

ORIGINAL

OPEN MEETING AGENDA ITEM



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AZ CORP COMMISSION
DOCKET CONTROL

6 **John G. Gliege (#003644)**
7 **Attorney for PSWID, Fred B. Krafczyk, & Michael Greer**

8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

9	IN THE MATTER OF THE APPLICATION	)	DOCKET NO. W-03512A-07-0362
10	OF PINE WATER COMPANY FOR	)	SUPPLEMENT TO THE ARIZONA
11	APPROVAL TO (1) ENCUMBER A PART	)	CORPORATION COMMISSION REPORT
12	OF ITS PLANT AND SYSTEM PURSUANT	)	SUBMITTED BY INTERVENORS AND
13	TO A.R.S. §40-285(A); AND (2) ISSUE	)	PINE STRAWBERRY WATER
14	EVIDENCE OF INDEBTEDNESS	)	IMPROVEMENT DISTRICT DATED
15	PURSUANT TO A.R.S. §40-302(A).	)	DECEMBER 9, 2008, and REQUEST FOR
16		)	ORDER COMPELLING PINE WATER
17		)	COMPANY TO FILE 2007 REQUIRED
18		)	REPORTS

19 COME NOW, Fred B. Krafczyk, Michael Greer, and the Pine Strawberry Water Improvement
20 District (PSWID), by and through their attorney undersigned and hereby submit this *Supplement to the*
21 *Arizona Corporation Commission Report*. Attached hereto is a copy of a letter from Mr. Mark Reader of
22 Stone and Youngberg reflecting the ongoing effort of financing the acquisition of Pine and Strawberry
23 water companies by PSWID. It is significant to note that one of the items impeding the financing is that
24 Pine Water Company has failed to timely comply with the Arizona Corporation Commission regulations
25 and file the full and complete required financial reports for 2007. Due to the lack of this historical data,
26 it is more difficult for the PSWID to obtain financing.

27 THEREFORE IT IS RESPECTFULLY REQUESTED that this Honorable Commission order
28 Pine Water Company to file with the Arizona Corporation Commission all required financial reports for
29 2007 by or before December 31, 2008.

RESPECTFULLY SUBMITTED this 11th day of December, 2008.

Arizona Corporation Commission

DOCKETED

DEC 12 2008

GLIEGE LAW OFFICES, PLLC

John G. Gliege

DOCKETED BY

MN

1 Original and thirteen copies of the foregoing
2 Mailed this 11th day of December, 2008 to:

3 Docket Control Center
4 Arizona Corporation Commission
5 1200 W. Washington Street
6 Phoenix, AZ 85007

7 Copies of the foregoing
8 Mailed this 11th day of December, 2008 to:

9 Fennemore Craig, P.C.
10 Attn: Mr. Jay L. Shapiro
11 3003 North Central Ave. Ste 2600
12 Phoenix, AZ 85012-2913
13 Attorneys for Pine Water Company

14 Honorable Dwight D. Nodes
15 Assistant Chief Administrative Law Judge
16 Arizona Corporation Commission
17 1200 W. Washington Street
18 Phoenix, AZ 85007

19 Mr. Kevin Torrey, Esq.
20 Legal Division
21 Arizona Corporation Commission
22 1200 W. Washington Street
23 Phoenix, AZ 85007

24 RENSCH WALKER & HARPER, PC
25 Attn: Michael J. Harper
26 111 W. Cedar Lane, Ste C
27 Payson, AZ 85541
28 928-474-0322
29 Attorneys for Cindy Maack



STONE &
YOUNGBERG

2555 East Camelback Road, Suite 280 Phoenix, Arizona 85016 (602) 794-4000

December 11, 2008

Board of Directors
Pine-Strawberry Water Improvement District
P.O. Box 134
Pine, AZ 85544

Dear Members of the Board of Directors:

As you know, the Pine-Strawberry Water Improvement District recently retained Stone & Youngberg LLC ("S&Y") as the District's Investment Banker to assist the District with securing loan or bond funds for the purpose of acquiring the operating assets of the Pine Water Company, Inc. and the Strawberry Water Company, Inc. from Brooke Utilities, Inc. The District has also assembled additional professionals from a wide variety of disciplines which are required to complete a financing of this nature. We have attached a copy of the District's financing team distribution list which reflects the respective firms and individuals who have been working diligently with the District on the financing over the past several weeks on financing issues.

As you are aware, we are in the process of soliciting proposals from various banking and financial institutions and need additional time to secure and evaluate bids and then negotiate final terms and conditions which are in the best interests of the District. Water System acquisitions are complicated financings requiring work and cooperation among numerous parties and it is important to have a sufficient amount of time to complete. This is especially important given the current difficult credit conditions which prevail in the marketplace. In addition, it has been our experience that lenders and investors require complete historic financial and other information about the water systems being acquired and we understand that such complete information about the systems in this case is not currently on file as required with the Arizona Corporation Commission or otherwise available to the District.

We are working diligently to evaluate all options and to secure funding but the financing team feels we will need at least an additional 60 – 90 days after receipt of complete historic information to continue our best efforts to secure and complete a financing.

We will keep you informed of our discussions and negotiations as we continue to move forward. If I can answer any questions, please don't hesitate to contact me directly at 602-794-4011.

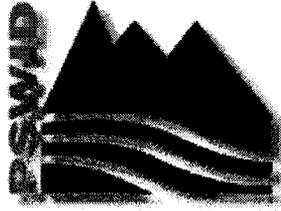
Sincerely,

Stone & Youngberg LLC

Mark Reader
Managing Director

Enclosure

Cc w/enclosure: Harry D. Jones, Ph.D., General Manager – Pine-Strawberry Water Improvement District
John Gliege, Esq. – Gliege Law Offices, PLLC



PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

FINANCING DISTRIBUTION LIST

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