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October 7, 2009

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Arizona Corporation Commission
Hearing Division
1200 West Washington Street
Phoenix, AZ 85007
Attention: Dwight D. Nodes
Assistant Chief Administrative Judge

ARIZONA CORPORATION COMMISSION
HEARING DIVISION

RE: Docket #W-03514A-07-0386 & Docket #W-03514A-08-0047
In The Matter of Steve Prahin and Rebecca Sigeti VS Payson Water Company
Response to Staff Memorandum Dated 9-24-2009

ARIZONA CORPORATION COMMISSION
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Dear Judge Nodes,

In regards to Items addressed by Staff in this matter:

Item #1-Verification

With most improvements being of visual nature at the GE Well Site, we would ask if staff received any written documentation. Such as Company Service records or from its designated service representatives example: Billings for these parts and labor for the improvements done which we believe staff is entitled to under R14-2-411 Pragh D#3.

Item #2-Current Summer Production Capacity

We would only say that the G.P.M. on these wells seems to be pretty productive. In light of one of the driest years, if not the driest in 10 years. If the moratorium was to be lifted with the current waiting list of 29 and approximately 86 service connections brings the total to approximately 114 meter sets at 280 G.P.D. equals 31,820. So it would seem the second 10,000 gallon tank would be needed to meet peak demand. With this being said lets keep in mind this peak demand would be rare due to the fact that Elusive Acres and the Geronimo Estates Communities have less than 25 full time households combined. So it would only make sense to have adequate storage for peak time when summer homes are used rather than to go to curtailment of running the wells dry trying to keep up with the week end demands.

Item #3-Whether second 10,000 gallon storage is needed at this time

We have addressed this issue above in Item #2.

Item #4-Whether the company currently has sufficient production and storage capacity to lift the moratorium.

It sounds like staff would be in agreement of lifting the moratorium, if the second 10,000 gallon tank is installed and A.O.C. is produced. In regards to Company claim all lots are not buildable. We would only state that all 30 lots in Elusive Acres are buildable and Geronimo Estates we would only agree with the company due to the fact that we personally know of 5 owners that consume 25 lots in Geronimo Estates #1 alone.

Item #5-whether additional production and storage capacity would be needed at full build-out.

Without having the facts due to multiple ownership, ADEQ Rules and County Rules at this time it would be a guess at best what full build out really is.

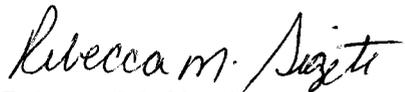
We are in agreement with recommendations by staff if the Commission would order the Company to put into place the second 10,000 gallon tank and produce A.O.C. and lift the present moratorium to the 125 sets also with the Company providing at least quarterly production reports on the system. We would withdraw our complaint.

In regards to the Land (The Elusive Acres System) we feel it is necessary at this time to present documentation of ownership, which could have bearing on decisions made in regards to the above Dockets by the Commission and Staff. Please See Exhibit "A". These properties were acquired via delinquent taxes. Per Arizona laws it is our understanding after 5 years of delinquent taxes —of which 7 years were paid by us. The current owners are not obligated to any and all prior agreements or contracts by Mark & Judy Boroski and at this time we are willing to sit down with the Company (Brookes Utilities) to resolve this matter in a timely fashion. If Staff and Company want to persist with water extension agreements that were entered into by Boroski & Company which were never fulfilled these would be null & void under tax laws and under Paragraph 4 R-14-2-406 this extension agreement would be null & void under Paragraphs D,E,F,G & M.

Respectfully



Steve P. Prahin
HC 7 Box 452
Payson, AZ 85541



Rebecca M. Sigeti
HC 7 Box 451
Payson, AZ 85541

CC:

Robert Hardcastle, President
Brooke Utilities, Inc.
P.O. Box 82218
Bakersfield, CA 93380-2218

Jay L. Shapiro
Patrick J. Black
Fennemore Craig, PC
3003 North Central Avenue Suite 2600
Phoenix, AZ 85012

James E. Dunne
119 West Third Place
Mesa, AZ 85201

Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Janice Alward, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

(EXHIBIT "A")
DOCKET # WC 3514A-07-0302
WC 3514A-08-0047
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Pioneer Title Agency, Inc.

REPORT OF TITLE

OUR NO. 214078

Dated: June 15, 2009
at 7:30 am

PIONEER TITLE AGENCY, INC. hereby reports that an examination of the title to the land described in Schedule A is vested as shown in Schedule A, subject to the liens, encumbrances, and defects as shown in Schedule B.

This is a report of status of title ONLY and is neither a guarantee of title, a commitment to insure or a policy of title insurance.

The total liability of the Agency is limited to the fee paid for this report.

SCHEDULE A

1. Title to the estate or interest covered by this report at the date hereof is vested in:

Stephen P. Prahin, a single man and Lorna Diane Worrell, a single woman and Paul R. Sigeti and Rebecca M. Sigeti, Husband and Wife

2. The estate or interest in the land hereinafter described in this report is a fee.

3. The land referred to in this report is situated in the County of Gila, State of Arizona, and is described as follows:

Tracts A, B, C of ELUSIVE ACRES, according to the plat of record in the Office of the County Recorder of Gila County, Arizona, recorded in Map NO. 626.

PIONEER TITLE AGENCY, INC.

By Dave Blank
Authorized Officer or Agent