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GREAT PRAIRIE OASIS LLC dba
SUNLAND WATER COMPANY
7502 E. Hazelwood Street
Scottsdale, AZ 85251



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AZ CORP COMMISSION
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May 6, 2012

Arizona Corporation Commission
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Arizona Corporation Commission
DOCKETED
JUN 05 2012

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JM

**RESPONSE TO STAFF REPORT FOR DOCKET
NO. W-04015A-12-0050
AS COMBINED WITH NO. W-04015A-12-0051**

Great Prairie Oasis LLC dba Sunland Water Company ("Sunland") hereby submits its response to the Staff Report filed May 21, 2012.

- Base Rate: The Staff recommended a base rate for non-water use of \$14.00 per month based on the staff's reduction of \$14,000 to repairs expense incurred in the Test Year. Sunland requests that the commission reconsider the staff's findings and implement a base rate of a minimum of \$20 per month.

The Staff's suggested base rate is based on projected repairs for Sunland's system of only \$200 per month. Sunland's transmission lines were installed in 1979, and break constantly. Sunland needs at least \$350 per month allocated to repairs, if it is going to keep the system free of leaks and not accumulate repairs which will result in wasted water.

The Staff projections of cash flow, after reducing repairs by \$14,000, project a \$2,000 annual positive cash flow based on \$2,400 in annual repairs. Sunland, in addition to objecting to the reduction in repair costs, anticipates costs resulting from the operation of a second well in 2012. In April 2012, Sunland's insurance carrier advised that the insurance premium will be increased by \$1,800 annually when the second well begins operations in late 2012 or early 2013. The insurance carrier is underwriting the second well as a separate risk regardless of the blending plan and single source usage. Our insurance agent did not anticipate that the second well would be underwritten in this manner. The agent was able to get the insurance carrier to postpone this increase in premium until the second well is actually in use.

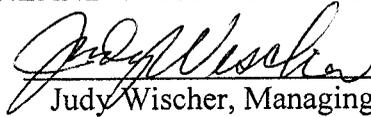
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We also anticipate additional expenses in 2012-2015 for postage rate changes, office supplies, security costs covering both well sites, increase in monthly purchased power to operate the additional pumps for the blending plan, real estate and personal property taxes based on the increased value of the improvements installed for the arsenic remediation. Sunland request the Commission to grant at a minimum a base rate of \$20 per month to cover these rising expenses.

- **Financing Application & Surcharge:** Sunland requests an expansion of the language utilized in any ruling in regards to the financing application-- to allow for financing from sources other than (and including WIFA) on terms comparable to WIFA's. Sunland anticipates that WIFA may decline its loan application due to the lack of projected debt service coverage resulting from the Staff's proposed surcharge.

GREAT PRAIRIE OASIS dba
SUNLAND WATER COMPANY

By:



Judy Wischer, Managing Member