

ORIGINAL

OPEN MEETING AGENDA ITEM
BEFORE THE ARIZONA CORPORATION COMMISSION



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Arizona Corporation Commission

DOCKETED

MAR 25 2010

KRISTIN K. MAYES, chairman
Commissioners,
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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AZ CORP COMMISSION
DOCKET CONTROL

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Exceptions

EXCEPTION

DOCKET Nos. E-01345A-07-0663
T-01846B-07-0663

Page 7 at 13

The public costs must be apportioned among the owners on the basis of relative size of each parcel ARS 40-347 (B)

Tades Inc. public cost estimates using square feet per parcel complied with this provision. In the estimates for each private cost, Tades, Inc used linear feet.

Page 14 at 40, 41 also:

Page 18 at 55

APS and Verizon excluded La Paz County from the estimated costs mailing.

APS and Verizon excluded La Paz County from the joint report mailing.

APS and Verizon excluded La Paz County from notice of the hearing date.

By this action, APS and Verizon verified HBI's position that the La Paz County parcel 310-32-274 was excluded from the UCSA. As such the over 40,000 square feet of this parcel could not be included or counted against the required square footage minimum of 60%. We believe that that this parcel has been included in some calculations. 274 is an unbuildable parcel.

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"APS and Verizon are required to work together with the owners to determine whether a mutually beneficial, economically feasible plan to underground the lines in Hillcrest Bay could be created".

Since July 3, 2008 Verizon and APS pretty much ignored this order. No attempt was made by either utility to engage HBI in even one discussion offering ideas or making suggestions on how to accomplish a feasible underground plan.

Page 58 at 4

The eventual installation of approximately 42 additional poles.

I posted a letter with pictures to eDOCKET, February 5th, 2010 calling to the Commissions attention that standing alone, 42 poles cannot connect power to any dwelling. It appears on inspection that secondary poles will be required behind many (our count is 58) homes that have rear meters. These meters are now connected through lines from rear easements to an overhead riser. Secondary poles are not shown in APS Overhead Redesign Plans. It was concerned owners who became aware of this possibility and alerted HBI. If this is the case and we believe that it is. Hillcrest Bay is facing not only 68 or 69 aging poles, plus the often mentioned 42 poles in our streets. Now, at a very late date we learn that perhaps as many as 58, maybe more secondary poles will go along with the 42 as well as new power lines crossing our streets and hanging over private property to reach secondary poles. A possible 170 or more poles for 238 parcels is not a good solution and at best this is a piece meal effort not worthy of this beautiful location.

HBI views all of these past and future piecemeal repairs as a detriment, one having a permanent

negative impact on the community and increasing the potential for economic obsolescence. Under grounding and replacing this aging system is the sensible short term and long term answer.

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The private cost estimates are not fixed. Each owner can obtain their own contractor or if qualified, do the work themselves as some have indicated they will. All properties built or rebuilt, as some have been since these estimates were produced have been required to underground their meter and panel connections. Therefore the total cost will be less than stated in these estimates as these properties have already paid for the private cost. As to the high mark of \$32,480.22, to be fair one should also note that Tades, Inc estimate for 310-32-34A, the same parcel is \$17,099.35 including both public and private costs. The owner of this parcel supported the UCSA, even at the higher cost.

Page 62 at 186

The recession.

This country has been in recessions before and has recovered. This recession is no different, we are on the way to recovery, though slowly. Recently three homes have sold in Hillcrest Bay. The government has put into place programs that are helping in the economy. The American people are resourceful. The UCSA costs to anyone will not take place for well over a year after it is approved. Late 2011 or even into 2012 is the earliest that these cost would occur. Except for very low HOA dues, no owner has been required to pay anything for this project that began in 2005, giving everyone time to plan and/or save for it.

Page 62 at 187

The costs of the conversion.

One only needs to consider the obvious additional cost to do this project in five or more years. Interest rates are low now, but this will not last indefinitely. The current prime rate is 3.25%. The public area repayment to the PSC according to BankRate.com for \$5000.00 projected to be 5%, over 15 years is just \$39.54 a month. At 8% the payment is \$47.78. When factoring in the APS offset of \$327,000.00 and not having to repay the increased book value for a future UCSA after a designed overhead system is in, the savings to HBI owners today is \$654,000.00. HBI has also shown the public costs can be significantly less than the original high cost estimates provided by Verizon and APS. Tades has submitted an estimate \$665,000.00 lower than the PSC's contractor. Just counting these two items totaling \$1,319,000.00, together with doing this project now saves the owners a substantial sum, while improving Hillcrest Bay in a dramatic manner for the future. It can never be less expensive.

We know that some owners would prefer to keep Hillcrest Bay in the 70's. Even so.....

This is a careful, efficient and prudent use of resources for the owners.

Respectfully, I urge the Commission to approve this timely and very worthwhile project.


John Sears,

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