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Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007-2996

Re: Docket No. W-03512A-07-0362

While I realize you do not have authority over the PSWID, the approval of the debt and encumbrance is the issue – as is your authority over PWCo (a party to the Escrow Instructions). In response to Mr. Gary Sherlock, Chairman of the PSWID in his letter dated February 21, 2008 to you, I would like to point out the following:

- Mr. Sherlock indicated he "respects the authority of the Commission over the Pine Water Company (PWCo) .....". If he really does respect the authority of the Commission, why would the PSWID Board (and PWCo) take action on January 30, 2008 to open escrow with PWCo ***without your required approval?*** Opening and funding the escrow has ***obligated PWCo*** to certain terms and conditions, including cooperation with the District to pay funds to support obligations PWCo has to its drillers, material suppliers, excavators, etc. --- yet they failed to draft a letter of explanation to you until *after the fact,* on February 21, 2008. Hopefully you are aware that PWCo has moved forward with tree removal and site prep work without your approval. That is not a "show of respect"

- Mr. Sherlock refers to the ACC Staff recommendation (which, by the way, was **referred to** by a Board member in the last PSWID meeting ***to the public*** as "***approval" of the ACC*** *for the* ***encumbrance***). Informed members of the audience quickly asked for clarification: stating an **ACC staff recommendation** is not **ACC Commission approval**.

- We are not aware of any dispute between Mr. Pugel and landowners within the PSWID. IF there is a "wedge," it is between the PSWID and the landowners because the PSWID has refused to even acknowledge the concerns of the community regarding the flawed K2 Agreement (initial legal description errors; easement issues; a heavily-weighted agreement in favor of the utility company, rather than the community; no specific allocation of water for Strawberry (in light of last summer's outages), etc.

- Mr. Sherlock's statement in the third paragraph: "The Rim Country Water group is so focused on getting rid of Brook [sic] Utilities, they appear to be encouraging entities who have sold water to PWCo in the past to stop doing so." **THAT STATEMENT IS ABSOLUTELY NOT TRUE.** *Rim Country Water is not and has not encouraged any "entities," individuals, corporations or any other, etc to stop selling water to Brooke Utilities.* However, some private well owners have indicated they would LIKE to work with a DWID -- IF one if formed. *It is unfortunate that the current PSWID Board feels the need to engage in untruths to succeed.*

- The PSWID project schedule indicates "well testing and sampling: June 08 – July 08" –clearly well past the peak "hauling" period. Yet they emphasize the

urgency of action for this summer (when their own errors and omissions have largely contributed to the delays). ***One has to wonder if this urgency has less to do with water for the summer and more to do with consummating these actions before the Recall Election on March 11.***

An important ancillary point is that PWCo has initiated condemnation of a neighbor's easement and a parcel of property adjacent to the K2. Mr. Ned Greenleaf was recently advised of that action. This, even though, BUI, PWCo and the PSWID have ***stated publicly on numerous occasions that the easement issues were resolved***. Yet, **Mr. Greenleaf's easement and property are essential to the project—and clearly are NOT resolved** (*NOTE: Another reason for the delay, yet the PSWID has stated the delays are due to the "opposition" and the issues before the ACC.)*

Mr. Greenleaf, resident and Scottsdale medic, made an offer initially to the PSWID Board, PWCo and BUI that has been totally ignored. In essence, he would have granted unfettered access to the project if the combination of BUI, PWCo and PSWID would designate a predetermined allocation/percentage of water to the Strawberry Community (understanding, of course that Strawberry residents would share proportionately in the costs).

Another item omitted seems to be access to the creek to dispose of the water from the 7-day pump test. There is apparently a permit but no access to date to get to the creek.

As I indicated in my prior communication to you docketed on February 19, 2008, the opening of the joint escrow by **both** PWCo and PSWID prior to your required approval to encumber assets and to incur debt is a "sham" on the part of **both** Pine Water Co. and PSWID. Thus, please take emergency action to **prohibit PWCo from proceeding with the escrow and the use of any of the $300,000 of public escrow funds prior to your decision** on the appropriateness of the encumbrance and debt. The property owners of Pine/Strawberry do not deserve to have their tax dollars tied up in an escrow under any joint control that can be exercised by Pine Water Co. that is trying to move forward with the "Sham" without your required approval. ***As our elected representatives statutorily obligated to monitor the appropriateness of our utility in serving the public interest, I urge you to take action now to protect the rate-payers, taxpayers and property owners within the CC&N of Pine Water Co. !"***

Sincerely,

Raylene Davis Krafczyk
P.O. Box 12707
Tempe, AZ 85284
480-861-1690
(also Strawberry property owner)

cc: Tommie C. Martin, Gila County Board of Supervisors
John Gliege, Atty