



0000128831

SALLQUIST & DRUMMOND, P.C.
ATTORNEYS AT LAW
2525 EAST ARIZONA BILTMORE CIRCLE
SUITE 117
PHOENIX, ARIZONA 85016-2129

RECEIVED

2000 MAR 27 PM 3:31
PHONE (602) 224-9222
FACSIMILE (602) 224-9366
E-MAIL sallquist@sdllaw.com
TEXT CONTROL

RICHARD L. SALLQUIST

March 24, 2000

FAX: 520-628-6559

Jane Rodda
Hearing Officer
Arizona Corporation Commission
400 W. Congress
Tucson, AZ 85701

W-01651B-99-0351

W-01651B-99-0406

Re: Vail Water Company Docket No. V-01651-99-0351 & 0406

Dear Ms. Rodda:

We are in receipt of correspondence from Intervenor Gadalia, dated March 22, 2000. We were not aware that arguments were to be presented prior to the opportunity to file Exceptions on the Recommended Order. However, because Mr. Robertson has raised this issue, we believe we are obligated to respond.

The issue raised by the Intervenor was discussed at length during the hearing, and as you may recall, was the subject of late filed exhibits requested by your Honor. The Applicant believes the record on this matter is clear. In the event you determine portions of the facilities included in the WIFA Financing package were authorized to be financed by other fees pursuant to the Company's most recent certificate extension, the Company has identified "substitute" projects that may be included in the financing authorization.

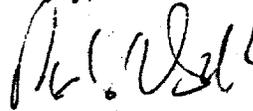
Greg Swartz, the Director of WIFA, testified that alternative projects would be acceptable to WIFA. A detailed explanation of the substitute projects was provided to WIFA and Commission's Engineering Division on February 22, 2000, with a transmittal to you on February 24, 2000. The Commission's Staff Engineer, John Chelus, filed correspondence in this Docket on February 29 and March 2, 2000 concluding that those were appropriate projects.

The Company is certainly not attempting to charge the Intervenor, or anyone, "twice or more" for the facilities. I should point out that even if the subject facilities were funded by contributions and by debt, there would be no double charge to the developer/Intervenor.

Jane Rodda
March 24, 2000
Page 2

Based upon the record in this proceeding, including the late filed exhibits regarding WIFA projects, the Applicant requests that the Hearing Officer recommend the rates and financing as requested by the Applicant.

Sincerely,



Richard L. Sallquist
For the Firm

Enclosures

cc: Docket Control (11 copies)
Robert Metli
Lawrence V. Robertson
Christopher T. Volpe
Ronald L. Kozoman