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October 14, 1999

VIA FACSIMILE & U.S. MAIL

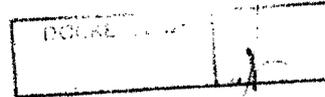
Ms. Deborah R. Scott
Director, Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Arizona Corporation Commission

DOCKETED

OCT 15 1999

Re: **Vail Water Company**
(Docket No. W-0165B-99-0351;
Docket No. W-0165A-99-0406; and
Docket No. W-0165B-99-0018)



Dear Ms. Scott:

This letter is occasioned by the recent exchange of pleadings between the Commission Staff and Vail Water Company ("Company") in Docket No. W-0165B-99-0351 ("Financing Docket") and Docket No. W-0165A-99-0406 ("Rate Increase Docket") in connection with the Staff's Motion to Consolidate. I represent Moshe Gedalia who (i) has an ownership interest in approximately 300 platted residential lots in Company's current certificated service area, and (ii) is a principal in Treasure Group, Inc., which owns a 20-acre parcel which may be added to Company's water service area as a result of Docket No. W-0165B-99-0018 ("Certificate Docket").

By way of background, Treasure Group, Inc. is an intervenor of record in the Certificate Docket. At one time, that proceeding and the Rate Increase Docket were consolidated, and Treasure Group, Inc. was added to the service list for the latter proceeding. When the Staff moved to consolidate the Financing Docket with the Rate Increase Docket, Treasure Group, Inc. became the recipient of all pleadings subsequently served in those two dockets, despite the fact it had not sought to intervene in either.

However, Mr. Gedalia is a prospective customer of Company with regard to the 300 lots which are located within its current certificated service area. In fact, he anticipates he and Company will be seeking Commission approval of certain water service agreements relating to those lots within the

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next month or two. In addition, he and his wife will be acquiring the aforesaid 20-acre parcel next week, and executing the documents necessary to have it included within Company's proposed expansion of its service area. As a consequence, Mr. Gedalia has a direct and substantial interest in any Commission actions which bear upon the ability of Company to respond to requests for water service in a timely manner.

Neither Mr. Gedalia nor the undersigned is conversant with WIFA financing activities and requirements. Thus, we are not in a position to conclude whether or not Company's description of the potential detrimental effect of Staff's Motion to Consolidate on Company's WIFA Financing Application is accurate and complete, nor not. But, if it is a correct characterization, then both Mr. Gedalia and I are concerned as to potential ramifications of a delay in Commission consideration of the Financing Docket upon Company's ability to respond to Mr. Gedalia's requests for water service to his properties during the next few months.

Accordingly, we are asking that the Staff give careful consideration as to whether the consolidation currently being requested is absolutely necessary in light of the concerns expressed by Company in its October 12, 1999 Reply to Motion to Consolidate. We are not presuming to second guess the Staff, rather simply to raise the question for its renewed consideration in light of Company's most recent representations.

Sincerely,



Lawrence V. Robertson, Jr.

LVR:dvw

Original and ten copies of the foregoing mailed this 14th day of October, 1999 to:

Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

A copy of the foregoing faxed this 14th day of October, 1999 to:

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