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Peggy and Herschel Spence  
5061 Cub Lake Road  
Show Low, Arizona 85901  
(928) 537-2897

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AZ CORP COMMISSION  
DOCUMENT CONTROL

February 2, 2005

Arizona Corporation Commission

DOCKETED

John Laporta  
Arizona Corporation Commission  
Utility Division  
1200 West Washington  
Phoenix, Arizona 85007

FEB 04 2005

DOCKETED BY *CM*

Re: Pineview Water Company  
Rate Increase Request

Dear Mr. Laporta:

We oppose a 20.77 percent rate increase for Pineview Water Company and request that our opposition be filed in the record of this case.

We are motivated by a comment from the manager of Pineview Water Company that we are not "good" customers; we are "paying" customers. Although his comment was made in a rude, insulting way, it does put our position in the proper perspective. We are paying customers, and we deserve to receive quality water and service, which we have not been able to count on consistently for years. We also deserve courtesy and respect, two vital business commodities we have seldom experienced with Pineview Water Company.

Expanded explanations follow this summary of our reasons for opposing this request:

1. The proposed 20.77 percent increase for the average residential customer is exorbitant.
2. Past rate increases have not ensured that Pineview Water Company will adhere to the Arizona Corporation Commission water rules or that the company will inform us of actions which affect us and/or the ramifications thereof.
3. Past rate increases have failed to improve the way Pineview treats us as customers.
4. Past rate increases have also failed to improve Pineview's ability to resolve on-going problems in our water line.

Regarding Reason #1.

We are a two-person household; our home is a small cabin, and we are retired. Our children live in Alaska and Germany, so we seldom have long-term guests. Over 95% of our landscaping is natural forest which does not require watering. We do not even own a dishwasher because we feel it is an energy waster. Yet our water bill averages around \$40 per month, even in January, and we spend an additional \$25 per month for bottled drinking water,

due to on-going problems in our line. A 20.77% increase in water rates would raise our monthly water bill to approximately \$48 or more, plus the expense of drinking water.

Like us, a large number of Pineview customers are senior citizens living on Social Security and/or small pensions which gained very small (2-4%) cost of living increases this year. Even these gains have been offset by huge increases in medical and medication costs and increases in Medicare and supplemental insurance premiums.

Our area includes an unusually high percentage of low-income and single-parent families, struggling to survive; the number of children on free lunches far exceeds the state average.

Our other utility companies in this area managed to keep their increases below 5% this year, despite rising fuel and energy costs.

Among our friends who live in the Show Low and Pinetop-Lakeside area, we use less water, yet have the highest water bills. A friend in Lakeside is in a situation similar to ours, except that she washes several loads of towels from her beauty salon on each of five days per week and owns and uses a dishwasher. Her monthly water bill averages about \$28.00. A friend in Pinetop, also in a situation similar to ours, averages \$30 per month for water service.

#### Regarding Reason #2.

We have recently learned that either Pineview lacks knowledge of the ACC water rules or they have misused our trust and our lack of knowledge to place us in a precarious situation in terms of responsibility and liability.

Approximately five (or more) years ago, without notice to us beforehand or explanations to us afterward, Pineview Water Company moved two water meters from our property line to a different location. No one we spoke with could give us a reason why the meters were moved or tell us where the meters had been placed. Pineview personnel always responded with, "Over there," pointing toward a spot generally east of our property, but no one could (or would) pinpoint the location, and trying to search "over there" meant trespassing on private property.

In August, 2003, in an attempt to solve ongoing problems in our line, we suggested checking the meters and were shown their location by Ron McDonald, who had just taken over as Pineview manager. The meters are installed approximately 200 yards or more from our home on property owned by Bear Cub Properties. We were unaware that we could ask or insist that the meters be returned to their original location, and no one from Pineview enlightened us.

During the past two years, as Bear Cub Properties constructed commercial buildings on their property, we became aware from maps presented at rezoning and annexation hearings that our meters and water lines would be severely impacted by the construction. We asked many times for information regarding what would be done to protect our lines and meters, but received no answers. New construction and parking, scheduled to begin this month, will occupy the space where our meters are now located. The developer says they will take care of our water lines, but cannot give us a time frame yet.

On January 10, 2005, we called ACC to ask how we could get a definitive answer from Ernie Sutter, managing member of Bear Cub Properties, acting head (we are unsure of his title; we were given the impression that he was part-owner) of Pineview Water Co. at the time the meters were moved, and son of the current Pineview owners, Katherine and Henry Sutter. We were directed to the section of the water rules which applies to the location of water meters at the property line of the customer. We were also made aware that we, as customers, are responsible for the water line from the meter to our house.

Through no fault of our own, we are 200 yards from our meters and cannot even see their location, let alone be aware of what happens between them and our house.

On January 12, 2005, believing that Ernie Sutter was part-owner of Pineview, we sent a certified letter to him regarding the return of the meters to our property line. [Ref. #1] One of us (Peggy) also spoke with Ron McDonald, Pineview manager, at the Pineview Office. Mr. Sutter's written response [Ref. #2] was, "We will locate your water line prior to any major digging, and will relocate the water line in a coordinated effort with Pineview Water Company. Your water meter will be relocated to your property line as well. Again, we will keep you informed as to the timing." Mr. McDonald's verbal reply, later confirmed in writing [Ref. #3], was, "...no development plan has been presented to Pineview Water Company as yet, so I honestly can not confirm whether there is a plan to move your service line and meter."

Mr. McDonald also informed us that Katherine and Henry Sutter are the owners of Pineview, not Ernie Sutter. We then wrote to them on January 24 [Ref. #4], informing them of our letter to Ernie Sutter and requesting that Pineview move our meters back to our service lines at our property line. Per ACC suggestion, we also requested that, as expeditiously as possible, they provide us with a time frame in which this work would be completed. To date, we have not had a response to this letter and have heard nothing further from Pineview or Bear Cub Properties.

### Regarding Reason #3.

Pineview's manager wrote: "It is Pineview Water Company's policy to strive to maintain good relations with all our customers." [Ref. #3] In our experience, nothing could be further from the truth. [Ref. #5] If we had had any choice, we would have switched to another water company years ago, partly because of poor service, but mostly because we are frequently treated with a lack of basic courtesy and respect and at times with actual rudeness and personal insult. When we become angry in return, we are told how rude we are.

For example, Pineview's previous receptionist's responses were curt, short, and sharp at best, and often angry and defensive. She was a Pineview employee for many years before she reportedly was fired recently for rudeness to customers, and was often rude in the presence of Pineview managers and personnel. Her behavior was treated as the norm in the Pineview office.

Our most recent encounter with rude treatment occurred on January 12, 2005, when one of us (Peggy) stopped by the office to deliver a letter in response to Pineview's sudden demand for personal information, which their letter implied was required by the ACC. [Ref. #6] Two

young men were in the office when I entered; one was seated at the receptionist's desk. Neither spoke, smiled or acknowledged me. I asked for Ms. Boyse, who I later learned is the staff accountant. One man indicated a closed door. I knocked on the door, but no one answered. Ron McDonald came out of a different office and walked past me, giving me a curt nod, but not speaking. I knocked on the door again, but no one answered. I turned to the man in the office, and he opened the door. Ms. Boyse barely spoke, turning her back to me, until she realized that my letter [Ref. # 7] objected to the false implication that the ACC required the information Pineview demanded, and that I chose not to provide it. She then became defensive. When I asked to see what information Pineview already had on file for us, she angrily waved an empty folder at me and insisted, "I have nothing on file for you—**nothing!**" Yet I could see on the computer screen that she had our full names, mailing/physical address, and phone number—all of the items Pineview had demanded, but one: our escrow papers or proof that we owned our home. Without another word, she stormed from the office, and I watched through a one-way mirror as she puffed a cigarette and paced up and down outside while talking on a cell phone. When she returned, she told me Mr. McDonald would be right back. Once he arrived, she began screaming at me—not once, but three times—insisting I had to provide the information.

Mr. McDonald did not correct her statements or stop her behavior; he, in fact, raised his voice angrily and confirmed what Ms. Boyse said (that the information was a Pineview requirement), although he later wrote a letter stating emphatically that the Pineview letter was only a request. [Ref. #3] During our meeting and again in his letter, he told me that if I refused to provide the information, Pineview would be unable to contact (and thus help) us in the event of an emergency when we were not at home. In our letter [Ref. #7], we provided the same pertinent information which Pineview "requested," with one exception: proof that we own our home. This is a matter of public record. Moreover, the two of us fail to see how proof of ownership is going to help Pineview locate us when we are not at home, and we felt his emphasis on inability to help us in emergencies was a type of implied threat to get us to comply.

Mr. McDonald brought up the subject of contacting the ACC and said it was a waste of time. We could write a letter. The ACC would contact him to respond. He would write a letter, and that would be the end of it. We felt his comments were an effort to discourage us and make us feel, "Why bother?" It is a tactic that probably works with many of Pineview's customers.

The January 12 meeting included Mr. McDonald raising his voice in an angry manner many times. He yelled that the two of us are the rudest people he knows because we don't listen and don't believe what he says. He also rudely insulted my (Peggy's) ability to listen or to understand. I am hearing impaired and informed both Mr. McDonald and Ms. Boyse that I needed them to look at me and to speak clearly, but normally, when they talked. I never asked anyone to yell at me. I have no problem with normal conversations in a small, quiet office, and I certainly have no problem understanding rational people. Raised voices bounce off walls of confined spaces, becoming blurred noise in my hearing aid and pain to my non-hearing ear because I have no eardrum. My visit to Pineview was truly a painful experience.

Failure to return phone calls is another pattern of rudeness and delay in solving problems which we have frequently encountered with Pineview. One such example occurred throughout 2003 and involved an ongoing problem of periodic orange water and sediment in our pipes. We

began documenting phone conversations in July, 2003, after many delays because phone calls were not returned, or promises to call within a certain time were not kept. During June and July, we were told by Mandy Sutter to keep in close touch as different methods were tried and/or different situations arose. On July 24, Ms. Sutter said she would call us "right back." We did not hear from her again until August 7, despite several calls to the office. On the 7<sup>th</sup>, Ms. Sutter told us we would have to "start over" with trying to find a solution to the problem. In the meantime, she would talk to a "couple of people who know more about water lines and see what we can do." She said she would call us back ASAP, but that it might take a couple of days. By August 14, we still had not heard from her, despite several queries to the office, so we called Pineview and were told she was in the office, but on another line. We requested that she call us back. She did not return our call. On August 19, after we again had had no word from Ms. Sutter, we again called the office and asked for her. We were told, "I'll see..." The phone was then answered by Ron McDonald who said he was taking over the water company and would be working on our problem (starting over). We never heard from Ms. Sutter again. During his first two weeks on the job, despite insisting that our water problem was his top priority, Mr. McDonald failed to contact us as promised or to return our calls on 6 occasions.

Another example of failure to return calls is a phone call we made to the office in November, 2004, after a notice appeared in the local paper regarding Pineview's monthly flushing of its lines. When the receptionist became rude, we asked that she please have Mr. McDonald call us. We never received a response. He claims he did not get the message.

#### Regarding Reason #4.

For years, we have experienced ongoing problems with periodic discoloration and sediment in our water lines. This translates to more than the inconvenience of occasional orange bath water or metallic bits floating in the coffee. Our water problem is a time-consuming and expensive one. The stuff that comes through our pipes stains fixtures, fills the water tank with substance that solidifies, and leaves rust on clothes in the washer. All this must be cleaned as quickly as possible. The only cleansers that will remove it to any degree are so strong that they eat holes in clothing and damage the finish on fixtures. Once the finish becomes damaged—and the only choices are leaving them discolored or risking damage to them—the mineral build-up and discoloration become permanent. We have replaced sinks, toilets, and water heaters several times because of damage, not because we were redecorating the house. The bathtub is permanently damaged, but has not been replaced because we cannot do it ourselves, and it is too costly for us to hire the work done. Currently, everything needs replacing again.

Prior to 2003, we were told the problem was due to: running water when our pipes were flushed; "cave-ins" at one of the wells; a problem "down the line;" failure to flush our line for long periods (they forgot where the "flush box" was); using water while the nearby restaurant's lines were being flushed; not using enough water to keep our lines flowing smoothly; or one of many other situations involved in running the water company.

About three years ago, Pineview Water Company began telling us that none of the situations listed above would have any effect on our water lines. They have insisted that our periodic discolored water was caused by our old pipes and had nothing to do with the company's lines,

despite our experiences to the contrary during our earlier years as customers.

One thing we know for certain: we have, by far, the most damaging concentration of orange water, silt, and sediment whenever there is an interruption in service, such as shutting the water off to repair a line, put in new pipe, or move our meters.

In October, 2003, while a nearby building was under construction, we experienced a major orange-water influx the first time Pineview workers shut off the water to work on the building's water system. We informed Mr. McDonald of this event and he agreed to notify us of future shut-downs. Within days, Pineview again shut down water in the area to dig up the pipe across the main road, and they notified everyone in the affected area except us. Our water was a mess, as well as our fixtures (again). This time Mr. McDonald voluntarily promised to notify us if they did any work that involved the lines around the new building. Two days later, Pineview workers again shut down the water about 200 yards from our house—again without notifying us, leaving us with orange water full of sediment and fixtures that were impossible to clean. After we complained vehemently, Mr. McDonald wrote an apology [Ref. #8], saying that Pineview is responsible for making sure proper notice is given prior to shutting down the main lines for repairs, but that this time a contractor had done the scheduled shut-off without notifying us as directed. He conceded to deduct part of our water bill (we would have preferred help in cleaning up the fixtures and flushing the water heater), but his letter failed to mention the previous events and his failure to notify us of those shut-downs where he was responsible. After that, whenever we experienced an orange influx, Pineview claimed no culpability.

Our problem with occasional episodes of discolored water continued, along with new problems of excessive chlorination (which usually followed the discoloration) and dark water that felt greasy and smelled like a sewer. We still have the chlorine problem, even though some Pineview staff claim they do not use chlorine in their water. Mr. McDonald has said that they use chlorine pellets at the well, but has since avoided the topic. We were told emphatically that the dark, greasy, smelly water was due to our old pipes; yet it strangely disappeared without any changes on our part. When told this, Mr. McDonald commented, "See, we fixed it!"

Sometime in the late fall of 2003, as a last resort toward solving the orange-water problem, Mr. McDonald had a frost-free spigot installed at our property line (the beginning of our original service line), but neither he nor his staff told us how it was supposed to work (the worker only shrugged when we asked). We assumed that Pineview would monitor it frequently. At the time, Mr. McDonald only said that, if the spigot didn't help, then there was nothing more Pineview could do because the problem must be in our old pipes. We questioned why, if that were the case, didn't the discoloration happen all the time. Why was it such a periodic thing and obviously was affected by interruptions in service? He insisted the problem was in our pipes.

The frost-free spigot was never used, and we continued to experience discolored water and sediment for over a year. We did not call Pineview because Mr. McDonald had said there was nothing they could do.

On January 12, 2005, after Mr. McDonald rudely told Peggy that we would not have a problem if we would use the spigot, she informed him that we were never told we were supposed to use

it. He then explained this new "system." It would be our responsibility. If we wanted to ensure that we had good water, we were to trek out to the spigot (located at our property line), albeit in pouring rain or two feet of snow, and check a sample every single time we wanted to run water for any reason. Even if we had checked it only an hour earlier, if we decided to wash clothes or take a bath, we should go out to the spigot and run another sample to see if it was still clear. Additionally, since we had no way of knowing when Pineview might flush the lines, during the first week of the month, the water could conceivably be affected in the time it took us to get from the spigot to the house to turn on a tap. Yet, if we got discolored water, it was somehow our fault. (We have requested another meeting to discuss the disposition of the spigot.)

In November, 2004, Pineview finally admitted in a published notice regarding the monthly flushing of lines that discolored water results from customers turning on their water as the main line is being flushed. [Ref. #9] We believed this was a first step toward solving an on-going, frustrating problem and were more than willing to cooperate. Realizing that opening a tap during the flushing would draw discolored water into the house, we wanted to be careful not to use water during the process. We called the office and asked the receptionist if she could narrow the time frame a bit. She said it was impossible. We asked if we could know the approximate time of day flushing was done. She said both morning and afternoon. We explained our ongoing problem and suggested narrowing the time to a two-day period. She said it was impossible because the men never knew where they'd be working or when. We asked if someone could call us before flushing began, drawing an angry tirade regarding the number of Pineview customers and how she couldn't possibly call every customer every time they flushed a line. We then requested that Mr. McDonald call us to discuss the situation. He did not.

On January 12, Peggy explained to Mr. McDonald that, if the lines could be flushed during the morning or the afternoon of any day during the first week of the month, then we risked drawing discolored water into our pipes every time we turned on the tap. Thus, without a shorter time frame, Pineview was, in effect, asking us to avoid using water during their business hours during the first week of every month. Otherwise, discolored fixtures would be our fault.

In his letter of January 13, 2005, [Ref. # 3] Mr. McDonald finally provided us with the day and approximate time when our water line will be flushed. We do not know yet if avoiding using water during this time will solve our problem, but it is a start. However, it is unfortunate that a bad situation had to drag on for years and become unpleasant before this concession was made.

Respectfully submitted,



Herschel R. Spence



Peggy A. Spence

Enclosures: 9

5061 Cub Lake Road  
Show Low, Arizona 85901  
January 12, 2005

Ernie Sutter  
Pineview Water/Bear Cub Properties  
5198 Cub Lake Road  
Show Low, Arizona 85901

Dear Mr. Sutter:

We have been customers of Pineview Water at the above address for 27 years. Throughout this time, our property has had two water lines, one of which is no longer in active service, but is connected to the former location of a mobile home and the potential location of a garage/workshop. We have also always had two water meters.

Several years ago, without our permission or a notice of intent, Pineview Water moved the two meters from our property line to the opposite side of the adjoining property, approximately 75 to 100 yards from our property line, to a location accessible only by crossing our neighbors' private property.

As we have frequently indicated to you and Pineview personnel, the current location of the meters is of imminent concern to us since it is part of property to be developed, commencing next month, as phase 2 of Cub Lake Medical Center, a complex owned by Bear Cub Properties, of which you are a partner. To date, we have received no information regarding your plan for relocating our meters or protecting our water lines during construction.

We also believe Pineview's removal of the two meters from our property line was in violation of ACC Rule R 14-2-405-B-4, which states: "The Company may install its meter at the property line or, at the Company's option, on the customer's property in a location mutually agreed upon."

We are hereby requesting that our two meters be returned to our property line as soon as possible, but definitely prior to commencement of earth-moving and/or construction on the Bear Cub commercial property.

Please advise us of your plan of action regarding our two meters. We look forward to hearing from you.

Sincerely,

  
Herschel R. Spence

  
Peggy A. Spence

x-copy: Ron McDonald, manager  
Pineview Water

**Bear Cub Properties, LLC**  
5198 Cub Lake Road  
Show Low, AZ 85901  
928 / 537-1526  
928 / 537-1510 (fax)

January 17, 2005

Herschel R. Spence  
Peggy A. Spence  
5061 Cub Lake Road  
Show Low, AZ 85901

RE: Screen Wall between Residential & Commercial properties  
Visit with Craig Trout & Todd Johnson on January 11, 2005

Dear Mr. & Mrs. Spence:

As per your request, I am providing written assurance that the following will be completed:

1. Construction of the six foot masonry screen wall on the east edge of your property will commence as soon as the weather turns favorable, and partial excavation of our side can be completed. It is our intention to keep you informed regarding timing, and work with you to regarding removal of the existing wire fence where it conflicts with the screen wall. It is our intention for our workers to not enter your property for our work.

2. We will locate your water line prior to any major digging, and will relocate the water line in a coordinated effort with Pineview Water Company. Your water meter will be relocated to your property line as well. Again, we will keep you informed as to the timing.

The above items are again listed in the conditions as part of the zone change request for the Baca property, and I have enclosed a copy of the Planning and Zoning information from the January 11, 2005 meeting.

If you should have any questions, or concerns, please feel free to contact Craig or Todd at the above office number.

Sincerely,



Ernest E. Sutter  
Managing Member

## EXHIBIT C

### CONDITIONS

1. Development shall comply with all applicable Federal, State, and local requirements.
2. Water, sewer, and drainage master plans shall be submitted to and approved by City engineering staff prior to the commencement of construction of improvements on the subject property.
3. All parking and loading areas, including the design and number of parking spaces, shall comply with section 15-1-46 (Parking and Loading).
4. A six (6) foot high solid wall or fence between the subject property and any residentially zoned properties will be required prior to the construction of any exterior building walls or parking lots until said wall or fence is constructed.
5. The fence as required by ZC 605-03-43 and ZC 605-03-33 shall be completed prior to the commencement of any construction on the subject property.



5198 Cub Lake Road  
Show Low, AZ 85901  
928-537-4858  
Fax 928-537-2180

January 13, 2005

Peggy Spence  
5061 Cub Lake Road  
Show Low, AZ 85901

**Account#: 041038A**

Dear Mrs. Spence:

It is Pineview Water Company's policy to strive to maintain good relations with all our customers.

I must apologize for not being able to make your visit to our office yesterday one where you could feel that you were treated with respect and that your concerns would be satisfactorily handled.

If I may, I would like to restate here what I understand your concerns are and address them as best I can.

First concerning discolored water and our flushing schedule. Since we had not heard from you from the time we installed a frost-free spicket on your service line, we did assume that you had not experienced discolored water from our line.

I understand now that you have experienced discolored water and that this could be from turning on your water while the flushing of the main line that serves your area is being done.

You requested that we call you when the line is being flushed and I responded that it would be unreasonable for us to call customers each month prior to flushing due to the fact that we have over a thousand customers at this time. I explained that we flushed the first week of each month and that the maximum time each site is flushed is 10 minutes.

I understand that our policy, to you, means that you can not use your water for the whole first five days of the month due to the fact that you do not know when in that five day period your particular area will be flushed.

I must stand with my decision to not call customers prior to flushing; however, I will instruct Pineview Water Company Field Staff to only flush the line that serves your area on the 1<sup>st</sup> day of the month. I will also instruct them to only flush this line between 9am and 10am. In addition, if the 1<sup>st</sup> happens to fall on a weekend or holiday, the line will not be flushed that month.



5198 Cub Lake Road  
Show Low, AZ 85901  
928-537-4858  
Fax 928-537-2180

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Concerning the future improvements to the main that serves your area. I believe you know that some time in the near future the main that serves your area will be extended and connected to another line. This will create a "loop". Loop systems experience fall less sediment in the mains. While it may not completely eliminate sediments in the line, it is a proven fact that the possibility of discolored water is greatly reduced.

As I explained in our meeting, I am aware there is a plan to develop the property east of your property and that Pineview Water Company has a plan to "loop" the line that serves you, however no development plan has been presented to Pineview Water Company as yet, so I honestly can not confirm whether there is a plan to move your service line and meter. From our meeting, I believe you actually know more about this than Pineview Water Company.

Concerning the letter you received from Pineview Water Company, dated January 6, 2005, again I apologize for the line in the letter that stated the information requested was an Arizona Corporation Commission requirement. My staff typed over a previous form letter that we sent to some customers where this statement was appropriate. Approximately six letters were sent before we discovered this and changed the line to state that "Pineview Water Company's policy requires..."

Concerning the information requested, as I explained to you in our meeting, ACC rule R14-2-403 #2 states "Each utility may require a new applicant for service to appear at the utility's designated place of business to produce proof of identity and sign the utility's application form". When reviewing all our accounts we sent letter to all customers where this information is missing from their file. While this is a requirement of all new applicants, it is only a request from our customers that opened accounts prior to the placement of this policy several years ago.

I explained our reasoning for our request of the information. I understand that you are choosing to not provide the information. We are honoring your decision and I have sent a Memorandum to my staff instructing them to not request this information from you again.

I must point out, however, that in the event of an emergency that effects the service to your residents, Pineview Water Company has nothing on file that would make it possible for us to contact you if you are not home at the time of the emergency.

I gave you the following example of what I meant as an emergency: This example is common in the winter months but does occur throughout the year.

If our field staff are reading meters and noticed that your meter reading is higher than normal and possibly even running at the time, and they believed you are not at home, they would contact the office and we would open your file to obtain emergency contact information in order to inform you of our discovery. Without this



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information we would have no way of contacting you to let you know of the high read or that the meter was running, possibly doing damage to your property. If we can not contact you to inform you of the situation and ask if you would like us to turn off your meter, you could experience a very high bill as well as excessive damage to your property.

I hope this clarifies Pineview Water Company's position on the above noted issues.

Pineview Water Company will continue to strive to deliver the best quality water possible to all our customers and I hope you will work with us to achieve this goal.

I have attached a copy of the Public Notice that explains our Flushing Schedule. This notice is published at least four times a year in the White Mountain Independent. It is given to all new customers when they apply for service, and it is permanently posted on the front window of our office right above the after hours payment drop slot.

Please call or visit our office if you have any questions.

Sincerely Yours,

Ronald L. McDonald  
General Manager, Pineview Water Company

5061 Cub Lake Road  
Show Low, Arizona 85901  
January 24, 2005

Katherine Sutter and Henry Sutter, Owners  
Pineview Water Company  
5198 Cub Lake Road  
Show Low, Arizona 85901

Dear Mr. and Mrs. Sutter:

We recently wrote to Ernie Sutter, Managing Member of Bear Cub Properties, regarding two water meters which were installed at our property line at the time we purchased our property in 1977. Several years ago, these meters were moved by Pineview Water Company, without our consent, to property now owned by Bear Cub Properties. However, we were not made aware until recently that this move violated Arizona Corporation Commission Water Rules. A copy of our letter was sent to Ron McDonald, manager of Pineview Water Company. In the meantime, however, Mr. McDonald has informed us that you own the water company, not Mr. Ernie Sutter. Thus, our concern regarding the meters should have been brought to your attention, not his. We apologize for any inconvenience our misunderstanding may have caused.

The issue involving the meters is one of rectifying the move by Pineview: removing them from where they are now and returning them to the end of our service lines at our property line, where they were prior to the time Pineview Water relocated them.

In addition, the Arizona Corporation Commission suggests that we need to know the time frame within which our meters will be moved to our property line. Please give us a date as to when this work will be completed as expeditiously as possible.

At the time the meters are moved, and before the actual work begins, we would like to discuss with you the frost-free spigot which Pineview has installed on our line.

Sincerely,

  
Herschel R. Spence

  
Peggy A. Spence

x-copy: Ernie Sutter, Managing Member, Bear Cub Properties  
x-copy: Ron McDonald, manager, Pineview Water Company

5061 Cub Lake Road

5061 Cub Lake Road  
Show Low, Arizona 85901  
February 1, 2005

Ron McDonald, Manager  
Pineview Water Company  
5198 Cub Lake Road  
Show Low, Arizona 85901

Dear Mr. McDonald:

I am in receipt of your letter of January 13, 2005, in which you recapped and addressed what you understood to be my concerns during my visit to your office to hand-deliver some correspondence on the previous day. Since your letter gives your perception only and omits the office climate, as well as much of our discussion and many of my concerns, I am writing to remedy the situation.

I saw no evidence of Pineview Water Company's efforts "to maintain good relations with all our customers" on January 12. In fact, I encountered more anger and defensiveness than ever before, and Pineview has seldom been a pleasant office to call or visit. As we discussed, on many previous occasions when I have called the office and spoken with Gloria, the former receptionist, regarding water problems, she has responded with defensiveness and anger. Since she was a Pineview employee for many years and was often rude in the presence of Pineview managers and personnel, I assumed that her behavior was condoned by the company. For the record, though, Gloria never screamed at me in anger the way your staff accountant did on January 12—not once, but three times, saying: (1) that the paragraph in a Pineview letter of 1/06/05 regarding customer information which the Arizona Corporation Commission required Pineview to have on file was a "typo;" (2) that the information was a Pineview Water Company requirement; and (3) that I had to provide it.

You did not correct her statements or stop her behavior; nor did you ever tell me during our meeting that the communication was only a request, as your letter would indicate.

Additionally, Gloria never rudely insulted my ability to listen or to understand. You did.

Requesting that your office call me when water lines were being flushed was only one of several suggestions I presented in an effort to find an answer to the discolored water that has been a recurring problem in our line for years. Last November, Pineview published a notice in the local paper regarding their monthly flushing of lines during the first week of the month and the likelihood of customers experiencing discolored water as a result. I called the office and asked Gloria if there were any way Pineview could narrow down the one-week time frame. When she began interrupting me to insist that whatever I suggested was impossible, I asked her to have you call me. As of January 12, you had not returned my call. You said you did not receive the message. I do not know whether you did or not, but failure to return calls is a pattern I have experienced with Pineview many, many times.

You also spent some time telling me, as Gloria had, how many customers Pineview has and how impossible it would be to call each one before flushing the lines. I told you that I understood that dilemma perfectly, but you persisted, ignoring my other suggestions and the point that, if the flushing of my lines could occur on any day, at any time, throughout an entire week, the only way I could be sure of not drawing discolored water and accompanying sediment into my house would be to avoid using water during your business hours throughout that entire week. Your solution was (and this was shouted at me), "You have a frost-free spigot—the only frost-free spigot in Pineview's system—installed at your property line. If you would use it, you wouldn't have a water problem!"

This spigot then became the topic of discussion at some length. You ordered the spigot installed more than a year ago, after several trial-and-error methods, over a period of months, failed to rid our lines of periodic water discoloration and sediment. However, neither you nor your staff showed my husband and me how to use the spigot for the stated purpose. You said it would provide a way to check the water quality, and that, if it didn't work, the problem was in our pipes. There was nothing more that you could do. During the following months, we had discolored water many times, but did not call Pineview because you had said there was nothing you could do. No one used the spigot during that time, a fact I had mentioned to Gloria in November and of which you seemed aware.

Let me recap your explanation as to how the spigot was supposed to work. It would be our responsibility. If we wanted to ensure that we had good quality water, we were to go to the spigot (located at our property line), in pouring rain or two feet of snow, and check a sample every time we wanted to wash clothes, take a bath, or run water for any reason. Additionally, during the first week of the month, since we had no way of knowing when Pineview might flush the lines, the water could conceivably be affected in the time it took us to get from the spigot to the house to turn on a tap. Yet, if we got discolored water, it was somehow our fault.

In my considered opinion, we need to discuss the frost-free spigot at the time our water meters are returned to our property line, another problem I brought up. You replied, as you stated in your letter, that you could not confirm whether there is a plan to move our service line and meter. I have since requested a date for returning the meters and have not yet received a reply.

For years Pineview Water Company has insisted that our periodic discolored water was caused by our old pipes and had nothing to do with the company's lines, despite our attempts to explain our experiences to the contrary during our early years as customers. In November, Pineview finally admitted in the published notice that discolored water results from customers turning on their water as the main line is being flushed. We believe this is a first step toward solving an on-going, frustrating problem. With the frequent replacement of fixtures and water heaters ruined by sediment and discoloration, it has also been an expensive problem.

Nowhere in your letter have you addressed another on-going problem which I mentioned: heavily chlorinated water which usually follows the episodes of discolored water.

In regard to the 1-06-05 Pineview letter's reference to information required by Arizona Corporation Commission, I was unable to find any ACC rule that required water companies to keep customer information of any kind on file. Could you please cite your sources for the requirement statement which you apparently use with customers in other situations?

As to my refusal to provide the "requested" information, thus, according to you, making it impossible for Pineview to reach us in the event of an emergency, I provided Pineview with our names, physical address, phone number, and a statement that we own our home. The only information I withheld was proof of ownership. I consider providing you with our escrow papers or tax records an unwarranted invasion of our privacy and an insult after 27 years as a customer. Furthermore, I do not believe that any of the information you requested would make it possible for you to contact us if we were not at home in an emergency. I understand that having winter addresses for summer residents might be helpful, but I fail to see how proof of ownership will help you contact my husband or me in an emergency if we were not at home. Pineview has never called us in an emergency even when we were at home.

Another omission in your letter was a statement by you implying that my writing a letter or complaining to the Arizona Corporation Commission was a waste of time. (Incidentally, this was before I had mentioned the ACC in any way except in reference to one of their rules which I obtained from their website.) According to you, if I write the ACC a letter, then they would call you to respond to whatever I said. Then you'd write a letter, and that would be the end of it. I assume I still have the right to contact them if I so decide.

My husband and I appreciate your concession in advising us of the day and approximate time our line will be flushed in the future. It is unfortunate that the situation had to drag on for years and become unpleasant before this concession was made. Moreover, there could be a problem in the day and time you have set if it doesn't coincide with the flushing of lines at La Casita. It has been our experience that when the restaurant lines are flushed (or so we were informed in the past), our line, which is a dead-end line, gets much of the sediment from that area. If our lines are flushed at a different day and time from the restaurant's, we may still experience discolored water, and I will call your office if we do.

During our meeting you said that my husband and I were the rudest people you had to deal with because we don't listen and we don't believe what you say. Perhaps somewhere in what I have written about the way Pineview has treated us you will find a pattern that might give you a clue as to why we are skeptical of what we are told.

You also made it crystal clear that I am not a "good" customer. You stressed that I am a "paying" customer. I want to thank you for putting my position in the proper perspective. I am a paying customer, and I deserve to receive quality water, something we have not been able to count on consistently for years. I also deserve courtesy and quality service, two vital business traits I have seldom experienced with Pineview Water Company.

Thank you for your time.

Sincerely,

  
Peggy Spence

x-copy: Katherine and Henry Sutter, owners  
Pineview Water Company

Ref: #6



5198 Cub Lake Road  
Show Low, AZ 85901  
928-537-4858  
Fax 928-537-2180

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Date: 01/06/2005  
Customer: Herschel & Peggy Spence  
Mailing Address: 5061 Cub Lake Road  
Show Low, Arizona 85901  
Account: 04-1038A  
Service Address: 5061 Cub Lake Road  
Show Low, Arizona 85901

While reviewing some of our customer files it was brought to my attention that we do not have all of the required information on file for your account. Because your account was opened some time ago it could be that the information required then was not what it is now. We try to keep our customer files as current and accurate as possible.

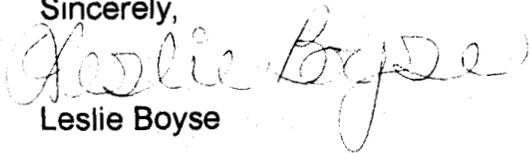
Your account is current and in service but it is a requirement of the Arizona Corporation Commission that we have certain information on file.

If you could collect/complete the following and return it to me as soon as possible it would be greatly appreciated.

- I have enclosed a Residential Service Application. Please fill it out in it's entirety.
- Copy of two forms of ID, (one picture) no credit cards please (2nd ID does not have to be picture, i.e. Insurance card, bank card, etc.) It must show your name.
- Copy of escrow paperwork or some like kind showing proof of ownership (we do not need ALL pages just the one showing proof of ownership) If renting, a copy of your Rental/Lease Agreement.

Pineview Water Company, Inc. is trying to better the way our office is run to better serve our customers. Thank you in advance for your cooperation. If you have any questions please feel free to contact me.

Sincerely,

  
Leslie Boyse



# Residential Service Application

5198 Cub Lake Road  
Show Low, AZ 85901  
Phone: 928-537-4858  
Fax: 928-537-2180

\_\_\_\_\_  
Name of Applicant

\_\_\_\_\_  
Others authorized on this account

Are you (check one)?

- Buying Home** (Please provide proof of ownership)
- Renting Home** (Please provide a copy of the lease)

\_\_\_\_\_  
Others authorized on this account

\_\_\_\_\_  
Landlord's name:

\_\_\_\_\_  
Phone number:

Do you give Pineview Water Company permission to give your landlord information regarding your account?  Yes  No

\_\_\_\_\_  
Service address

\_\_\_\_\_  
Home Number

\_\_\_\_\_  
Mailing address (if different than above)

\_\_\_\_\_  
Alternate Number

\_\_\_\_\_  
City, State, and Zip Code

\_\_\_\_\_  
Work Number

\_\_\_\_\_  
Name of Previous Water Supplier

\_\_\_\_\_  
City and State (Previous Water Supplier)

I hereby apply for water service at the above address under the terms and conditions as approved by the Arizona Corporation Commission and agree to pay for the same at the approved rate. As a water customer, I understand that I am to install my own stop & waste valve within 18 inches of the meter on all new installations and reconnects (ACC Rule R14-2-4058-1). I understand that I am not at any time to use Pineview Water Company's meter valve. I also understand that at no time am I allowed to deny access to Pineview Water Company's equipment by means of fence, wall or other obstruction (ACC Rule R14-2-409). Meter deposits remain with the property and are not refundable upon sale of property.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Driver's License Number

\_\_\_\_\_  
State of Issue

<b>For Official Use Only</b>		Date: _____
Date Requested: _____	Meter Size: _____	Account Number: _____
Meter Number: _____	ID Number: _____	
Renter's Deposit: \$ _____	Establishment Fee: \$ _____	Meter Deposit: \$ _____
Check (Number _____ Cash	Check (Number _____ Cash	Check (Number _____ Cash
Hook-Up Fee \$ _____		
Check (Number _____ Cash		

5061 Cub Lake Road  
Show Low, Arizona 85901  
January 12, 2005

Leslie Boyse, Staff Accountant  
Ron McDonald, Manager  
Pineview Water  
5198 Cub Lake Road  
Show Low, Arizona 85901

Dear Ms. Boyse and/or Mr. McDonald:

We are in receipt of two pieces of communication from Pineview Water: a Residential Service Application and a letter from Leslie Boyse dated 01/06/05. Both make reference to the Arizona Corporation Commission's Water Rules and ACC requirements.

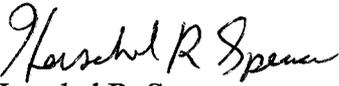
It is our opinion that you have used the Arizona Corporation Commission's name to imply or infer that we are required to complete the Service Application and to furnish you with certain other information.

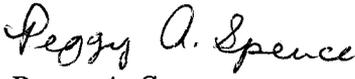
We can find nothing in the ACC Water Rules that indicates continuous customers dating back to August, 1977, are required to complete a 2005 application for service so that you can have one in our file at your office. Moreover, we can find no reference in the ACC Water Rules that you are required to have on file two forms of I. D. or proof that we own our property. Even the new service application asks only for an indication of "Buying Home" or "Renting Home." At the time we initiated water service, we were introduced by the previous owner, and both of us indicated to you that we own our property. It is a matter of public record.

From a logical business standpoint, the only personal information you need on file for us would be our names, current address for billing and service, and phone number. Since Leslie Boyse's letter is addressed to both of us at our current address, we are assuming you have this information on file. We are also certain you have our phone number, since your office has contacted us by phone, but, just in case it has been lost, it is 928-537-2897.

If you have any questions, please contact us or review the ACC Water Rules. We are sure you have a copy of them, but you may also find them at [www.cc.state.az.us](http://www.cc.state.az.us).

Sincerely,

  
Herschel R. Spence

  
Peggy A. Spence

Ref.#8



5198 Cub Lake Road  
Show Low, AZ 85901  
928-537-4858  
Fax 928-537-2180

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October 28, 2003

Herschel Spence  
5061 Cub Lake Road  
Show Low, AZ 85901

**Account#: 041038A**

Dear Mr. Spence:

Pineview Water Company is responsible to make sure proper notice is given prior to shutting down main lines for repairs, except in cases of emergency. This was clearly not done yesterday.

A contractor did do a scheduled turn-off the main line that feeds your meter on October 27, 2003 and did not inform you as was directed.

I did tell you we would be sure to let you know if and when this would happen. I am sorry of any inconvenience this has caused you.

The monthly reading was done on your meter on October 22, 2003. At that time you had used 5,000 gallons since the previous reading on September 24, 2003.

I do understand that, due to our error in not informing you of the shut down that you will have to run several gallons through you line in order to properly flush your home system.

As we discussed on the phone yesterday afternoon, I will credit you account for the entire month's usage. I will reread your meter this afternoon, after you have had time to flush your system. This will be the begin read for the next month.

This month's bill will be for the basic meter service, minus the usage.

Again, I do apologize for the inconvenience this has caused.

We will continue striving to find the source of your ongoing water problems until we are able to remedy them.

Please call if you have any questions.

Sincerely Yours,

Ronald L. McDonald  
General Manager, Pineview Water Company

## PUBLIC NOTICE

### **Pineview Water Co. performs monthly flush of main lines**

#### Special to the Independent

As part of our continuous efforts to provide quality drinking water to our customers, Pineview Water Company performs monthly flushing of our main lines the first week of each month. Flushing the lines removes the build-up of sediments that are naturally present in the water. These sediments can build up in the bottom of the line. In general, this only occurs in areas where a main line ends.

Flushing is done at several locations throughout the week with each location being flushed from five to ten minutes. The time and day may vary due to workers being called to other duties; however field staff does make every effort to flush each individual site at the same time and on the same day each month.

During the few minutes when the flushing is being done, some customers may experience discol-

ored water for a short time. In almost all cases a customer experiences discolored water as a result of turning on their water as the main line in that particular area is being flushed.

If you experience discolored water, it is safe to drink. To obtain clear water, wait until the flushing in your area is done, and then let an outside facet, that is furthest from the point of entry, run for a few minutes until the water clears.

Pineview Water Company has plans to complete a "loop" system throughout its entire franchise area. In doing so we hope to eliminate all dead ends. A "loop" system keeps the water moving in the main lines and greatly reduces the possibility for sediment build-up.

Should you have any questions, call Pineview Water Company, 5198 Cub Lake Road in Show Low or call 537-4858.