

W 03512A-09-0486

ORIGINAL



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ARIZONA CORPORATION COMMISSION  
UTILITY COMPLAINT FORM RECEIVED

Investigator: Brad Morton

Phone: [REDACTED] DEC - 1 Fax: [REDACTED]

Priority: Respond Within Five Days

AZ CORP COMMISSION  
DOCKET CONTROL

Opinion No. 2009 - 83431 Date: 12/1/2009

Complaint Description: 08A Rate Case Items - Opposed  
N/A Not Applicable

Complaint By: First: Pamela Last: Mason

Account Name: Pamela Mason Home: [REDACTED]

Street: n/a Work:

City: Pine CBR:

State: AZ Zip: 00000 is:

Utility Company: Pine Water Co., Inc.

Division: Portal Creek 1, 2 & 3

Contact Name: [REDACTED] Contact Phone: [REDACTED]

Nature of Complaint:

THROUGH CHAIRMAN MAYES OFFICE

Arizona Corporation Commission  
DOCKETED

DEC - 1 2009

From: Pam Mason [REDACTED]

Sent: Sunday, November 29, 2009 10:43 PM

To: Mayes-WebEmail; Pierce-Web; Kennedy-Web; Newman-Web; nodes-web@azcc.gov

Subject: Cost to the Community

DOCKETED BY [Signature]

Dear Commissioners and Judge Nodes,

I am forwarding this email to you for your information hoping it will serve as a cautionary tale as to what can happen to communities if the ACC listens to financed special interest groups and others, obtains recommendations from staff and then fails to make a decision within a reasonable time frame.

Pine-Strawberry Water Improvement District (note not a Domestic) now have condemned and purchased two water companies and the deal is done. Only two commissioners currently seated would really be familiar with this case that lasted years.

Ref: W-03512A- The other serving Commissioners might well be interested to read and reflect what can happen and bear this in mind when reviewing any similar cases that come before you in the future.

Suffice it to say PSWID now has spent a large sum of money and more will follow if Mr. Harry Jones prevails and the district then expands to include a sewer district. Despite the slogan "we have water now" we don't have new water.

The attachment listed below shows that the Special Interest Group advised the public that "negotiating buyout and complete set up of a DWID would be \$250,000.

<http://rimcountrywater.org/8.html>

Some of us within both Communities are watching expenditures closely and the link at the very top of the page

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Condemn Spending Total provides a completely different story. In the narrative below you will see that legal fees now reach \$553,600.28 and we are no longer able to pay the lawyer currently retained by the district also represented one and is currently representing another well owner from Pine before the ACC. The two well owners in question are in line to sell water/wells to the district. Within your Corporate records at ACC it shows that PS Water LLC lists as a member, the daughter of the said lawyer. While this is within the law you can understand that from a layman's point of view the conflict of interest lines are blurred and the only ones getting rich on this matter are lawyers and consultants. The realtors/developers behind the special interest group of course stand to gain by expanding the community but it would seem are against impact fees. So there you have it, my husband and I and people like ourselves and those on a fixed income are picking up the tab which will cause some a hardship.

I respectfully suggest that in the future, the Commission evaluate similar situations thoroughly and then not be afraid to make a decision either way, within a reasonable time frame. This would help Communities from enduring a long drawn out process which in our case tore our communities apart and increased legal fees paid for by us the homeowners.

Trusting that you will consider my comments helpful.

Sincerely,  
Pamela Mason - Pine

Please see below

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From: waterforpinestrawberry@hotmail.com  
Subject: November 29th PSWID Misc Info  
Date: Sun, 29 Nov 2009 18:53:27 -0700

Hello Neighbor,

This email will look at what it cost to get the keys to the water system. Future emails will look at the loan and property tax subsidies of the operations costs and the rate analysis done by Economists.com.

Attached is the total condemnation spending chart.

1. "Audit" of 2008/2009 Fiscal Year

a. The board had an "audit" done for the period of July 1, 2008 to June 30, 2009. This "audit" consisted of the auditor using information provided by the district. The document is posted here:

<http://www.waterforpinestrawberry.com/data%20pages/BudgetDocs.htm>  
<<http://www.waterforpinestrawberry.com/data%20pages/BudgetDocs.htm>>

b. Just a quick look reveals a number of errors:

i. The document lists the "Gila County Warrant Reserve" account balance as \$2997.68. Both the PSWID Treasurer's report and Gila County had the account balance at \$3453.88 as of 6/30/2009.

ii. The document lists the "Pioneer Escrow Account" with a value of \$300,000. On 7/1/2008 the PSWID Treasurer's report lists the escrow account value as \$287,855.90. In January 2009 when control of the escrow account money was transferred to the district, the value was \$289,827.48.

iii. The document lists "Cash at beginning of Period" as \$96,940.36. The

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PSWID Treasurer's report has \$26,954.87 in the main account and \$100,000 in the reserve account as of 7/1/2008, for a total of \$126,954.87.

1c. Comment: The district is consistently inaccurate when it comes to financial numbers. At the March 28, 2009 meeting, the budget presented was in error by \$45,694.40. Now there are multiple errors in an "audit". I didn't spend the time trying to verify every number, but these are the easy ones to get right because they just involve taking the time to read the documents that have already been prepared by the district itself. They have spent millions of our dollars, it isn't too much to expect that they get this stuff right.

1d. An area that the audit addresses are expenses from 2008/2009 that were targeted to be reimbursed with money from the loan. These expenses total \$37,303.20. They consist of:

- i. Acquisition Rate Studies: \$4833.20
- ii. Appraisal Fee: \$400.00
- iii. Bank Loan Commitment Fee: \$32,070.00

2. Acquisition Expenditures

2a. We have been keeping a running total of expenditures based upon the withdrawals from the Gila County account. Through August, the total expenditures have been \$550,322.16.

i. Comment: This number is a little different than the one I last published. In going through the spreadsheet I noticed that I had transposed two numbers, so it had \$37,020 instead of \$32,070 for the commitment fee.

2b. The district lists the cost of Debt Acquisition Charges as \$475,398. This was funded with proceeds from the loans and consists of:

- i. Economists.com (financial planning and rate analysis): \$6758
- ii. Compass Bank (loan commitment fees): \$42,781
- iii. Coe and Van Loo (Engineering and operational studies): \$3820
- iv. Gliege Law Offices: \$167,335
- v. Fee to Brooke Utilities: \$15,210
- vi. Greenberg and Traurig (bond and tax advice): \$96,418
- vii. Snell and Wilmer (bank documentation attorney): \$45,100
- viii. Stone and Youngberg (financial advice): \$97,150
- ix. Miscellaneous fees (recordings, copying, wires): \$826

2c. To get the total acquisition expenses it is  $\$550,322.16 + \$475,398 - \$37,303.20 - \$15,210$ , for a total of \$973,206.96. The total breaks down as follows:

- i. Legal Fees: \$533,800.28
- ii. General Manager: \$65,586.48

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iii. Consultants: \$282,270.74

iv. Loan Costs: \$91,549.46

d. Brooke was paid \$3,528,804.57.

e. Total cost to get the keys is \$3,528,804.57 + \$973,206.96, for a total of \$4,502,011.53.

This email is from the group Water For Pine Strawberry. We will be sending out an email after each of the PSWID meetings with a summary of what the board did, additional facts that are relevant to what went on, and some commentary. Please forward this email to friends and neighbors that are interested in the local water issues. If you would like to be added to or removed from the list for these emails, please reply to WaterForPineStrawberry@hotmail.com <mailto:WaterForPineStrawberry@hotmail.com> . Emails on earlier meetings are available on our website: www.WaterForPineStrawberry.com <<http://www.waterforpinestrawberry.com/>> .

Water For Pine Strawberry is a group of residents who are concerned about the communities water issues and how they can best be resolved. Visit our web site, www.WaterForPineStrawberry.com <<http://www.waterforpinestrawberry.com/>> , for more information. The website for PSWID is www.pswid.org <<http://www.pswid.org/>> .

Clarifications can be submitted by anyone who is explicitly named, implicitly identifiable, or a board member to items in this email. Clarifications will be posted on our website. We reserve the right to post a response. Clarifications must deal with the topics discussed in the email that relate to the individual or the board. They must be in family friendly language and be non-abusive. When the clarification is accepted, it will be posted to the website and notice of that posting will be added to the next email.

\*End of Complaint\*

**Utilities' Response:**

**Investigator's Comments and Disposition:**

12/1/09

Called Ms Mason on behalf of Chairman Mayes and Commissioners and acknowledged receipt of her email and advised it would be docketed today.

\*End of Comments\*

**Date Completed: 12/1/2009**

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