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7 **Attorneys for the Complainants**

AZ CORP COMMISSION
DOCKET CONTROL

8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

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

DOCKET NO. W-03512A-06-0407

Rejoinder Testimony of Ray Pugel

W-03512A-07-0019

21 **ASSET TRUST MANAGEMENT, CORP.**
22 **Complainants,**
23 **v.**
24 **PINE WATER COMPANY, an Arizona**
25 **Corporation**
26 **Respondent.**

DOCKET NO. W-03512A-06 -0613

27 **JAMES HILL and SIOUX HILL, husband and**
28 **wife and as trustees of THE HILL FAMILY**
29 **TRUST,**
30 **Complainants,**
31 **v.**
32 **PINE WATER COMPANY, an Arizona**
33 **Corporation**
34 **Respondent.**

03512
DOCKET NO. W-~~20511A~~-07-0100

Arizona Corporation Commission
DOCKETED

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1 Once again, state your name: **Ray Pugel**

2
3 Did you read the Surrebuttal Testimony filed by Pine Water Company and the Testimony filed by the
4 Arizona Corporation Commission Staff? **YES**

5
6 Before addressing specific issues do you have any general comments regarding the Pine Water Company
7 Surrebuttal Testimony?

8 **Pine Water Company has raised a number of new issues in its attempt to obfuscate the fact that it**
9 **cannot provide adequate water service to the Complainants. They have brought in testimony**
10 **regarding Mr. Peterson and Mr. Fumusa. In the five day turn around time from the receipt of the**
11 **testimony until the filing, it is not possible to obtain surrebuttal testimony from Mr. Peterson and**
12 **Mr. Fumusa, so they will be called as witnesses. Copies of any exhibits about which they intend to**
13 **testify will be disclosed upon receipt of the same.**

14 **Pine Water Company has chosen in its Surrebuttal Testimony to take the focus of this matter off**
15 **the fact that they are unable to provide adequate water service to the Complainants' property and**
16 **have chosen to write, almost from a victim perspective, their story of how they have tried and**
17 **failed to provide adequate water service in the community. The Commission should not be**
18 **swayed by this approach and instead should look at the simple facts. We need water, they can't**
19 **deliver it. They have not been able to provide adequate water service for over 11 years and have**
20 **held our community hostage. We have water, and we should be allowed to serve ourselves. We**
21 **should not be forced to join an inferior system, which provides inferior service to its customers.**
22 **We should not be forced by the government to give up what our risk capital provided so that a**
23 **water company may profit it from it when in 11 years they have failed to live up to the**
24 **responsibilities dictated by their CC&N. I do not believe that the intent or the spirit of granting a**
25 **CC&N is to protect the monopoly of a provider who has deficient service and has failed to**
26 **improve it in 11 years. You cannot find water if you do not look for it.**

27
28 Before addressing specific issues do you have any general comments regarding the Staff Testimony?

1 **The staff is recommending a system of expanding the water system which has not worked before**
2 **in Pine and has led to the continued water problems which plague the community.**

3
4 Have you attempted to work with Pine Water Company?

5 **We requested service from them and were turned down. We sought other ways of providing**
6 **water service.**

7
8 Are you seeking any "special treatment"?

9 **No, we just want water service to our property so that it can be occupied, used and provide the**
10 **consumer the best possible product and service.**

11 To your knowledge, is the process of the Corporation Commission the only one available to provide
12 domestic water service to your property?

13 **No, it is not. There are other available alternatives.**

14 Previously you indicated that Hauling Water is not providing adequate water service. Can you elaborate
15 on the source of that statement?

16 **Steve Olea of the ACC Staff made that statement. The question is whether or not it is reasonable**
17 **to haul water "forever" and not find a permanent solution.**

18 Have you had the opportunity to look at a Pine Water Company water main or distribution map? If so, is
19 Mr. Hardcastle's testimony found on pages 6 and 7 in accordance with that map?

20 **No, the Pine Water Company map shows that there is a four inch line to the property corner**
21 **which becomes a six inch line just past Hardscrabble Road.**

22 When you decided to drill a well in Pine, was it for the purpose of providing water for Pine Water
23 Company?

24 **No, our initial purpose was to show, contrary to Mr. Hardcastle's continued assertions, that there**
25 **was water underground in Pine, Arizona. Once we had a successful well, we determined that it**
26 **could be used to provide water for the use on our property, however, we were impeded by Pine**
27 **Water Company's CC&N from doing so.**

1 In his testimony on page 11 lines 13 through 17 Mr. Hardcastle points out that the only thing you have
2 done to share water with the Community is to tell the Fire Department that it was available in case of an
3 emergency. Is there anything else that you can do?

4 **Because of the existence of Pine Water Company's CC&N we cannot sell water or otherwise**
5 **provide it in the community, so Mr. Hardcastle's criticism is poorly addressed. Mr. Hardcastle**
6 **has the ability to acquire the water from us and to provide it to the community and he has refused**
7 **to do that.**

8 On page 20 lines 14-15 Mr. Hardcastle indicates that "there are a number of possibilities, none of which
9 can be explored without his willingness to start the process." Do you believe that Pine Water Company
10 is interested in exploring possibilities with you?

11 **Based upon their prior conduct and demeanor, it appears that Pine Water Company is only**
12 **willing to explore possibilities with me if I am willing to do it their way. They speak of Advances**
13 **in Aid of Construction, but without specifics as to the term and the return and as to whether or**
14 **not I would be 100% compensated for what is given to them.**

15 **Regarding Water Supply, they are willing to compensate me for the water lines which may**
16 **be installed by virtue of an Aid in Advance of Construction, and for a portion of the well which**
17 **would serve the development of my property. They also speak of possibly buying the well to**
18 **provide for other customers of Pine Water Company, but they only want to purchase the**
19 **infrastructure; they make no provision for purchasing the water which also has value. It seems**
20 **odd that they can purchase the infrastructure and use it to pump out the water which they sell to**
21 **others and the people who developed the well get no benefit out of that water sale. While it is used**
22 **as a measure to determine the amount of infrastructure payment, no compensation is being**
23 **offered by Pine Water Company or recommended by Staff for the water which would be extracted**
24 **from the well.**

25 **The State Constitution provides that private property shall not be taken for public use**
26 **without compensation being paid to the owner of that private property. The machinations of Mr.**
27 **Hardcastle, which sadly are being supported by the Staff, will create a situation where the private**
28 **property, the well and infrastructure, could be partially taken if the payback on the line extension**
29

1 **agreement is insufficient to cover the value of that property, and the right to the water would be**
2 **totally taken without compensation to the Complainants.**

3 Do you have anything that you would like to add to this testimony?

4 **Only that this is a very frustrating process. Pine Water Company cannot provide adequate**
5 **service. We have water, a well and can provide service, but they are not willing to purchase the**
6 **water, rather just the infrastructure and take as much water as they want. Water has value. If**
7 **Pine Water Company wants our water so they can sell it to someone else, whether it be a customer**
8 **who is within the community or on our property, they should pay for the water, or find another**
9 **source of water to use. The citizens of Pine, along with ourselves the Complainants have put up**
10 **with many years of poor and inadequate service. There is a solution at hand, however since it is**
11 **not Pine Water Company's solution it is not considered a viable one.**

12 Does that conclude your testimony? **YES**

1 Original and 17 copies mailed/delivered
2 This 14th day of May, 2007 to:

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

7 Copies of the foregoing mailed/delivered
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