

ORIGINAL

OPEN MEETING AGENDA ITEM



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Betty Camargo

From: Martin Winandy [winandym@cybertrails.com]
Sent: Wednesday, December 10, 2008 10:12 AM
To: Utilities Div - Mailbox; Pierce-Web; Hatch-WebEmail; Gleason-WebEmail; Mundell-Web; Mayes-WebEmail
Subject: W-03512A-07-0362

At the last Arizona Corporation Commission (ACC) hearing on the above matter some accusations were made concerning the conduct of previous Pine Strawberry Water Improvement District (PSWID) Board members. I would normally try to stay out of such a discussion since it has little to do with the above referenced matter. However, since one of the commissioners expressed concern about the behavior of past PSWID Board members, I offer the following as a means of presenting the "other side" of the issue. I hope that the commissioner will have an open mind and consider what is contained in this e-mail.

At its most basic, a conflict of interest is when someone is serving two masters and an action taken for the benefit of one master is detrimental to the interests of the other master. Mr. James Richey and Mr. Breninger have been accused of having had a conflict of interest.

For Mr. Richey the claim is based upon his purchase of water storage tanks and the land under them from Pine Water Co. For Mr. Breninger, the claim is based upon his being hired by Pine Water Co. to be project manager for the K2 Well after he had left the PSWID Board.

Mr. Richey purchased the water tanks prior to being a PSWID Board member. The three tanks had been declared hazardous and had been condemned by Gila County. Mr. Richey purchased them for \$1,000. Gila County later bought the three tanks. Two were scrapped and the third was refurbished and moved next to the landfill to hold water for fighting fires.

Mr. Breninger was not a PSWID Board member when the K2 Well project was negotiated and approved. There was no discussion of employment with Brooke Utilities while Mr. Breninger was on the PSWID Board.

In neither of these cases was there a conflict of interest because neither was serving two masters. Mr. Richey's purchase of the water tanks was over before the agreement was negotiated and approved unanimously by PSWID. The K2 Well agreement was out in the open for all the PSWID Board members and their legal representatives to see. Mr. Richey had nothing to gain from the K2 Well agreement.

For Mr. Breninger there was no discussion of employment prior to leaving PSWID so there was never the situation of two masters.

In addition to the above discussed individuals three other very hard working former members of the PSWID Board have been subjected to the cruelest type of character assassination by some members of the Pine/Strawberry community. These former PSWID Board members wanted to find an inexpensive and quick solution to the area's water problems and so they commenced to have a dialogue with the water company owner. An agreement was reached and the ACC was asked to approve an encumbrance. Instead of sticking to the matter at hand, reaching a quick decision, the matter was delayed. As a result the citizens in Pine/Strawberry will probably pick up a very large legal tab, will probably have increased water rates, and when sufficient water will come to the area remains an unanswered question.

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