

COMMISSIONERS
MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE



ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Commissioner

Direct Line: (602) 542-4143
Fax: (602) 542-0765
E-mail: kmayes@azcc.gov

June 12, 2007

Mr. Robert Hardcastle, President
Brooke Utilities
P. O. Box 9040
San Dimas, CA 91773

Re: Recent increase in the number of outages at Pine Water Company and Strawberry Water Company.

Dear Mr. Hardcastle:

As you know, Pine Water Company and Strawberry Water Company customers have been forced to endure a number of recent outages. While Pine Water Company has a history of outages, and notoriously suffers shortages around the Fourth of July, this recent uptick in the frequency of problems with quality of service at both of these water systems is concerning.

The following outages have been reported to Commission Staff since March 1:

- March 1: Pine Water Company
- March 6: Strawberry Water Company
- March 6: Strawberry Water Company
- March 27: Strawberry Water Company
- March 28: Strawberry Water Company
- April 2: Pine Water Company
- April 10: Strawberry Water Company
- April 18: Strawberry Water Company
- April 19: Strawberry Water Company
- May 8: Pine Water Company
- May 18: Pine Water Company
- May 19: Pine Water Company
- May 21: Pine Water Company
- May 22: Pine Water Company
- June 11: Pine Water Company

Mr. Robert Hardcastle
June 11, 2007
Page 2

In addition to the outages listed above, as of the writing of this letter, Pine Water Company customers were subject to a Stage 4 curtailment as a result of low water storage levels, a full three weeks before the Fourth of July weekend.

These outages appear to be related at least in part to leaks on the Companies' distribution system. Such leakage is problematic not only because customers are forced to endure a loss of water service when it happens, but also because it contributes to unaccounted-for water—or lost water. As I know you are aware, Pine is under an Order by this Commission to keep its water losses below 10 percent.

As Pine Water Company heads into the summer season, I would like assurances that you are doing everything necessary and appropriate to prevent and repair leaks or other causes of the outages that have plagued the Company in recent months. Specifically, please tell the Commission what you believe has caused the apparent increase in the frequency of these outages, and what you are doing to address the situation, including any planned investment in pipe replacement or the addition of storage capacity at both the Pine and Strawberry Water Companies.

Thank you for your prompt attention to this matter.

Sincerely,



Kris Mayes
Commissioner

Cc: Chairman Mike Gleason
Commissioner William A. Mundell
Commissioner Jeff Hatch-Miller
Commissioner Gary Pierce
Ernest Johnson
Brian McNeil
Heather Murphy
Jay Shapiro