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Transcript Exhibit(s)

Docket #(s): W-D3514A-05-0729

Arizona Corporation Commission

DOCKETED

FEB 24 2006

DOCKETED BY	<i>MR</i>
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Exhibit #: S-1, WPFD-1, WPFD-2,

WPFD-3, WPFD-4, PWC-1,



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MEMBER
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Marta T. Hetzer
Administrator/Owner

Suite Three
2627 North Third Street
Phoenix, AZ 85004-1126
(602) 274-9944
FAX: (602) 277-4264

DISPOSITION OF ORIGINAL EXHIBIT

HAND DELIVERED

February 24, 2006

Mr. Dwight D. Nodes
Assistant Chief Administrative Law Judge
ACC - HEARING DIVISION
1200 West Washington, 1st Floor
Phoenix, AZ 85007

Case: Payson Water / Moratorium
Number: W-03514A-05-0729
Date: February 8, 2006

Dear ACALJ Nodes:

With copy of this letter, original Exhibit No. WPF-5 is being returned to Whispering Pines Fire District. It was not admitted.

Please let us know if you have any questions or if we may be of any further assistance.

Very truly yours,

Marta T. Hetzer
Administrator/Owner

Enclosure

Copy to: Docket Control
Whispering Pines Fire District (Mr. Harry Jones)
Payson Water (Mr. Robert T. Hardcastle)
Staff

**COPY FOR YOUR
INFORMATION**

COPY

MEMORANDUM

RECEIVED

TO: Docket Control
Arizona Corporation Commission

2005 DEC 21 P 4:17

FROM: Ernest G. Johnson
Director
Utilities Division

AZ CORP COMMISSION
DOCUMENT CONTROL

Date: December 21, 2005

RE: REVISED STAFF REPORT FOR PAYSON WATER COMPANY GERONIMO SYSTEM - WHISPERING PINES FIRE DISTRICT REQUEST FOR VARIANCE TO MORATORIUM ON NEW SERVICE CONNECTIONS (DOCKET NO. W-03514A-05-0729)

Per the Procedural Order issued November 7, 2005, attached is the Revised Staff Report for the Whispering Pines Fire District application for a variance to the moratorium on new service connections to the Payson Water Company - Geronimo System. Staff is recommending approval.

EGJ:SMO:red

Originator: Steven M. Olea

Attachment: Original and 13 Copies



Arizona Corporation Commission
DOCKETED

DEC 21 2005

DOCKETED BY *CM*

**REVISED STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

**PAYSON WATER CO., INC.
GERONIMO SYSTEM
DOCKET NO. W-03514A-05-0729**

**APPLICATION BY WHISPERING PINES FIRE DISTRICT
FOR VARIANCE FROM
DECISION NO. 67747
REGARDING MORATORIUM**

DECEMBER 21, 2005

**EXECUTIVE SUMMARY
PAYSON WATER CO., INC.
GERONIMO SYSTEM
DOCKET NO. W-03514A-05-0729**

Staff recommends that the Payson Water Co., Inc. – Geronimo System (“Geronimo”) be required to connect the Whispering Pines Fire District (“District”) with a 5/8”x3/4” meter within ten days of a decision in this matter. The District should be restricted to using water for only those purposes outlined in its request and as quoted herein.

Staff further recommends that if the Commission wishes to allow further connections (in addition to the District) to the Geronimo system, that it allow four to eight additional 5/8”x3/4” metered connections. These further connections shall be provided a meter by Geronimo on a first-come first-served basis. The applicants for these further connections should be required to provide a Gila County Building Permit (“Permit”) to Geronimo within 45 days of a meter being placed on the property. The Permit must be for a permanent residential dwelling unit, i.e., not just for a garage, shed, temporary structure, etc. If the Permit is not provided within the 45 day time frame, Geronimo shall remove the meter from the property and the applicant shall be required to reapply to Geronimo for service if water service is still desired.

Staff further recommends that Geronimo be ordered to immediately begin searching for new water sources.

STAFF ACKNOWLEDGEMENT

The Staff Report Payson Water Co., Inc. – Geronimo System, Docket No. W-03514A-05-0729, was the responsibility of Steven M. Olea.

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form the name 'Steven M. Olea'.

Steven M. Olea
Assistant Director

Introduction

On October 19, 2005, the Whispering Pines Fire District (“District”) filed a request for a variance to the meter moratorium that has been imposed by the Arizona Corporation Commission (“Commission”) on the Payson Water Co., Inc. – Geronimo System (“Geronimo”). The District indicates that it does not need this service connection to supply typical uses. Specifically, the District indicates that it needs a meter “installed to supply a regular hose bib ... to be able to hose off steps of fire trucks (to avoid slip injuries) and to be able to wash hazardous chemicals and blood off our professional firefighters after they make emergency medical calls. We are not requesting water to fight fires or to refill our tender trucks, just seeking to protect our staff and equipment that frequently responds in snow, mud, and serious medical situations.”

Background

The Commission originally imposed the moratorium in Decision No. 52454 (September 18, 1981). The moratorium was modified in Decision No. 57584 (October 11, 1991). In Decision No. 67747 the Commission again modified the moratorium by allowing one additional meter at Lot 59A in Geronimo Estates. In addition, this decision required Geronimo to conduct a system monitoring exercise for 12 months to determine if the moratorium should be further modified (i.e., allow more connections to the system or remove the moratorium all together).

Discussion

On November 21, 2005, Staff submitted its original Staff Report for the instant Docket. However, almost immediately after that Staff Report was docketed, Staff learned that the customer count information submitted by Geronimo was incorrect. Due to this incorrect information, Staff conducted an on-site visit with Geronimo to personally confirm the number of connections on the water system. During this on-site visit on November 26, 2005, Staff found that there are 83 connections on the water system (70 in Geronimo Estates and 13 in Elusive Acres).

Of the 70 connections in Geronimo Estates, two have had their meters pulled and two are inactive, for a total of 66 active meters. In Elusive Acres, two meters have no usage for a total of 11 active meters. The properties with the six inactive connections have no buildings/structures on them. Therefore, the Geronimo system has 77 active meters.

To date, Geronimo has now submitted eight months worth of data for the system monitoring exercise. The latest exercise data, submitted December 13, 2005, remains inconsistent due to a new sonic measuring device being used to determine the static water level in the wells and because new well-head meters were installed (on July 20, 2005). However, in using the worst case scenario for the water use data, it is Staff’s opinion that the 77 active connections have a peak use of approximately 0.17 gallons per minute (“gpm”) each. This would equate to a total peak use demand of 13.31 gpm for all 77 connections. The well production data submitted by Geronimo indicates that the production from the two wells is

approximately 16 gpm. This analysis would indicate that the system could serve approximately 92 connections (16 gpm/0.17 gpm per connection = 80).

It should be noted that during a field visit to the water system on October 28, 2005, Staff witnessed the wells pumping at a combined rate of almost 24 gpm. However, based on the past history of this water system, Staff does not believe that this pumping rate can be sustained for a prolonged period of time, especially in the summer.

In a previous Staff Report (dated November 15, 2005) and as discussed in Decision No. 67747, Staff determined, based on the data available at that time, that it appeared that the Geronimo system could serve approximately 88 connections.

Conclusions

Based on the above, Staff believes there are several options available to the Commission:

1. Keep the total moratorium and allow no more than the existing 83 connections until Geronimo finds an additional reliable water source(s).
2. Allow up to 88 total connections as stated in the November 15, 2005 Staff Report, while assuming that the six inactive connections could become active at anytime, thereby allowing five more 5/8"x3/4" connections to the water system.
3. Allow up to 88 active connections while assuming that the six inactive connections will not become active any time soon due to no building on these six properties, thereby allowing eleven more active 5/8"x3/4" connections to the water system.
4. Allow up to 92 total connections to the system while assuming that the six inactive connections could become active at anytime, thereby allowing nine more 5/8"x3/4" connections to the water system.
5. Allow up to 92 active connections to the system while assuming that the six inactive connections will not become active any time soon, thereby allowing fifteen more 5/8"x3/4" connections to the water system.

Recommendations

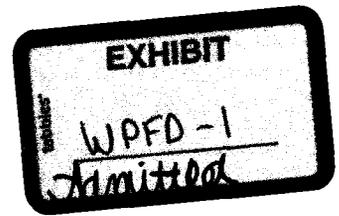
It is Staff's opinion that the meter request by the District should be granted with the condition that that District use water for only the uses outlined in its request and as quoted above. In addition, it continues to be Staff's opinion that at least 12 months of consistent water system data is needed (as ordered in Decision No. 67747) before a final decision on the moratorium is made.

It is also Staff's opinion that if the Commission wishes to allow further connections (in addition to the District) to the Geronimo system, that the system could support either Option No. 2 or Option No. 4 above. The choice would depend on how conservatively the Commission desires to approach the situation. For Option No. 2, this would allow the connection of the

District plus four additional connections. For Option No. 4, this would allow the connection of the District plus eight additional connections. Staff would recommend that the Fire District be connected to the Geronimo system prior to any other new connections being made.

Staff would further recommend that any new connections to the system, beyond that of the District, be made on a first-come first-served basis. In addition, the applicant for service should be required to provide a Gila County Building Permit ("Permit") to Geronimo within 45 days of a meter being placed on the property. The Permit must be for a permanent residential dwelling unit, i.e., not just for a garage, shed, temporary structure, etc. If the Permit is not provided within the 45 day time frame, Geronimo shall remove the meter from the property and the applicant shall be required to reapply to Geronimo for service.

In addition, Staff would recommend that Geronimo be ordered to immediately begin searching for new water sources. In discussions with the District (specifically Mr. Harry D. Jones), the District identified two possible water sources for Geronimo. According to Mr. Jones, each source is approximately 2 miles from Geronimo. The sources identified are the Camp Geronimo Boy Scout Camp and Bray Creek Ranch. Staff has been informed that if Geronimo is not interested, willing or able to search for new water sources, the Geronimo Estates Property Owners' Association Group may be interested in purchasing Geronimo from Payson Water Co., Inc.



Conclusions
From the Geronimo Estates/Elusive Acres
2005 Water supply/Use Study

Production from Geronimo Well @ 10 Hours/day:

Stated rate of 6.0 gpm x 60 minutes/hour = 360 gal/hour
x 10 hours/day = 3,600 gal/day x 30 days/month = 108,000 gal/month

Actual average pumped per month = 108,450 gal/month

On a 10 hour day, additional output capacity = -0-

Production of Elusive Acre Well @ 10 hours/day:

Stated rate of 10.0 gpm x 60 minutes/hour = 600 gal/hour
x 10 hours/day = 6,000 gal/day x 30 days/month = 180,000 gal/month

Actual average pumped per month = 48,414 gal/month

On a 10 hour day, additional output capacity = 131,586 gal/month

Conclusion:

- At the rate of 133,477 average gal sold/month over the test period to 74 customers, the average use per customer is 1804 gallons per month.
- The unused capacity of the Elusive well of 131,586 gal/month @ 1,804 average gal/month per meter would serve 73 new meters.
- The best well is being left idle most of the time. At 10gpm, it is only being run 2.7 hours/day, to the detriment of the property owners.

GERONIMO ESTATE / ELUSIVE ACRES

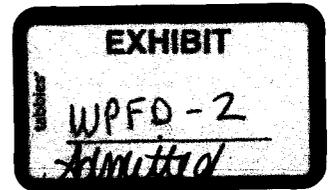
WATER USE / PUMPED

2005

WELL LOCATION / #	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Total	Averages
<u>Gerónimo Est. 55-621336</u>		27.3	28.7	33.1	29.8	39	42.5	21	21			30.3
Static Level (feet)												
(casing depth = 155')												
Gallons Pumped	100,840	62,240	128,100	128,100	131,760	130,120	174,310	58,950	81,280		867,600	108,450
% of Monthly Total	83%	27%		69%	78%	77%	88%	78%	75%			69%
<u>Elusive Acres 55-515318</u>												
Static Level (feet)		15.3	17.1	18.6	15.9	74	27.9	33	38			29.975
(casing depth = 155')												
Gallons Pumped	21,330	165,340	165,340	56,990	37,200	39,280	24,190	16,500	26,480		387,310	48,414
% of Monthly Total	17%	73%	73%	31%	22%	23%	12%	22%	25%			31%
Total Pumped	122,170	227,590	227,590	185,090	168,960	169,400	198,500	75,450	107,760		1,254,910	156,864
Total Sold	126,160	188,912	188,912	189,070	143,680	123,270	125,940	69,380	101,400		1,067,812	133,477
Net Gain (Loss) in storage before leaks (15K tank)	(3,990)	38,668		(3,980)	25,280	46,130	72,560	6,070	6,360			23,387

Conclusion: Static water levels in 155'-200' wells have been reasonably consistent in light of continuing severe drought, especially the fall/winter 2005

**Known Wells Drilled
In Geronimo Estates Since 1988
(as reported by Van Herrick)**



<u>Name</u>	<u>Date</u>	<u>GPM</u>
Robert Boehme	June, 2000	3.0
John Landis	April 2000	3.0
Robert Smolenski	July 1999	4.0
Joseph Huen	May 1988	5.0
Guy Dryer	June 1988	7.0
Van Herrick	March 1996	5.0
Janet Weber	July 1997	5.0
Gary Eagleton	August 1995	4.0
Joe Brown	April 1998	1.0
Liebe Vanderzweep	Jan 1998	2.0
Connie Stojanovic	Aug 1998	4.0
Katherine Christensen	June 1988	1.0

C-C

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2004
PWS Number 04-028

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED ¹ (Thousands)
January	70	142	106
February	70	88	99
March	70	82	136
April	70	124	190
May	70	126	226
June	71	203	U/A ¹
July	70	217	210
August	69	121	157
September	70	198	198
October	70	212	207
November	70	119	121
December ²	71	252	245
Total		1,884	1,895

¹ Payson Water improved well reading procedures in June 2004 to ensure well meters were read during the same time period as customer meters. As a result of the transition, actual June 2004 production is combined with both May and July.

² December 2004 consumption estimated due to severe weather conditions. Actual meter readings obtained in January 2005.

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 Yes No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 Yes No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system __ see page 10 __ mg/L
(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

EXHIBIT

WPFD-3
Admitted

D-D

WATER COMPANY PLANT DESCRIPTION
WELLS

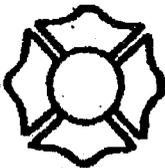
ADWR ID No.	Description	Pump HP	Pump Yield (GPM)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (Inches)	Year Drilled	Arsenic Levels (mg/L)
55-645162	Glacia	5	72.0	52	6	2	U/A	0.0030
55-086809	DC 1 Deer Creek	2	32.5	240	6	3/4	1985	0.0054
55-512278	DC 2 " "	5	3.9	280	6	1	1985	0.0054
55-621332	EV 1 East Verde	1.0	5.5	190	8	3/4	1958	0.005
55-621335	EV 2 " "	0.5	2.0	165	8	3/4	1953	0.005
55-518599	EV 3 " "	2.0	6.2	100	6	1	1987	0.005
55-515318	EA	2.0	24.1	200	6	3/4	1988	0.0025
55-631115	FS Howie Spring	1.0	10.5	150	5	3/4	1980	0.0031
55-621336	GE Garretts	1.0	36.6	155	6	5/8	1965	0.0013
55-644405	MR Morehead	2.0	4.1	20	8	3/4	U/A	0.002
55-631113	Mesa Del	5.0	8.4	550	6	3/4	1977	<0.001
55-500270	Mesa "	2.0	4.0	450	6	3/4	1981	<0.001
55-801698	Mesa "	2.0	0.0	400	6	3/4	U/A	<0.001
55-801699	Mesa "	2.0	0.0	400	6	3/4	1973	0.0017
55-801699	Mesa "	1.0	4.0	200	6	3/4	1973	0.0017
55-631112	Mesa "	1.0	4.0	250	6	3/4	1986	0.0011
55-513409	Mesa "	3.0	5.70	408	6	3/4	1996	<0.001
55-556148	Mesa "	2.0	9.50	400	6	3/4	1996	<0.001
55-501381	QV	1.5	0.0	105	6	5/8	1981	<0.001
55-605247	SV Star Valley	2.0	22.80	100	8	3/4	1960	<0.001
55-519703	SV " "	2.0	19.10	200	6	3/4	1980	<0.001
55-538696	TK Kettle	1.5	0.0	300	6	2	1993	<0.001
55-548773	TK Kettle	15.0	140.0	240	6	3	1996	<0.001
55-621333	WP Whisper	1.0	15.5	100	6	3/4	1965	<0.001
55-621334	WP	2.0	10.3	50	8	2	1960	<0.001

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
JO Water Sharing Agreement (PWS 04-030)	14.6	7,337
ECC Water Sharing Agreement (PWS 04-030)	25.0	9,124
Intercompany water hauling via tanker from Star Valley (PWS 04-037) to East Verde (PWS 04-026)	N/A	102
Intercompany water hauling via tanker from (PWS 04-037) to Whispering Pines (PWS 04-039)	N/A	107

EXHIBIT
WPFD-4
Admitted



WHISPERING PINES FIRE DISTRICT

HC8 Box 701A • Payson, Arizona 85541 • Telephone (928) 474-3088 • Fax (928) 472-3392

October 10, 2004

Chairman Marc Spitzer
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Commissioner William A. Mundell
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Commissioner Kristin K. Mayes
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Commissioner Mike Gleason
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Commissioner Jeff Hatch-Miller
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

RE: Brooke Utilities, Inc.'s Denial of Water Meter to New Fire Station

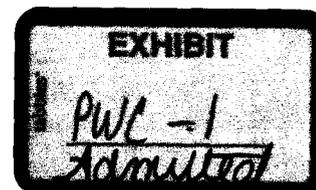
Honorable Commissioners:

Your recent increased attention to rural Arizona water issues and particularly to the issues with Brook Utilities, Inc. in nearby Pine is appreciated.

Whispering Pines Fire District, located 12 mile north of Payson, covers the communities of Whispering Pines, Rim Trial, Geronimo Estates, and the Camp Geronimo Boy Scout facility, each surrounded by the Tonto National Forest. We members of the Board of Directors of the District are obligated to provide facilities, equipment, and staff to directly serve approximately 644 sub-divided parcels, 385 homes, 12 miles of Forest roadways, 162 full time residents, and up to 800-1000 Boy Scouts 8-9 weeks per year. In addition, when we are not committed elsewhere, we generally provide structural fire, wild land fire, EMT, paramedic, and mutual aid services to Bonita Creek, Verde Glen, Cowan Ranch, Beaver Valley and other neighboring communities outside the District.

Our fire department has grown significantly the last three years in terms of equipment, facilities, and service. Within a month, we will complete our first substation, a new building in Geronimo Estates, which will allow us to house two apparatus in that community (near the Scout Camp) which is five miles from our main station. Response time to that area will be dramatically reduced.

Our concern, and reason for seeking your assistance involves the attached letter from Brooke Utilities, which confirms their denial of a water meter at the new



building, as requested in our Chief's letter also attached. The new building is a simple truck barn, with no restroom and no kitchen, but it is a facility that needs water to minimally wash mud off the steps of fire trucks and to hose off a fireman or EMT staff member that may have come in contact with hazardous materials or blood during the performance of their life saving efforts.

We at the fire District have been fully aware of the 23-year moratorium on water meters in the Geronimo community, which has only 68 meters to serve over 250 lots. At our main fire station in Whispering Pines (also served by Brooke Utilities' Payson Water Co. subsidiary), we have suffered all this summer with Stage 4 conservation measures. We have been out of water on numerous occasions and low on pressure much of the summer. At the new Geronimo sub-station, we have not requested a meter to run a social hall or a full time fire station, nor to have water to fight fires. We only asked for a meter for simple cleanup and safety procedures. We understand some residents or lot owners with a pending meter request for 23 years might be upset with a meter allocated to a hose bib at the fire station. However, most residents would support this minimal level of water availability for their fire/medical services.

With about 25% of our citizens living in Geronimo Estates, we are aware of some residences on two or more lots with a meter on each lot, with the homeowner willing to have one unused meter removed and re-allocated to the fire department. We are also aware that over the last twenty or so years, numerous residents (about 13-one in the last month) have successfully drilled their own wells and obtained enough water for their own homes. We are not aware of any efforts on the part of Brooke Utilities to explore for more water so that the 23-year meter moratorium could be lifted. We realize the Commission had been asked to provide "guidance" to Brooke's Pine water Co. related to new water, and that the ACC could not do this, but wisely required them to participate in regional water development efforts. Any required effort for developing new water resources should be extended to include the Geronimo and Whispering Pines communities.

We do not understand why some divisions of Brooke Utilities are required by the Commission to haul water when local resources are inadequately developed (Pine Water Co.) or why other divisions of Brooke (Payson Water Co.) have hauled water voluntarily (such as at Whispering Pines which was short of water many times this summer), while at the same time they are allowed to "just not serve" Geronimo Estates to the degree no one can have a new meter for 23 years and the fire department is not even allowed to have a meter for a simple hose bib. Your CC&N requires reasonable efforts to serve the certificated areas granted.

Therefore, we respectfully request that the Commission do the following:

- Require Brooke to immediately allocate a water meter to the new Geronimo fire station.
- Require Brooke to immediately haul water to Geronimo when other resources are inadequate.

- Lift the complete moratorium on meters in Geronimo Estates and allow a gradual increase in meters as new water resources are reasonably developed, and specify that if additional water resources are not quickly developed, Brooke should be required to meet such demands by hauling water at their own costs.
- Require Brooke to immediately fund reasonable water exploration and storage efforts so that the Geronimo community can grow to a point that the tax base in that community can further support the needed fire and emergency service efforts provided by our District.
- Require Brooke, during a severe fire incident, to allow our fire staff emergency access to up to 25% of the potable water stored in Geronimo Estates (to allow time for our other tender trucks to arrive from the main station). To date they have refused to allow a tap on their tank up the Elusive Hills road (which road is too steep to handle our water tender trucks) or to allow a drop line with a secure hydrant at the bottom of the road.

Please let us know how we can resolve this service issue without making a formal challenge to their Certificate of Convenience and Necessity. If you have questions or need more information from us, please contact our Board Member Harry Jones at the above address or by calling (928) 595-1111.

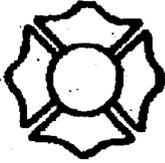
Cordially,

For the Whispering Pines Fire District Board of Directors



By Harry D. Jones, Board Member

CC: Robert Hardcastle
Mistie Jared
Brooke Utilities, Inc.
P.O. Box 82218
Bakersfield, CA 93380-2218



WHISPERING PINES FIRE DISTRICT

HC8 Box 701A • Payson, Arizona 85541 • Telephone (928) 474-3088 • Fax (928) 472-3392

September 8, 2004

Customer Service Center
P.O. Box 9016
San Dimas, CA 91773

To Whom It May Concern:

The Whispering Pines Fire District is constructing a sub-station in the Geronimo Estates community and is hereby requesting a water meter installation at this location.

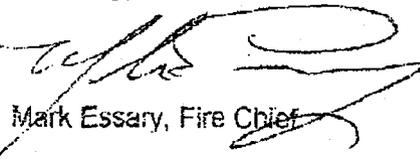
The sub-station construction site is on Lot# 52 on Paint Pony Drive, Parcel # 302-14-188 in Geronimo Estates, north of Payson, Arizona. A telephone conversation today with Frances in your Customer Service Center indicated there is currently a moratorium on water meters in this community.

The main purpose of the Whispering Pines Fire District is to provide EMS service and fire protection to the residents, their guests, and the public in general within the boundaries of this District. Secondly, our District serves as a backup in case of fire or other catastrophe occurring within the Tonto National Forest that surrounds the Geronimo Estates area. The severe drought conditions the past several years, combined with the densely forested landscape in the region, present an imminent wildfire threat to the Geronimo community and the area in general. The lack of water at the fire sub-station only compounds the danger to the residents, their homes and the lives of the volunteer firefighters. Without water, there will be no way for these volunteers to clean their protective gear, their tools, or their equipment, let alone provide any type of firefighting capability.

Furthermore, a lack of water at the Geronimo sub-station complicates the life-saving efforts of the highly trained and skilled emergency medical personnel who provide services to the ill or injured in this community. At times these EMS workers are exposed to fluids or chemicals that may be unclean or pose a bodily danger, but they will be unable to even wash their hands if there is no water at the sub-station. These emergency medical personnel face numerous hazards in the course of their efforts without having to also deal with a lack of water.

We are, therefore, requesting that you grant our request for a water meter installation for the Whispering Pines Fire District Sub-Station in Geronimo Estates. The health and well-being, the safety, and the very lives of those in the Geronimo Estates community may well rest upon your decision. We will await your written reply.

Sincerely,



Mark Essary, Fire Chief

Brooke Utilities, Inc.

P. O. Box 82218 • Bakersfield, California 93380-2218
Customer Call Center • P.O. Box 9006 • San Diego, California 91773-9016 • (800) 270-6094

September 29, 2004

Whispering Pines Fire District
Mark Essary, Fire Chief
HC8 Box 701A
Payson, AZ 85541

Re: September 8, 2004 Request for Water Service

Dear Mr. Essary,

Payson Water Co., Inc. ("Payson Water") is in receipt of your September 8, 2004 correspondence which requests water service to Parcel 302-14-168 in the Geronimo Estates subdivision. We sympathize with the Whispering Pines Fire District's ("WFPD") need and appreciate the service WFPD provides to the community.

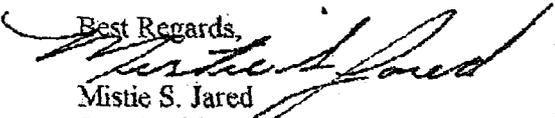
Unfortunately, Payson Water does not have the ability to unilaterally grant variances from Arizona Corporation Commission ("ACC") Decisions. As you may be aware, ACC Decision No. 52454, issued August 17, 1981, specifically prohibits additional service connections in the Geronimo Estates subdivision, regardless of the intended use of that connection.

In that regard, Payson Water does not have the option to accept or decline your request for service. A variance must be granted to WFPD exclusively by the ACC. You may reach the consumer service division of the ACC at 800-222-7000. I believe they may provide further assistance to you if you wish to apply for a variance to the Decision. Absence such regulatory approval, Payson Water can not accommodate your request.

Please also be advised, Payson Water does not have the responsibility to provide facilities capable of providing fire flow. Payson Water can not guarantee uninterrupted water service nor does Payson Water represent the availability of adequate pressure or volume for fire flow by offering domestic water service to any of its existing service locations.

If you have additional questions, you may contact me 661-633-7546.

Best Regards,



Mistie S. Jared
Operations Manager

CC: RTH, MB, ACC

Brooke Water I.L.C. Circle City Water Co. L.L.C. Strawberry Water Co., Inc.
Pine Water Co., Inc. Payson Water Co., Inc. Navajo Water Co., Inc. Tonto Basin Water Co., Inc.