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AZ CORP COMMISSION
DOCKET CONTROL

1 FENNEMORE CRAIG, P.C.
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Phoenix, Arizona 85012
4 Telephone (602)916-5000
Attorneys for Pine Water Company

BEFORE THE ARIZONA CORPORATION COMMISSION

7 RAYMOND R. PUGEL AND JULIE B.
PUGEL AS TRUSTEES OF THE RAYMOND
8 R. PUGEL AND JULIE B. PUGEL FAMILY
TRUST, and ROBERT RANDALL AND
9 SALLY RANDALL

10 Complainant,
11 v.
12 PINE WATER COMPANY,
Respondent.

13 ASSET TRUST MANAGEMENT, CORP.,
14 Complainant,
15 v.
16 PINE WATER COMPANY,
Respondent.

17 JAMES HILL and SIOUX HILL, husband and
18 wife as trustees of THE HILL FAMILY TRUST,
19 Complainant,
20 v.
21 PINE WATER COMPANY,
Respondent.

22 BRENT WEEKES,
23 Complainant,
24 v.
25 PINE WATER COMPANY,
Respondent.

DOCKET NO: W-03512A-06-0407

Arizona Corporation Commission
DOCKETED

AUG 27 2007

DOCKETED BY	
ICK	NR

DOCKET NO: ~~W-03512A-06-0407~~

DOCKET NO: W-03512A-07-0100

DOCKET NO: W-03512A-07-0019

(Consolidated)

NOTICE OF FILING CUSTOMER
COMMENTS

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Pine Water Company ("PWCo") hereby submits this Notice of Filing Customer Comments in the above-referenced matter. Customer Pam Mason has informed PWCO that she has repeatedly and unsuccessfully tried to file comments with the Arizona Corporation Commission EdoCKET in this matter and has asked that the Company's counsel assist in getting her comments filed. Specifically, filed herewith are the following:

1. Pam Mason's letter dated July 30, 2007 to Judge Nodes and to the Commissioners;
2. Pam Mason's letter dated June 24, 2007 emailed to Gila County Supervisors;
3. Email response dated June 25, 2007 from Gila County Supervisor Shirley Dawson to Pam Mason;
4. Pam Mason's email dated November 12, 2006 to Gila County Board of Supervisors; and
5. Pam Mason's comments docketed on August 2, 2007 in Docket No. W-03512A-07-0362 which addresses the deletion of territory from Pine Water Company's CC&N.

RESPECTFULLY SUBMITTED this 27th day of August, 2007.

FENNEMORE CRAIG, P.C.

By 
Jay L. Shapiro
Todd Wiley
Patrick J. Black
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012
Attorneys for Pine Water Company

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ORIGINAL and nineteen (19) copies of the foregoing filed this 27th day of August, 2007:

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Copy of the foregoing hand delivered this 27th day of August, 2007 to:

Dwight D. Nodes
Assistant Chief Administrative Law
Judge
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Kevin Torrey
Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Ernest Johnson, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

COPIES mailed
this 27th day of August, 2007:

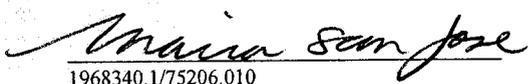
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Pine, AZ 85544

Barbara Hall
P.O. Box 2198
Pine, AZ 85544

William F. Haney
3018 E. Mallory Street
Mesa, AZ 85213


1968340.1/75206.010

Attachment 1

Docket Numbers: W-03512A-07-0362 AND W-03512A-06-0407, W-03512A-06-0613,
W-03512A-07-0019, W-03512A-07-0100

July 30, 2007

Honorable Judge Nodes and Commissioners,

The communities of Pine and Strawberry need the K2 well agreement to go through and the test well implemented just as soon as possible.

I have attended 95% of the PSWID meetings, paid attention, made notes and most times only 2 or 3 other members of the public were present. The board is working hard and diligently for the good of both communities. Up until recently it was perceived that Strawberry did not have a water shortage issue but at no time was it ever suggested that it was Pine against Strawberry.

Unfortunately we have in our midst a group that would prefer to divide and conquer. The PSWID board have come under attack and deliberate misinformation is being circulated by the parties known to you, including the consultant from Gila County.

You will see from the attached documents that I have been paying very close attention to the matters at hand. I respectfully request that you read my letters to the Gila County Supervisors starting in November of last year, and the latest answer I received from one of the Supervisors. I was appalled that Mr. Pugel would again want Gila County to take over PSWID board, that last time in just nine months \$37.6K went to Mr. Jones and \$81K to Mr. Gielege. This was money that was supposed to be used for water exploration. Mr. Pugel does not want us to find any new water the reasons are obvious, it would lessen the importance of Milk Ranch, his dislike for Mr. Hardcastle is palpable, and he and his "associates" want total control of water.

Needless to say this is not just about the "Agreement" but about purchasing Pine and Strawberry Water Company, recalling some of the PSWID board and putting in place those that have a vested interest. In other words a "cash cow" for those that would run the Community owned water company. I can hardly wait to have my water rates raised with no ACC to oversee or appeal to, to see build out on all developments, to operate with no water restrictions and pay for the infrastructure of the developments to boot! We also don't need a former supervisor who is now on Planning and Zoning to run any Community Water Company!

For the group to advise the less informed that \$300K is a waste of tax payer money given their own track record and hidden agenda is a farce. Oh! and by the way it would cost us \$6.5K per household over 20 years based on the \$12.1 Million proposed a couple of years ago. Today's estimate who knows, and of course those Administration Fees!!! We appreciate the very existence of the ACC and wish to remain under the eye of the experts.

Portal IV is facing a lawsuit whereby a developer is threatening to take title to three future well sites and in addition "high density use of their tract, specifically a 90 condominium project instead of the 10 residential lots they had planned." (www.pccdwid.org) They have few full time residents and are actively seeking additional water sources. I counted 17 homes in the Strawberry Hollow Development and they are not all full time residents.

I read the correspondence, Mr. Peterson terminated negotiations. Solitude Trails apparently shut down a well PWC was using, yet we keep hearing how Brookes is not using all of his water available.

I could go down line by line and dispute the arguments put forth by the group, suffice it to say that it would be too long. Rest assured I have done my homework, read the transcripts submitted to the Corporation Commission, researched Gila Supervisor minutes, read blogs and archives from Payson Roundup, Gazette and Patriot, and more than anything ATTENDED PSWID meetings. The majority of people living in Pine and Strawberry are busy getting on with their lives, earning a living or making ends meet and are hoping for more water. Some are just plain confused or afraid to speak out which is understandable.

Water usage in Strawberry per household is higher than in Pine and unfortunately they are now experiencing shortages. It would be advantageous to both Strawberry and Pine for the well to be investigated. The fact is that if successful in finding water in the deep R aquifer, eleven million gallons from the shallow C aquifer won't be used by Pine. Both Communities stand to benefit by finding more water and Strawberry will of course have access. The cost of the K2 development will be paid for by Pine consumers, and fees will fall under the jurisdiction of the ACC.

We all need more water, our property values to increase, and dislike water hauling and the cost involved. However, if we can't stand behind the volunteers in the Community who worked so hard to bring this agreement to the table, then we only have ourselves to blame for the political and financial consequences.

I sincerely urge the Commissioners to read past the "bait and switch" efforts and know that many of us do indeed want the Joint Development Well Agreement to move forward quickly, but are reluctant to step forward fearing intimidation and possible reprisals.

Thank you for your attention.

P. Mason
928-476-2227

Attachment 2

Originally submitted 07/30/07

Docket Numbers: W-03512A-06-0407, W-03512A-06-0613, W-03512A-07-0019,
W-03512A-07-0100 AND W-03512A-07-0362

Copy of my letter sent to Gila County Supervisors.

Sent to: Tmartin@co.gila.az.us, Jsanchez@co.gila.az.us, Sdawson@co.gila.az.us
6/24/07

Dear Supervisors,

I respectfully request that you read and follow up with my concerns.

My question is if and when will the current contract with Mr. Harry Jones of HDJ Consulting come up for review? I have some objections to his paid presence at PSWID meetings. You will see that he is General Manager of the Pine Creek Canyon Domestic Water Improvement District (a position previously held by Mike Ploughe) reference website pccdwid.org and is charged with finding, evaluating and negotiating for more water for that community. For your clarification, community is known as Portal IV. Several of the same sites i.e. Strawberry Hollow and Jim Hill well have been topics for discussion amongst the PSWID board members. I am not well rounded in County protocol but would imagine this to be a conflict of interest somewhere along the line. See below.

Mr. Jones does indeed attend the PSWID meetings, but often appears to have his own side bar conversations going on. Prior to the recent announcement of the agreement between PSWID and Pine Water company, the meetings were ill attended, sometimes maybe 2 or 3 members of the public. During that time Mr. Jones would not involve himself directly with comments, or answer questions to the board unless pushed.

Just recently after the ACC Town Hall meeting held in Pine, I overheard him telling some people from Strawberry, that the agreement between Pine Water Co. and PSWID was a waste of taxpayers money. Given the fact that he was paid \$37.6K out of PSWID monies under the direction of Ron Christensen back in 2004, this was hard to swallow. He is currently paid some \$45.00 plus per hour right now and brings nothing but dissent to the meetings.

Let me clarify my last statement please. During the last PSWID meeting he was the "go to guy" for some members of the Community that have just woken up to the fact that an agreement has been reached between Pine Water Co. and PSWID. As in any dealings with the public I am sure you have seen people who attend one meeting, and are suddenly experts in the field. A lot of misinformation and rumors are unfortunately being generated and Harry Jones is one of the people involved in spreading such issues. During

the meeting one of the more outspoken people and ill informed, would go over to Mr. Jones and talk to him while the board was speaking. Whilst I acknowledge that Mr. Jones is entitled to his opinion and friendships with Mr. Ray Pugel and Co. it would seem that we the Tax Payers of Gila County should not be paying him for that privilege, particularly in public meetings. One can also look at it that he is ensuring his own job security and more billing hours to submit to Gila County.

I am concerned that as he is a paid consultant to Gila County that many may presume that he is the official voice of Gila County and therefore the distortions of facts are 100% true. If indeed Gila County has authorized Harry Jones in his capacity of a paid consultant, to oppose any such agreements and efforts by the PSWID board to find additional water, then they need to publicly say so and advise that Mr. Jones is the voice of Gila County. Mr. Pugel said in the past that Mr. Ron Christensen has already agreed to run any locally owned water district, so I wonder what his role is in this, given the fact that he appointed Harry Jones in the first place. Maybe Mr. Jones is being groomed as his assistant? Star Valley had good reason to mistrust Mr. Jones and his agenda.

During the upcoming Pugel/Pine Water Company hearings at the ACC is Gila County charging Harry Jones to make an official statement on behalf of residents of Gila County/Pine and Strawberry? Will our opinions be sought before any such presentation or does the power, money and influence of the developers have precedence. One cannot help wonder why in November of 2006 Mr. Pugel wanted Gila County Board of Supervisors to take over the PSWID board? Could it be that discussions were likely to take place with Pine Water Company and it looked like maybe some new water could be found? This would have made the well site developed by Pugel/Randall of less importance. Of course he will say that he only has the well being of the Community at heart.

New web sites have sprung up and you are going to be bombarded with emails from people opposing the recent agreement with Pine Water Company. Persons behind such a drive are the same as those behind the failed petition initiative. Naturally the public are entitled to express an opinion and I ask you to examine all of the facts, and persons involved both in front and behind the scenes, before you jump to conclusions.

I would appreciate an answer regarding the review time of the contract with Mr. Harry Jones-HDJ Consulting, his status as Gila County Spokesperson and as to how much he is costing us the Tax Payers.

I thank you for your time.

Sincerely,
Pamela Mason
PO Box 717
Pine 85544-0717

928-476-2227
pamldm@hotmail.com

Attachment 3

Originally submitted 07/30/07.

Docket Numbers: W-03512A-06-0407, W-03512A-06-0613, W-03512A-07-0019, W-03512A-07-0100
AND W-03512A-07-0362

Reply from Gila County Supervisor to my email of 06/24/07.

From : Dawson, Shirley <sdawson@co.gila.az.us>
Sent : Monday, June 25, 2007 8:37 AM
To : "Pam Mason" <pamldm@hotmail.com>
CC : "Besich, Steve" <sbesich@co.gila.az.us>
Subject : RE: HARRY JONES

Ms. Mason,

Thank you for your comments. As you may be aware, I am the only Supervisor who has opposed Mr. Jones' consultant work for Gila County. As you can see from the address on this e-mail, I am forwarding your comments to Mr. Besich, County Manager. There have been numerous times when the impression was mistakenly given that Mr. Jones was representing the Gila County Board of Supervisors. He has NEVER been officially given that power. I join in your objections to his continued work for "some" of the taxpayers and being paid by ALL of the taxpayers.

Shirley L. Dawson
Supervisor, District III
Gila County Board of Supervisors
1400 E. Ash Street
Globe, Arizona 85501
Phone: (928)402-8511
Fax: (928)402-8882
sdawson@co.gila.az.us

Attachment 4

Originally submitted 07/30/07

Docket Numbers: W-03512A-06-0407, W-03512A-06-0613, W-03512A-07-0019,
W-03512A-07-0100 AND W-03512A-07-0362

Text of my email sent to Gila County Board of Supervisors on Nov 12, 2006 concerning letter submitted to Gila County by Mr. Ray Pugel, requesting that Gila County take back control of Pine/Strawberry Water Improvement District (PSWID)

Whilst reading the agenda for your meeting scheduled Tuesday Nov. 14th I notice that the board will be discussing PSWID and a letter submitted by Mr. Ray Pugel. Please be advised that I have attended a lot of the PSWID meetings and am of the impression that PSWID are truly working hard at finding additional water supplies and that they have the interests of the whole community at heart.

On the rare occasion that Mr. Pugel did attend a meeting he made it obvious that he dislikes Brookes Utilities intensely and is against any discussions and co operative agreements that may occur between PSWID and Brooke Utilities.

I well remember how the general people of the Community felt last time when Mr. Pugel and a lot of the other developers /realtors tried to force their agenda of buying Pine Water Company (which was not for sale) and the mass mailings and petition drive they funded. A group of regular citizens had to fight this attempt to rail road through the \$12.1 Million bond idea supported by Ron Christensen, Ray Pugel, Loren Peterson (Strawberry Hollow) and others. John Nelson and Harry Jones were also on board with this plan. As regular people with no special interests or business affiliations we had to fund opposing mailings and organize meetings ourselves.

I happened upon a meeting in the Kiwanis room prior to the petition efforts, this meeting was staged by Ray Pugel with Ron Christensen in attendance. At the time he was Supervisor of District 1 and Ron Christensen assured those present, mainly realtors or those of special business interests that "he would make it happen" i.e. the community purchasing Pine Water Company. You will not have been told that applications were indeed submitted to replace members of the 2003 PSWID board, as several resigned because they were moving or had health issues. The chair at the time who was only on the board for a few months said that the applicants were "not qualified" no formal qualifications are needed and I would point out that the then chair worked for Ray Pugel and still does. Hence responsibility for PSWID was assumed by Ron Christensen/Gila County Supervisors.

On September 12th 2003 District 1 Supervisor said "The district will be kept intact and operating in the manner it was intended, we want the involvement of the Pine-Strawberry people. It's their district. What they want is important to the decision-making process." I am afraid this did not happen and during a nine month period \$219,385.24 of the

PSWID budget was spent. Some \$37.6K went to HDJ Consulting (Harry Jones) and \$81K to John Gilege tasked with intervention at the ACC. John Gilege also represents Strawberry Hollow. The general public were neither notified or kept informed as to what was going on. It was extremely difficult to get any information or accounting whatsoever from John Nelson. Cell phone bills were paid for Gila personnel but the PSWID post office box and neither the web site were maintained. I could not even read the minutes to find out what was going on.

I would respectfully point out that the Arizona Corporation Commission are the professionals when it comes to investigating requests for rate increases and at least the public at large should have been allowed to have discussions with Gila County Supervisors, as to how their taxes were to be spent. Indeed leaflets written by Ray Pugel's group were headed PSWID which as you can imagine were particularly misleading.

So here we are again with special interests trying to divert the goal of the PSWID board to work on finding a sustainable water supply. To work with Brookes Utilities and invest \$300K is a drop in the bucket compared to the millions suggested by Mr. Pugel and Co. The \$300K is already funded (in the kitty) and stands a good chance of being repaid. Oh yes by a rate increase but surely a better proposition than paying millions right now. I can honestly say that the "intent to work together for the better of the Community" exhibited by PSWID/Brookes is real in my opinion.

I have asked at previous PSWID meetings if the Chair has talked to TommieMartin and if she plans on attending any of the PSWID meetings. I was advised that unfortunately she has other commitments for those Thursdays. I would point out that the minutes of the meetings are available at pswid.org along with reports and you can see for yourselves that despite some ups and downs the board are working extremely hard for the property owners.

So I have gone out on a limb by writing this letter and would point out that I was a member of CAWS in 2003 (Citizens for an Adequate Water Supply) in opposition to the group formed by Ray Pugel/Peterson i.e. POWRS. CAWS no longer exists at this time and again I am just a retiree with no financial ties to any organization and I just want to be able to afford to continue to live in Pine peacefully.

I thank you for your time.

Sincerely,

Pamela Mason
928-476-2227

Attachment 5

W-03512A-07-0362

ORIGINAL

ARIZONA CORPORATION COMMISSION
RECEIVED UTILITY COMPLAINT FORM

4700

Investigator: ²⁰⁷⁻⁴⁶⁸⁻²¹⁵³ Richard Martinez Phone: [REDACTED] Fax: [REDACTED]

Priority Response Within Five Days
DOCKET CONTROL

Opinion No. 2007 62022 Date: 7/25/2007

Complaint Description: 08A Rate Case Items - Opposed
N/A Not Applicable

Complaint By: First: P. Last: Mason

Account Name: P. Mason Home: [REDACTED]

Street: [REDACTED] Work: [REDACTED]

City: [REDACTED] CBR: Arizona Corporation Commission

State: AZ Zip: [REDACTED] is: DOCKETED

Utility Company: Pine Water Co., Inc. AUG 02 2007

Division: [REDACTED]

Contact Name: [REDACTED] DOCKETED BY [REDACTED] Contact Phone: [REDACTED]

Nature of Complaint:

Received the following correspondence:

I am against the Deletion of Territory from the CC&N of Pine Water Company. I am a full time resident and customer of Pine Water Company.

Having read ALL the transcripts posted so far, it would seem that Pine Water Company tried to work with the developers and other well owners, contrary to the comments at public meetings. PWC was charged with finding new water supplies and is also working with PSWID.

I believe Mr. Hardcastle was also told to improve his customer service center and postings of water staging. I am notified via email of any changes in staging status and areas that maybe affected with line repairs. Conservation suggestions are also published. Stage signs posted around the Community are clear and easy to read.

Like everyone else I don't like paying hauling charges and I do my very best to conserve water wherever and whenever I can. I am mindful however, that we are in a severe drought.

It would appear that the same intervener who last criticized Pine and Strawberry Water Companies for making a profit, now says that Mr. Hardcastle spends too much on lawyers. I am sure that having to spend money on lawyers to defend himself from the same parties as last time is not by choice. Likewise does the intervener expect his friends to sell their units at cost? I hardly think so.

It appears Mr. Pugel needs to complete ADEQ testing and prove his well over an extended period of time. If indeed his property is set aside from the CC&R it would seem that he can drawdown any amount of water without restrictions. I therefore present the following questions and concerns:

Will the residents of the 40+ condominiums and 60 RV spaces/campers/horses be supplied with an adequate and long term water supply and what happens if the water supply cannot be sustained?

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

If water can flow with NO restrictions how will this affect the rest of the Community? Will our water supplies be faced with further jeopardy? It would seem that this would be counter to the "public interest."

Why did Mr. Pugel in November of last year write to Gila County Supervisors to take back control of the Pine Strawberry Water Improvement District? Could it be that the board and Pine Water Company were getting close to an agreement to find additional water? If successful would the new K2 well lessen the impact of his Milk Ranch well and his hold over the community?

Mr. Ray Pugel and Mr. Harry Jones are again pushing for the Community to buy Pine and Strawberry Water Companies. The plan one can assume, is that the developers will then say they can sell us their water, and hook into the current system. This would assure them protection if their wells drop down. Of course we would all then be operating with no usage restrictions. Would we then be paying for the main extension, infrastructure, mains water supply and any other additional facilities for their new developments? How much would we be "milked" by Milk Ranch? Would this be an open door to allow more unrestrained growth with an already questionable water supply?

If a Pine/Strawberry Domestic Water District is formed, then the Community no longer comes under the protection of the ACC as to what we pay for water and who and how much it will cost to run the District. Remember the \$12.1 Million quoted to us in 2004? Loren Peterson Strawberry Hollow was quoted as saying that the reaction was "Gee, that's pretty cheap. It's my understanding that most people's bills would actually go down." (Payson Roundup January 13, 2004.) Others estimated it to be approximately \$6.5K per household over time.

We cannot look to Gila County to act sensibly as they are responsible for allowing zoning changes for development. August 2004 when request for zoning change for the RV Park went before Planning and Zoning, Commissioner Walt Smith said "Water is something other entities must resolve." What a concept! Likewise Ron Christensen (who was District I supervisor December 2002) took exception to ACC public information officer Heather Murphy, when she said that the County must accept a good share of the blame for critical water shortages in Pine because of its continuing approval of new development. Mr. Christensen said "She is fabricating a problem that does not exist because of the county's planning, zoning or land use. It's an easy way out for those guys because they don't have a lot of authority, so it's just one way to shift it onto somebody else." (Payson Roundup December 24th 2002) He talked about Portals 4 and Strawberry Hollow amongst others. Portal 4 is looking for additional water right NOW and has very few full time residents. I just drove around Strawberry Hollow and counted 17 houses, some of which are vacation homes. Ron Christensen is now on planning and zoning along with Mark Fumosa.

Honorable Commissioners I have tried to show that authorization for Deletion of Territory from the CC&N will have troublesome consequences for both Communities and is not for the public good.

I thank you for this opportunity to express my concerns.

End of Complaint

Utilities' Response:

N/A

End of Response

Investigator's Comments and Disposition:

7/25

ACC staff called customer and thanked her for submitting her Opinion. Customer was told that her Opinion would be docketed so that the Commissioners would have an opportunity to read her opinion. CLOSED.

End of Comments

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Date Completed: 7/25/2007

Opinion No. 2007 - 62022
