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January 31, 2006

HAND DELIVERY

Ernest Johnson, Director
Utilities Division
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, Arizona 85007

Re: Pine Water Company
Docket No. W-03512A-03-0279

Dear Mr. Johnson:

Pursuant to Arizona Corporation Commission ("Commission") Decision No. 67166 (August 10, 2004)(hereinafter "Order"), Pine Water Company ("Pine Water") hereby submits this request to discontinue filing reports with Staff detailing the source and amount of water Pine Water produces on a quarterly basis. Specifically, the Settlement Agreement approved in the Order requires Pine Water to file at least six (6) quarterly reports that identify the quantity and source of water: 1) pumped from wells owned by Pine Water, 2) pumped from wells subject to water sharing agreements, including its 1996 agreement with Solitude Trails, 3) purchased from Strawberry Water Company or other sources through Project Magnolia, and 4) purchased for water hauling by truck. Pine Water has complied with the provisions of the Settlement Agreement and Order, and now seeks Staff's approval to discontinue filing these quarterly reports.

One of the primary reasons for the quarterly report filing was that Pine Water had experienced a water loss of approximately 12.6% during the test year. In 2005, Pine Water produced approximately fifty-three (53) million gallons of water, of which approximately forty-seven and a half (47.5) million gallons were consumed by Pine Water customers. This represents a reduction in Pine Water's water loss in 2005 to 9.01%, which is below the amount identified by Staff and the Commission as an acceptable water loss rate of 10%.

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Pine Water asserts that it has complied with the Order, and the results of the last six quarterly reports illustrate that water loss within Pine Water's distribution system has reached a reasonable and acceptable rate. The continued filing of these reports represents an administrative burden and operating expense that should be avoided. Therefore, Pine Water respectfully requests Staff's approval to discontinue the filing of these reports under the grant of authority set in the Order.

Thank you for your time and consideration. Should you have any questions, please do not hesitate to call.

Very truly yours,

A handwritten signature in black ink, appearing to read 'PJB', with a long horizontal line extending to the right.

Patrick J. Black

cc: Docket Control

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