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GILA COUNTY

BOARD OF SUPERVISORS

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Globe, Arizona 85501

ARIZONA CORPORATION COMMISSION  
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14 February 2005

Honorable Jeff Hatch-Miller, Chairman  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007

Arizona Corporation Commission

DOCKETED

FEB 23 2005

Honorable Jeff Hatch-Miller:

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I appreciate your extended time commitment and interest in evaluating and fairly regulating the public utility water situation in northern Gila County. Your upcoming decision related to a complete or partial moratorium on new water meter connections in the service area of Pine Water Company (PWCo) is a critical long-run concern for Gila County and the residents, property owners, and businesses in the area.

As the newly elected County Supervisor from District I, and with a strong background in water, environmental, and land use issues, I would like to take a closer look at this situation. However, coming late into the conversation I will need about six months to make a proper evaluation. I also have a strong history in facilitating contentious groups with polarized agendas into collaborative, equitable solutions and would also like to see if that is possible in this situation.

At the same time, I realize we cannot let this growing demand and less-than-satisfactory water resource/delivery situation in Pine continue. I respectfully request that for the next six months the Commission reduce the allowed new meter connections in the Pine Water Company certificated area to a total of two (2) meters per month, down from the twenty-five (25) meters per month currently allowed under your Order. A two meter per month moratorium over the next six months should help protect current residents from ever-accelerating water problems while also protecting the rights of landowners planning on starting new construction this summer.

Over the last several years, Gila County has provided significant resources and made efforts to better understand the geology and hydrology of the Rim Country,

so that a long-term sustainable supply of water can be developed and properly delivered to our communities, with Pine (an area mostly under your control) being the first most critical situation to solve. I wish to carry on our local efforts and be of what help I can to you in solving the specific problem of the Pine Water Company system.

Since I took office less than a month ago, I have met with numerous residents related to water issues, including Robert Hardcastle, President of PWCo. In addition, I plan to meet with the members of the Pine/Strawberry Water Improvement District, the Bureau of Reclamation, the Water Department Staff of the Town of Payson, and others. I intend to become fully informed of the following, and other, facts and issues:

- What role can the Gila County Planning and Zoning Commission legally take related to the issue "adequacy of water resources" when approving/denying applications for new subdivisions? (Answers to this question are currently under evaluation.)
- What advice can the Gila County Attorney give the Board of Supervisors concerning the establishment of new Water Improvement Districts in areas currently not adequately served by public water utilities? (This question is currently in the hands of the County Attorney.)
- How can Gila County and the Arizona Corporation Commission best cooperate and coordinate efforts to better serve the water needs of the general public, so that situations like in Pine can be avoided in the future? What role can the Bureau of Reclamation, the Arizona Department of Water Resources, and ADEQ take relating to these relationships?
- What is the hydro-geological makeup of the Rim Country, especially areas near Pine, and what is the likelihood of new water resources being located? Significant data from the Mogollon Rim Water Resource Management Study technical committee should help answer this question. Gila County, the Bureau of Reclamation, the Town of Payson, and numerous outside consultants have been studying these important factors for over one year. Key water isotope and geological mapping data should be available within three months.
- Is it accurate and fair that permanent residents of Pine feel penalized and subjected to mid-week Stage 4 alerts while most summer weekends start at Stage 2, move to Stage 5 by the end of the weekend and take until mid week to drop to Stage 4?
- What have been the past and current efforts and financial resources allocated by PWCo related to locating "new" water for its service area?

- What is the infrastructure reliability and the current water loss situation of the PWCo system? Has Pine Water Company provided to the Commission the required report on this topic?
- What are the specific sources of water currently supplied by PWCo, who developed these sources, and can these sources be expanded?
- What effect does the storage system of PWCo have on the "Stage 4 and 5 Water Alerts" that frequently occur in Pine? Is the proposed PWCo storage reservoir an economically, legally, and technically viable project? Does Salt River Project have concerns related to this type project?
- Why have new water improvement districts seemingly been able to locate more than adequate water resources, while PWCo has struggled to meet demand?
- What is the status of the three new wells PWCo indicated it would drill in Strawberry (not to be controlled by Strawberry Water Company)?
- What is the status of the new Strawberry Hollow well and the well to be drilled in central Pine to serve the proposed RV park?
- What opportunity is there for the Pine/Strawberry area to utilize Blue Ridge Reservoir water to supplement current resources? How long before water might become available and what are the economic realities related to this possible source?
- Can Blue Ridge Reservoir water be traded back to Salt River Project for an equal amount of available Pine/Strawberry surface water?

As I gather this information, I intend to bring together the Pine Water Company, the various water districts in the area, appropriate Gila County staff, real estate developers, land owners, and any and all interested citizens to find solutions to these local issues. My staff will be aggressively seeking answers to the above questions.

Your consideration of allowing me a six-month period to "get up to speed" enabling me to assist you in bringing a solution to the table would be appreciated.

Sincerely,



Tommie Cline Martin  
Supervisor, District 1