



ORIGINAL

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Investigator: Lynn Combs

Phone: [REDACTED]

Fax: [REDACTED]

Priority: Respond Within Five Days

Opinion No. 2007 - 61793

Date: 7/17/2007 Arizona Commission

Complaint Description: 04Z Service - Other  
05E Quality of Service - Outage/Interruptions

DOCKETED

DEC 21 2007

First:

Last:

Complaint By: Sharon

Stewart

DOCKETED BY [Signature]

Account Name: Sharon Stewart

Home: [REDACTED]

Street: [REDACTED]

Work:

City: Pine

CBR: [REDACTED]

State: AZ Zip: 85544

is: E-Mail

Utility Company: Pine Water Co., Inc.

Division: Cool Pines

Contact Name: Mistie Jared

Contact Phone: [REDACTED]

Nature of Complaint:

07/17/07 REFERRED BY COMMISSIONER MAYES OFFICE

EMAIL RECEIVED :

From: stewartvoice [REDACTED]  
Sent: Friday, July 13, 2007 3:27 PM  
To: Utilities Div - Mailbox  
Subject: K2 Strawberry Well Ms. Mayes

RECEIVED  
2007 DEC 21 P 12:13  
AZ CORP COMMISSION  
DOCKET CONTROL

Dear Ms. Mayes,

I wrote you a previous letter stating that I thought the attorneys did a good job on the K2. After learning more, I believe the water problems in Strawberry need to be addressed. The old timers here tell me that since the pipeline took our ground water to Pine along with the drought, the wells have lost their water. It has already affected the C aquifer. After many people watched Brooke take their water to Pine, their wells ran dry. Then they had to hook up to Brooke.

I AGREE WITH DINA GALASSINI'S LETTER TO THE COMMISSION DATED JULY 6, 2007.

Sharon Stewart  
[REDACTED]  
Strawberry, Arizona 85544

1. There isn't enough water to support the growth that people want to have.
2. The current application is all about development.
3. Has the PWCo proven the sustainable yield of 150 gpm will be adequate to handle both water

5320-70-AS1280 W

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company's customers' needs and demands? Both water companies are paying for it.

4. Where is their conservation plan and what are they doing to conserve water?

5. When ACC issues a CC&N through a water company, that is a legal monopoly. So PWCo cannot come into SWCo's territory.

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July 6, 2007

Ms. Kristin Mayes, Commissioner

Arizona Corporation Commission  
Commissioners Wing  
1200 W. Washington - 2nd Floor  
Phoenix, Arizona 85007

Re: In the matter of the application of Pine Water Company (PWCo)

for approval to (1) Encumber a part of its plant and system pursuant to

A.R.S. 40-285(A); and (2) Issue Evidence of Indebtedness Pursuant to A.R.S. 40-302(A)  
Docket #W-03512A-07-0362

Dear Commissioner Mayes,

I am writing you in the utmost concern regarding the above application. I object to this agreement as it is extremely one-sided and a raw deal for Strawberry residents. My concerns and comments are:

Page 3, Line 23. States: The Agreement represents a private-public effort to pursue viable options for locating new water supplies in and around the Pine-Strawberry area. By pooling public and private resources to develop new water resources, PWCo submits that it stands a higher likelihood of success at a lower risk to customers.

THIS IS NOTHING BUT A PREPOSTEROUS, BLATANT SCHEME TO INVOLVE PRIVATE RESOURCES TO SAIL RIGHT THROUGH THE ACC'S RULES AND REGULATIONS, FOR PWCo TO TAKE OVER STRAWBERRY'S PROPERTY AND TO DRILL THE K2 WELL WITHOUT THE NEED FOR ACC APPROVAL. WHEN IT READS... "LOWER RISK TO CUSTOMERS," IT REALLY MEANS LOWER RISK TO PWCo, AND RISKS JEOPARDIZING STRAWBERRY'S WATER SUPPLY AND EXISTING WELLS.

IF THE ACC CANNOT SEE RIGHT THROUGH THESE PARTIES AND THIS DECEITFUL GAME, THEN THE ACC IS NOT DOING ITS JOB.

Consequently, in this new application the conflict of interest is very clear in that Brooke Utility owns both PWCo and SWCo. It is also very clear that the PSWID is not in SWCo customers' best interest. I truly believe that PWCo (and the District) intend to intentionally do harm to Strawberry's residents with this agreement.

To give you an example, in the above-referenced docket dated 6/13/07 filed by Attorney Sullivan, regarding the letter dated May 22, 2007, written by Gary Sherlock, Chairman of the PSWID, he states that "The landowners and residents within the District served by PWCo are in need of additional wells to meet the existing and projected needs of the area." Not once does he mention Strawberry's customers, new water shortages, outages and need for additional wells under SWCo. Unbelievable!

In the withdrawn application (Docket W-03512A-07-0301) SWCo was going to give away a portion of its land to PWCo for the K2 well site. Now their new application regarding the above-referenced docket was revised to slip through the ACC's loopholes once more, SWCo is "selling" the property to the District (whom is not

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regulated by the ACC). The scheme is that the District is not regulated by the ACC and will turn around and sell this property to PWCo once a sustainable yield is reached. This is totally unacceptable to me as a taxpayer!

Again, if this blatant scheme isn't apparent to the ACC, what is? How can the ACC knowingly let this happen to my family and Strawberry residents? I object to SWCo selling a portion of its property to the District.

I urge the ACC to decline the approval to encumber a part of PWCo's plant and system and reject the request for them to incur into the debt of \$300,000.

I was informed that when Strawberry experiences water shortages, the Magnolia Pipeline is to be shut down and water is to be hauled via truck to Pine or wherever. I am asking the ACC to take this into consideration in the event Strawberry encounters a water shortage after the K2 well's success. It will be interesting to me to see how PWCo sails through the ACC's loopholes regarding the existing SWCo's curtailment tariffs.

According to The K2 Well Site Evaluation Report dated 5/30/06 from Highland Water Resources Consulting, they state more than once that caution should be taken in this endeavor due to water rights and environmental concerns including the draining of Fossil Springs. They too, recommend that Pine Water Company drill in Pine and that it would be more cost effective. THEY STATE THAT THE K2 AREA MAY BEST SERVE AS AN AUGMENTATION SUPPLY FOR THE STRAWBERRY AREA AS OPPOSED TO A NEW SOURCE FOR PINE AND SUCH A SCENARIO WOULD ENSURE THAT EXISTING RESOURCES AVAILABLE TO THE STRAWBERRY AREA ARE PRESERVED. I plead with the ACC to take this valuable report into consideration and to NOT disregard it.

I am concerned that once the Pine Water Company reaches their sustainable yield of 150 gpm, they will stop drilling and interconnect the well to the Pine Water Company delivery system. If they hit more water, where does it state that larger casing will be installed to accommodate such water?

Has there been an extensive study to see if Pine Water Company is infringing on Strawberry Water Company's franchise area to drill the K2 well? What about a survey?

As expressed by a Strawberry resident at the June 21, 2007, PSWID meeting, easements required to access the K2 well site have been abandoned and the property owner(s) is in objection to any and all trespassing.

SWCo and their customers need to be included in the agreement as primary users or pro-rated, not just PWCo and their customers. Also, this agreement should address the issues if the K2 well draws water from the C aquifer versus the R aquifer, or draws water from Fossil Creek. I object to the vague terms of the agreement in these matters.

A major concern is the possible impact of the K2 well on Strawberry's existing wells and aquifer. Brooke Utility's representative claims that Strawberry's existing wells will be monitored during the drilling of the K2 well. A hydrogeologist told me that testing equipment and sounding tubes need to be in place in Strawberry's wells to report static levels and to see if they are being affected by such drilling. I feel dye needs to be inserted (after the casing is in place that seals off the K2 from C aquifer) in Strawberry's wells to confirm that the wells are not being affected. Where is any protection of Strawberry's existing wells in this agreement?

I feel one conflict of interest is Brooke Utility is giving PWCo favor over and above SWCo creating gross negligence and discrimination resulting in the possible intent of harming SWCo customers. We trusted Brooke Utility and SWCo with our own livelihood and preservation of our resources, and now they are risking our water source and not prorating any water to SWCo and their customers.

I have requested reports from Brooke Utility of the water static levels for the past 2.5 years reflecting how much water was pumped through the Magnolia pipeline from Strawberry to Pine. I have not heard a response from Brooke Utility.

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PWCo has not for years and is not providing full adequate service to its customers. What makes them think that they will provide service to SWCo? Will it be by stealing Strawberry's water, then charging us again for our own water? The ACC defines if customers have to have hauled water, it is violating the rules to continuously haul water. I urge the Commissioner to make PWCo responsible to its customers first and foremost prior to the approval of this unbelievable scheme.

PWCo is not only proposing to use one existing storage tank, but proposing TWO more future ones in the agreement. This is downright stealing of our water out of our own backyard and unacceptable to us. At the very least, SWCo should retain ownership of the existing water storage tank.

To include Strawberry customers as last in line to acquire water just to appease us is unacceptable. I request the ACC to make PWCo submit an amendment stating a minimum pro-rated share for SWCo customers.

My husband and I own two properties in Strawberry. We awoke on May 28 (Memorial Day) to no water. On June 2, 9 and 26 we received e-mails from Brooke Utility that there would be low pressure or no water conditions in Strawberry. Yesterday and today, Strawberry residents are complaining to me of low water pressure.

I have spoken with Brooke Utility's representative on several occasions. These concerns continue to be unaddressed. SWCo and its customers need representation from the ACC as it is clear that the PSWID's best interest is in PWCo. Strawberry residents cannot afford an attorney and/or hydrogeologist as such costs would be a huge burden on them. Is the ACC going to just stand by and watch PWCo jeopardize Strawberry's water supply and slip through the loopholes?

Pine's problems are not Strawberry's issues and they should not look at Strawberry for their answers. They need to work out their issues with the Pine residents who own are offering them water. Why doesn't the PWCo drill in Pine where the water is proven to be and listen to Highland Consultants? They say it's cost effective, but according to reports, that is incorrect.

I urge the Arizona Corporation Commission to do everything in their power to reject the application. This is a bad deal for Strawberry.

Dina Galassini

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QUESTIONS TO THE UTILITY : Please resond to the customers questions :

2. The current application is all about development.
3. Has the PWCo proven the sustainable yield of 150 gpm will be adequate to handle both water company's customers' needs and demands? Both water companies are paying for it.
4. Where is their conservation plan and what are they doing to conserve water?
5. When ACC issues a CC&N through a water company, that is a legal monopoly. So PWCo cannot come into SWCo's territory.

\*\*\*\*\*08/10/07 CUSTOMER HAS SENT COMMISSIONER MAYES OFFICE 2 ADDITIONAL EMAILS , BOTH DATED JULY 28,2007 AS FOLLOWS:

TO: MattDerr -  
From: stewartvoice (stewartvoice@npgcable.com)  
Subject K2 well in Strawberry  
DOCKET CONTROL

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Subject: Fw :K2wellin Strawberry - W-03512A-007-0362 AZ CORP COMM  
Director Utilities

Dear Mrs. Kristin Mayes,

I do not want the K2 well in Strawberry. I believe if Pine would quite taking the water here, and if there were a moratorium on building and hooking up new people: we'd have enough water. I am a very upset and concerned resident of Strawberry over this 1(2 well that Pine proposes to put in Strawberry and then expects it to be owned by Pine water co. This I believe is Ludicrous, and the board members said it's the same water that is in Pine. I can't believe the big business men think they can pull the wool over our eyes, a whole town.

First, when someone believes there is water somewhere, and it's not on their property, why do they think, just because they offer to pay to put the well in, that they will own it. That's not how it works in real life.

Second, they say it's their water because it runs underground through Pine. What a Joke! This is what Jim it (board member) said at the meeting last Wed. There are two wells up near my home in Strawberry that are probably within 200ft of each other and they are two completely different water systems. They don't even know if there will be water found at R level, but I'm sure they know they will get it at level C.

Thirdly, these business men explained that we are in the middle of a thirty year drought and we are having water trucked in presently, and come to find out Hardcastle just made a deal with the developer up on the hill on the N side of Strawberry with 30+ lots for \$250,000 guaranteeing them water. I'm not sure if this is true, but if it is; how can he do this? The money is supposedly to be spent for a new well. I think the public has a right to know about this, so at least we can sell our homes before the water runs out. I don't believe at this time there is enough water for all the houses that are to be built on the hill there N. side of Strawberry. There is a facet at the highest point of the hill and it is working. I turned it on and water came out. Will all of these homes need to take water out of the C aquifer? I believe we need a moratorium in Strawberry too. Right Now! At least until something is worked out. I believe that we need to keep the 1(2 sites for Strawberry residents. And I believe the other two wells in Strawberry should be used for Strawberry residents especially if we are to expect 15 more years of drought.

I have heard from people in Strawberry and Pine that Ray Pugal would like to supply Pine and possibly Strawberry, with the water he has found. Why isn't Hardcastle dealing with this man in a fair way? I've heard that Pugal is a good man, not a shark like Hardcastle. And there are supposedly 4 wells including Pugal's that will supply all of Pine and growth for 100 years. The 1(2 well is only supposed to last for 7-15 years, and it may only produce 150 gals per minute. I really think after the meeting that the board is not supporting Strawberry. We need to keep our water rights to the 1(2 for the future. We need protection from the big business men who want to make \$ now and rape these quaint little towns. We want a future here. I wanted to retire here. Others who are retired don't know if they will be able to stay because of the water. We need the reserve for the years to come from the drought.

In Carmel/Monterey CA the ACC stopped giving out water permits and it's a very nice place. The building stopped, and they still have enough water. Now I've heard that in Prescott, the water from Chino is going to be gone. Because they are taking out more than is being recharged. Mr. Muluzzo said that they used to pump the water out at about 150 ft now it's down to 2300 or more. We don't want that to happen here. The board members say we need to work together while Strawberry is being robbed of the well site and Pine will be robbed in their pocket books. Well, I think Hardcastle needs to be fired or else Hardcastle needs to be fair with Pugal and work things out. I've heard that Hardcastle is not a trust worthy person so I'm not sure he should be running the water co. Pugal's well is already producing, and is guaranteed water. Not a crap shoot. + 100 year guaranteed water. Strawberry would be able to use all their wells and we would solve the problem for now. We might still need a moratorium in Strawberry. I don't know. I know an attorney in Prescott for whom you may know Dave Wilhemsem. I've written him and asked him to look over the 1(2 contract and see what he thinks about all this. I don't know if he can help or not but maybe he can just give some input here, because we really feel like something peculiar is going on. I just think Hardcastle isn't thinking about the future of the people, the forest, the animals and the environment, and the money that will need to be spent. It's crazy. There is already a solution. Pugal.

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Sincerely,  
Gloria Rich

\*\*\*\*\*2nd email from customer to Commissioner Mayes

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TO: Matt Derr  
From: stewartvoice [stewartvoice@npgcable.com] R E C E I V E D  
Sent: Saturday, July 28, 2007 11:05 AM  
To: Kristin Mayes 20D1 JUL30 p 1FFU F  
Subject: K2 Strawberry Well AZ CORP COMMJSS11  
DOCKET CONTROL JUL 3 02001  
W-03512A-07-0362  
AL CORP COMM

bear Ms. Mayes, Director Utilities

In my previous letter, I wrote that the board did a good job. Since I've looked into this further, I still think they did, but for Pine: not for Strawberry. (2 needs to be here for Strawberry, and Pine needs to get their water in Pine. If you had a piece of land, and your neighbor wanted a well on it, you might negotiate to pay for the well. Then you would share the water equally. Not to share if there is any left over after you add a many more people. That wouldn't fly. With the growth that Pine wants, there won't be any water left over. This water in (2 is supposed to last from seven to fifteen years. What is planned for the long term for Strawberry? Strawberry has no protection in the contract. They say that the K2 won't have an affect on the C aquifer. If that's the case, why didn't they humor the residents in Strawberry by putting in the contract ways of proving that it won't affect C aquifer, and of taking care if it did affect the present wells? Why does Strawberry Water Company, who owns the site, get left over water? That water should be for the use of Strawberry Water Company who owns the site. Pine should not be allowed to encroach on the neighbor's water company. That's not legal. According to the old timers here, they watched their wells run dry when Pine started taking the water. That should never have been allowed. The groundwater that the pipeline took from Strawberry negatively affected the C aquifer. That, as well as the drought, is what put us in this fix of not enough water. These are the dates that my daughter recorded trucks having to deliver water to just the tank by our houses in Strawberry. She was out of town most of June so I'm sure there were more.

June 2 One truck  
June 13 One truck  
July 6 Two trucks  
July 7 Two trucks  
July 10 One truck  
July 13 Two trucks  
July 15 One truck  
July 21 One truck

Why don't we have a moratorium? Are we just going to keep adding people so the developers can keep raping this place? Why should the present people be punished with restrictions when the developers keep adding more people? That's not right. Maybe we need the K2 site for our future use. Let Pine deal with the people who have wells in Pine. The well owners deserve to be paid for their water, and Strawberry deserves to keep it's own water. The bottom line is that we would probably have enough water if Pine weren't taking our water. As far as I can see, they shouldn't be allowed to take water from their neighbors. The people on the board didn't represent Strawberry. We need equal representation on the board. Were trying to do something about that. We don't have enough water to support the growth that the developers want. Lt needs to be stopped.

\*End of Complaint\*

### Utilities' Response:

n/a

\*End of Response\*

### Investigator's Comments and Disposition:

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12/20/07

Opinion Docketed  
\*End of Comments\*

**Date Completed: 12/20/2007**

**Opinion No. 2007 - 61793**

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