

W-02824A-07-0388



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ORIGINAL

ARIZONA CORPORATION COMMIS.
UTILITY COMPLAINT FORM

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CO

Investigator: Trish Meeter

Phone: [REDACTED]

Fax: [REDACTED]

Priority: Respond Within Five Days

Opinion No. 2009 77445

Date: 3/11/2009

Complaint Description: 08A Rate Case Items - Opposed
N/A Not Applicable

Complaint By: First: Jerome Last: Reid

Account Name: Jerome Reid

Home: [REDACTED]

Street: [REDACTED]

Work: Arizona Corporation Commission
DOCKETED

City: Prescott

CBR:

State: AZ Zip: 86305

is:

MAR 18 2009

Utility Company: ICR Water Users Association

DOCKETED BY [Signature]

Division: Water

Contact Name: [REDACTED]

Contact Phone: [REDACTED]

Nature of Complaint:

3/9 REC'VD THROUGH CHAIRMAN MAYES' OFFICE DOCKET NO. W-02824A-07-0388

From: Jerome Reid [mailto:[REDACTED]]
Sent: Thursday, March 05, 2009 10:26 AM
To: Mayes-WebEmail; Newman-Web; Pierce-Web; Kennedy-Web; Stump-Web
Subject: ICR Water Users Association - Complaint

RECEIVED
2009 MAR 13 P 3:00
AZ CORP COMMISSION
DOCKET CONTROL

Dear Chairman Mayes and Commissioners Newman, Pierce, Kennedy, and Stump:

The purpose of this "Complaint" is to bring to your attention certain actions of the Board of Directors of the ICR Water Users Association ("ICRWUA" or "Company") that violate Arizona statutes governing the conduct of Directors of not-for-profit corporations, Company bylaws, and/or prudent business practices. The issues raised in this Complaint involve the judgment, decision making, and conduct of former Directors and current Directors Hugh Pryor, Shirley Lilien, Hal Lobaugh, and William Meyer. In addition, I specifically request that you refer this Complaint to the appropriate personnel in the AZ Attorney General's Office for follow-up and action. The violations described below are unequivocal, egregious, and ongoing.

After failing to obtain any satisfactory response from the Board of Directors, this complaint is being filed to insure that these violations are brought to the attention of the appropriate state regulatory authorities for resolution. The Member/Owners of ICRWUA must rely on the AZ Corporation Commission and the Attorney General's Office to enforce the law and stop the ICRWUA Board of Directors from simply making up the rules as

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they go, which is what the Company Board has been doing for several years now, to the detriment of the Company and its Member/Owners.

Complaints

1. In all Board elections since 2005, including that in December 2008 and the re-vote in January, I have been denied a ballot to vote in violation of the ICRWUA bylaws. The Company Bylaws state at Article VI, §1, in pertinent part: "Each property owner in the ICR Water Users Association franchise with a fully funded membership shall, upon connection, have one (1) membership. Each member will have one (1) vote for each such connection" My ownership of ICR Lot 327 with a meter connected to it was determined by the Board to be inadequate to support a vote because their "policy" (see #6 below) requires monthly billings for a meter to support a vote. This contravenes the clear language of the Company Bylaws.

2. The Board consistently publishes incomplete and inaccurate versions of its regular Board meetings. In addition, the Board fails to record and publish minutes of unscheduled "special" Board meetings. This conduct violates A.R.S. §10-11601.A.

3. The Board employs a local company ("MDI") to provide bookkeeping and tax services. The Board also contracts with MDI for an employee of MDI, Robert Busch, to perform part-time business management services for the Company. This is a textbook case of conflict of interest on the part of the Business Manager and the Board of Directors, which the Company Board of Directors refuses to acknowledge or remedy.

4. There appear to be no internal controls applicable to the Company's part-time Business Manager, Robert Busch, which is generally recognized as an imprudent business practice. The Board appears to let him sign checks without requiring a "counter signature" from someone on the Board. This arrangement raises a question about the role of the Treasurer, who is charged by the Company bylaws with many of the tasks and responsibilities being performed by the Company's part-time Business Manager under the direction of the Company's President and Board Member, Hugh Pryor. This arrangement is in direct conflict with the Company's bylaws relating to the duties and responsibilities of the Treasurer.

5. The Company Board has failed to provide copies, as required by A.R.S. §10-11602, of the Company records they are required to keep by A.R.S. §10-11601, Subsection E. Several Member/Owners, including me, submitted formal requests for such information dated September 9 and 16, 2008 pursuant to A.R.S. §10-11602 and did not receive copies of the records requested.

6. The Board has cited "Company policy" in many contexts, yet they have refused to produce any Company policies reduced to writing and proof that these policies were adopted by the Board in the ordinary course per A.R.S. §10-11601.

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7. The Board and the Secretary/Treasurer have failed to comply with A.R.S. §10-3720.A. and Company Bylaws Article V, Section 1 by not providing to Member/Owners 7 days prior to a Board election certain information relating to members.

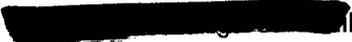
8. The Board does not keep Company records at the Company's "place of business" registered with the ACC in violation of A.R.S. §10-11601.E. In addition, the staff at MDI has failed to permit Member/Owners access to Company records that they keep.

9. The Board dismissed as meeting recorder a resident of the service area who had agreed to record and transcribe meetings on a volunteer basis. The Board hired a recorder who performed her services for a single meeting and quit. At the last meeting of the Board, February 24, the resident/owners who asked were told that the part-time Business Manager, Robert Busch, was recording the meeting and would produce the meeting minutes. This further highlights the conflict of interest described in #3 above.

A majority of the Member/Owners of the Company are dissatisfied with the conduct of this and several previous Boards. The underlying issue is the commitment of a majority of these Boards to promoting and protecting the interests of Harvard Investments, the developer of the Talking Rock Ranch subdivision. Talking Rock Ranch was annexed to the Company's service area pursuant to a Main Extension Agreement conditionally approved in Commission Order 64360. We have attempted to resolve many of these issues with past and current Boards of Directors, but they refuse to even acknowledge, much less resolve, any of them.

Respectfully submitted,

Jerome "Skip" Reid


Prescott, AZ 86305


End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

9/10

Customer contacted and advised that comments would be docketed, sent to the office of the Attorney General per his request and sent to the company for response. (See Complaint No. 77405)

End of Comments

Date Completed: 3/11/2009

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