LARGER, IT COSTS MORE.

[2] WHY NOT CHARGE EQUALLY FOR EACH LOT?

ANSWER: THE STATE LEGISLATORS DETERMINED THAT SQ FOOTAGE WAS A FAIR WAY TO APPORTION THE COST. THIS WAY THE SMALLER LOTS ARE NOT PAYING PART OF THE LARGER LOT COSTS.

[3] IS THERE AN ADDITIONAL \$928,000.00 COST.

ANSWER: NO

IN SWORN TESTIMONY, THIS WAS CLEARED UP AS A TYPO, AT THE HEARING.

[4] WHAT ARE THE COSTS? HAVE THEY CHANGED?

ANSWER: THE COSTS HAVE NOT CHANGED.

AS STATED IN THE LETTER ATTACHED TO THE PETITION OF MARCH 24, 2007. THE COST IS \$2,008,005.23 TOTAL.....BOTH UTILITIES, TRENCHING, CONDUIT, ETC. THE COST IS 902,527.50 TOTALFOR ALL CONVERSION CONNECTIONS. ; FROM THE METER TO THE DWELLING PANEL AND RELATED COSTS. PLEASE SEE THE ATTACHMENT. IN SWORN TESTIMONY APS WILL OBTAIN NEW BIDS IN AN ATTEMPT TO LOWER THESE CAN'T BE EXCEEDED COSTS. THE CONVERSION COSTS ARE OPEN TO ANY OWNER TO DO THE WORK THEMSELVES OR OBTAIN A LOWER COST FROM ANY QUALIFIED CONTRACTOR. AN UNIMPROVED LOT ONLY HAS BASIC TRENCHING COSTS, ETC. TO THE LOT LINE. NOTHING FURTHER.

[5] WILL THERE NOT BE STREET LIGHTS?

ANSWER; THIS HAS NOT BEEN DECIDED AS YET AND WE WILL ASK FOR IMPUT ON THIS FROM THE OWNERS. THE OPTIONS ARE NO LIGHTS, NEW METAL POLES FOR THE EXISTING LIGHTS OR MORE LIGHTS LOCATED THROUGHOUT. IT WOULD BE TO THE ADVANTAGE OF HILLCREST BAY OWNERS TO SET UP A LIGHTING DISTRICT IN THE FUTURE FOR LOWER RATES.

AT THE SUNDAY FEBURARY 17TH HOMEOWNERS MEETING, A TRANSCRIPT OF THE COMMISSION HEARING WILL BE AVAILABLE FOR REVIEW.

THE OPPORTUNITY TO DRAMATICLY IMPROVE HILLCREST BAY IS HERE NOW, IT WILL NOT COME AGAIN ANYTIME SOON AND NEVER AT THIS PRICE. APS IS CONTRIBUTING \$327,000 FOR THIS PROJECT. IT DESERVES YOUR CONTINUED SUPPORT. THANK YOU.





