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Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

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November 12, 2007

AZ CORP COMMISSION
DOCUMENT CONTROL

RE: Docket # W-03263A-07-0244, Diamond Valley Water District to acquire assets of Diamond Valley Water Users Corporation.

My property lies in the area that is supposedly outside the boundaries of the water district of Diamond Valley Water Users Corporation. Since July 2003, I have been receiving water service from Diamond Valley Water Users Corporation. Also, it is my understanding that this Water District has many problems and new Management/Ownership is being reviewed.

History: In the 3rd and 4th quarter of 2002, after consulting several adjacent neighbors, I took on the task of seeking an Main Line Extension that stopped at pavement end, on North Opal Drive, Yavapi County. This extension sought, was intended to serve 8 contiguous properties from that Main Line. I contacted Doug Rutherford (Diamond Valley Water Users Corp) and I was referred to the Arizona Corporation Commission. Next, I met with Joan Ruf (AZ Corporation Commission) to determine the Commission requirements for this extension to transpire. Joan referenced my request to "Arizona Administrative Code, Title 14, Ch. 2, R14-2-402, paragraph C, "Additions/extensions to outside Certificates of Convenience and Necessity", of March 31, 2001. After a significant task of trying to satisfy the requirements of set forth by Diamond Valley Water Users Corporation and the Arizona Corporation Commission, there was one critical issue that needed resolution. Joan told me that the Arizona Corporation Commission records indicated that the parcels in the requested extended area were within the boundaries of Prescott Valley's water service area. In-order for the Arizona Corporation Commission to approve the extension, a release was required from Prescott Valley. On November 14, 2002, I received the requested release from Larry Tarkowski (Contract Officer) and Ivan Legler (PV Water Company/District Legal Counsel) of Prescott Valley. I presented this release to Joan Ruf. She then approved the extension and notified Diamond Valley Water Users Corporation to allow the extension. A independent contractor was hired by the property owners to extend the Main Water Line (Cost \$15,231.02). This extension was specified by Doug Rutherford, installed according to the requirements of Doug Rutherford and inspected/approved by Doug Rutherford of Diamond Valley Water Users Corporation.

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Questions:

- In recent conversations with representatives of Diamond Valley Water District, it was my understanding that the parcels included in our water line extension, were not considered a part of the Water District but, were going to be included into the Water District. Is this correct? Didn't my previous action guarantee the inclusion into the Water District?
- I understand that the existing Water District has numerous mechanical problems, eg: broken water lines, poorly maintained and faulty equipment. Also, it is my understanding that there is a significant unaccountable water loss.

What concerns me, is the cost's to make reasonable and customary repairs to improve this district. If this newly formed organization takes ownership, do they have any regulatory price control? If not, how will customer monthly charges be determined? Is there any recourse if charges are considered unreasonable?

- Is there a Diamond Valley Water District business plan, procedure manual, operation manual or policy manual that include customer rate schedule, that is available for public review?
- Asset transfer: I am sure that liabilities transfer as well. In my activity to get approval for the water line extension, Larry Tarkowski (P V) indicated that there was a \$300,000 deficit to Prescott Valley from Diamond Valley Water Users Corporation. What is the status of this debt? Are there any other significant debts with Diamond Valley Water Users Corporation? Is this public information?
- Water rates from Prescott Valley to Diamond Valley Water Users Corporation: In a recent conversation with representatives of Diamond Valley Water District, they indicated that Prescott Valley was charging retail rates for water. In the release letter from Ivan Legler (PV Water Company/District Legal Counsel) he stated "PV Water Company/District continues to wholesale water to Diamond Valley and Bradshaw under old agreements." Would you clarify what rate is being charged?
- I have a question which has gone unanswered. In the course of interfacing with Joan Ruf, there was an indication that the property owners who paid for the water line extension, were entitled to a 10% refund for 10 years. In a recent interaction with Linda Jaress and Bradley Morton of the Arizona Corporation Commission, the subject of "Arizona Administrative Code, Title 14, Ch. 2, R14-2-406, paragraph D, of June 30, 2004, came up. Are we entitled to a refund?

I believe a change is needed to get this Water District on the right path and the people who are representing Diamond Valley Water District are trying to do the right thing. I think a company with a solid understanding of community needs, good business strategies and a strong background in utilities is needed to operate/manage the current Water District. I would like to be assured that a company with proper experience, knowledge, processes and procedures is selected, to make that happen. I hope that Diamond Valley Water District represents those qualities.

Regards,

Peter W. Staats


Prescott, AZ 86303

