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Arizona Corporation Commission

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AZ CORP COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

9 IN THE MATTER OF THE APPLICATION
 10 OF RAYMOND R. PUGEL AND JULIE B.
 11 PUGEL, husband and wife as trustees of THE
 12 RAYMOND R. PUGEL and JULIE B.
 13 PUGEL FAMILY TRUST,
 14 and
 15 ROBERT RANDALL and SALLY
 16 RANDALL, husband and wife,
 17
 18 Complainants
 v.
 PINE WATER COMPANY, an Arizona
 Corporation
 Respondent.

DOCKET NO: W-03512A-06-0407

**ANSWER TO
APPLICATION FOR DELETION OF
TERRITORY FROM CERTIFICATE
OF CONVENIENCE AND NECESSITY
OF PINE WATER COMPANY**

19 Respondent Pine Water Company ("Pine Water" or "Respondent") hereby
 20 responds to and answers the June 21, 2006 Complaint to delete a portion of Pine Water's
 21 certificate of convenience and necessity ("CC&N") that Complainants Raymond R. Pugel
 22 and Julie B. Pugel, husband and wife as trustees of the Raymond R. Pugel and Julie B.
 23 Pugel Family Trust, and Robert Randall and Sally Randall, husband and wife.

STATEMENT OF PERTINENT FACTS

24
 25 1. The history of water supply problems and limitations on new service
 26 connections in Pine Water's service area is well documented. See Decision Nos. 56539

1 (July 12, 1989), 56654 (October 6, 1989), 57047 (August 22, 1990), 59753 (July 18,
2 1996), 60972 (June 19, 1998), 64400 (January 31, 2002), 67166 (August 10, 2004), 67823
3 (May 5, 2005).

4 2. The Complaint seeks approval from the Arizona Corporation Commission
5 (“Commission”) to delete certain property from Pine Water’s CC&N. Complainants’
6 property is currently subject to a total moratorium on any new commercial service
7 connections by orders of the Commission.

8 3. In Decision No. 67823, the Commission extended the total moratorium on
9 main extension agreements and commercial connections first authorized in Decision
10 No. 59753 in order to “mitigate the potential detrimental effects associated with adding a
11 significant number of customers and/or high volume customers.”

12 4. On April 20, 2005, Pine Water rejected Complainants request for a
13 commercial connection based on the moratorium established in Commission Decision
14 No. 59753, which was later affirmed by Decision 67823. *See* Complaint, Exhibit 3. On
15 June 28, 2006, Pine Water indicated its willingness to support Complainants’ request for a
16 variance to the moratorium, provided that sufficient water existed in the private operating
17 well owned by Complainants. *See* Exhibit A, attached hereto and incorporated by
18 reference.

19 5. Pine Water has explored several long-term solutions to increase the
20 availability of water supply within its CC&N, including but not limited to the construction
21 of the Blue Ridge Reservoir and/or additional water storage, or the drilling of new deep
22 wells. *See* Decision No. 67823 at 6-8. The Commission recognized that the participation
23 of several stakeholders, including Gila County, is essential to resolve the water supply
24 problems in Pine Water’s service area, and that “restrictions placed exclusively on Pine
25 Water will not resolve the long-standing chronic water shortage issues faced in northern
26 Gila County.” *Id.* at 11.

- 1 15. Answering paragraph II.2, Respondent admits the allegation contained in
2 paragraph II.2.
- 3 16. Answering paragraph III.1, Respondent admits the allegation contained in
4 paragraph III.1.
- 5 17. Answering paragraph III.2, Respondent denies the allegation contained in
6 paragraph III.2.
- 7 18. Answering paragraph III.3, Respondent admits the allegation contained in
8 paragraph III.3.
- 9 19. Answering paragraph III.4, Respondent denies the allegation contained in
10 paragraph III.4. Respondent has made substantial efforts to find and improve the water
11 situation in Pine, Arizona.
- 12 20. Answering paragraph III.5, Respondent lacks knowledge or information
13 sufficient to form a belief as to the truth of the allegations contained in paragraph III.5.
- 14 21. Answering paragraph IV.1, Respondent asserts that the Commission rules
15 speak for themselves. Respondent denies the remainder of the allegations contained in
16 paragraph IV.1.
- 17 22. Answering paragraph IV.2, Respondent alleges that no response is
18 necessary because the allegation calls for a legal conclusion. To the extent a response is
19 required, Respondent denies the allegation that Pine Water has breached its obligation to
20 provide water to all members of the public.
- 21 23. Answering paragraph IV.3, Respondent denies the allegation contained in
22 paragraph IV.3.
- 23 24. Answering paragraph IV.4, Respondent denies the allegation contained in
24 paragraph IV.4.
- 25 25. Answering paragraph IV.5, Respondent denies the allegations contained in
26 paragraph IV.5.

1 ORIGINAL and thirteen (13) copies of the
2 foregoing filed this 21st day of September, 2006:

3 Docket Control
4 Arizona Corporation Commission
5 1200 W. Washington St.
6 Phoenix, AZ 85007

7 Copy of the foregoing hand delivered
8 this 21st day of September, 2006, to:

9 Dwight D. Nodes
10 Assistant Chief Administrative Law Judge
11 Arizona Corporation Commission
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13 Phoenix, AZ 85007

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20 COPIES mailed
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