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October 26, 2007
AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
Consumer Services Section
1200 W. Washington
Phoenix, Az. 85007

Arizona Corporation Commission
DOCKETED

OCT 26 2007

Docket No. W-03512A-07-0362 et al

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Commissioners

My wife and I have been residents of Strawberry since 1994, beginning full time residency in November of 2005. We have been customers of Strawberry Water Co. (BUI) during that time period, and currently have 2 residences serviced by SW Co. (BUI). Upon becoming a full time resident of Strawberry, I felt an obligation to get involved and take an active role in my community. As a result I've strived to learn what I can about the "water issues" that have plagued both Pine and Strawberry over the last several years.

To educate myself on water issues I've regularly attended community meetings announced by BUI, and Rim Country Water Group (RCW). I personally attended the opening day of pre-trial hearings in the lawsuit against Pine Water Co. (BUI), and the opening day of cross-examination of Mr. Robert Hardcastle in your offices. Additionally, I've read much of Mr. Hardcastle's testimony. I've studied the K-2 Well Agreement, the K-2 Well Site Evaluation report from Highland Water Resources Consulting, and the peer review letters related to that report. I also attended the recent PSWID Board Meeting on October 18th.

Based on my observations and what I've learned over the last few months, I don't see how any reasonable person could support the K-2 Well Agreement or the PSWID Board decision to "loan" a public utility taxpayer money to drill a "high risk" well. During his testimony, even Mr. Hardcastle indicated he would not pursue drilling if not for our tax money up front due to the risk involved. I certainly have questions regarding the legality of such a "loan." I'm appalled at the number of questionable tactics and actions of both Pine Water Co. and the PSWID Board to force this agreement on our communities. There's evidence of potential conflict of interest by a PSWID Board member during negotiations with Pine Water Co., and that the negotiations apparently breached the "open meeting" laws. At the last PSWID Board meeting, we learned that the board had "filtered" information that they used as the foundation of their decision. Not all the board members had seen all the peer review letters. Two board members announced that due to the impropriety; they would have probably changed their original vote, and voted against the agreement. The voting procedure during that meeting is also questionable. The chairman, attending by phone, was allowed a vote, preventing the vice-chair her vote, resulting in a narrow 3 to 2 vote in favor.

I've heard the reasoning to support the K-2 Well Agreement because, "we need water now." If you read the "Agreement," you'll discover that the time frame to complete the project can be up to 730 days. That's 2 years! It would not surprise me if it took full term to complete, if at all, due to the controversy over easements and access to the drilling site. Mr. Hardcastle stated at a meeting of Strawberry residents in August, that Strawberry was going to lose its "luxury" and be under water restriction and potential hauling charges in 2008 just like Pine. Isn't that surprising? If the K-2 Well comes in, and all the water goes to Pine, Mr. Hardcastle assures his company of continued revenue from water hauling charges by shifting the problem from Pine to Strawberry. So how does the K-2 Well serve as a solution to our collective water needs?

I'd like to propose a different solution. It's time this Commission exercised your influence and authority to help us protect our water resources. **"Pull the Plug" on K-2 and BUI now.** Allow the recall election to go forward in March 2008. Allow the newly elected board to transition to a purveyor of water a "Domestic Water Improvement District," and buy out Pine and Strawberry Water Companies. The new "Domestic Water Improvement District" Board will hire and supervise an experienced water utility manager on a local basis. Then with support and cooperation from the current well owners in Pine, negotiate for an even faster short term solution to the Pine water shortage. The revenue generated by the new utility, will not go to line pockets in California, but will pay down debt, run the day to day operations, and begin the long overdue process of replacing the outdated infrastructure.

Change is seldom comfortable. However, its time to embrace change, not fear it. Remember, if we continue to do things the way we have for the past nine years, we cannot expect different results!