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September 17, 2004

Fax & Mail (602) 542-2129

James Fisher, Executive Consultant
Arizona Corporation Commission
Utilities Division
1200 W. Washington
Phoenix, Arizona 85007

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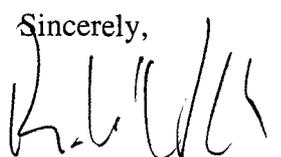
Re: Sunrise Utilities L.L.C. CC&N Application Docket No. WS -04247A-04-0604

Dear Mr. Fisher:

The Company is in receipt all the Staff's First Set of Data Requests dated September 9, 2004 and your Insufficiency Letter, dated September 15, 2004, both of which request the same information.

Attached hereto are the Company's Responses to those Items DH 1-1 through DH 1-6, including refined Engineering Cost Estimates in the format of Tab C, Attachment 3, Schedules 8 and 9, the related Depreciation Expenses on Schedule 3, as well as a revision to Attachment 4, the Curtailment Tariff.

In the event you have additional questions regarding these matters, please do not hesitate to call the undersigned.

Sincerely,

Richard L. Sallquist

Arizona Corporation Commission
DOCKETED
SEP 20 2004

Enclosures

DOCKETED BY 

James Fisher
September 17, 2004
Page 2

cc: Tim Sabo Fax (602) 542-4870
Docket Control (15 copies)
Lyn Farmer
James Dorf
Del Smith
Vicki Wallace
Ron Ludders
Dorothy Hains
Steve Timiniskas

SUNRISE UTILITIES, L.L.C.
Certificate of Convenience and Necessity Application
Docket No. WS-04247A-040-604
September 9, 2004

DH 1-1 Arsenic Removal:

The water quality tests indicate arsenic levels of 12.1 parts per billion (ppb) from well #1 and 11.6 ppb well #2, well below the existing standard of 50 ppb and only marginally higher than the new revised standards of 10 ppb (effective 2006). We believe that further testing of the wells is required as only one sample per well was acquired and tested from each well and the wells were in a dormant state, i.e.: capped and sitting, for extensive periods of time prior to sampling. We are currently in the process of acquiring further samples to test. Should the average of the new samples combined with the prior test results result in a state of compliance no further action will be taken. If the new results reveal that the water samples still exceed the new government standards arsenic removal steps will then be implemented including filtration equipment from U.S. Filter Co. at a cost of approx. \$100,000.

George P. Timinskas C.E. (GPT)
General Manager
Sunrise Utilities
450 Hillside Dr.
Mesquite, NV 89027

DH 1-2 New customer mix:

Due to the proximal location of Mesquite, NV and the proliferation of businesses within that area, combined with the marketing of Mesquite's new "Business Park", our growth-rate projections anticipate only residential customers within the proposed Scenic service area throughout the first five years of operation.

Stephen P. Timinskas (SPT)
Financial Manager
TEC Engineering
450 Hillside Dr.
Mesquite, NV 89027

Plant-in-Service, Water

- i. Second Well: The second well on the preliminary water system plan is included in the well expense.

SPT

- ii. Water Treatment Equipment: The water treatment equipment refers to an emergency chlorine disinfection system located at the storage site.

GPT

- iii. Storage Tanks: The estimate is for two (2) 150,000 gallon storage tanks including foundations. The numbers have been changed on the Revised Schedule 8 accordingly. (attached as Data Response DH 1-3)

GPT

- iv. Boost Pumps: The three boost pumps provided are included as a package system complete with all pumps, valves, and manifolds directly from Flowtronics Corp. The Schedule 8 number refers to this package in its entirety.

GPT

- v. Flow Meter: There will be a well flow meter installed and the price is included in the well pump/pipes/controls account from Tab B, Item 6 Engineer's Estimate of Probable Costs and included on attached Data Response DH 1-3.

GPT

- vi. Laboratory Equipment: The lab equipment will be installed off-site in an existing building located at 3 Peppermill Palms Pkwy Littlefield, AZ across the river from Scenic, AZ. The proposed equipment includes: jar test equipment, basic chemistry equipment, sampling equipment, centrifuges, basic lab equipment, etc. The original estimate erroneously included the cost of both the water and wastewater equipment and has been revised downward accordingly.

SPT

Plant-in-Service Wastewater

- i. Land Costs: The land cost of the water treatment plant is located adjacent to Scenic Blvd., the main thoroughfare to the Scenic area, and zoned commercial. Such land is of high demand and allows virtually unrestricted building and access. As such this land demands a premium price. The wastewater treatment plant in comparison consists of 4 acres of bottom land adjacent to an existing flood-plain, is isolated from access via a large existing and functioning wash, and would involve a great deal of effort and expense to build anything other than a gravity-fed wastewater treatment plant upon.

DeForest "Frosty" Rall
Broker
Scenic Desert Realty
P.O. Box 2830
Mesquite, NV 89024

- ii. Collection Sewers: The manholes are included in the estimated cost of collection sewers. Cost breakdown is as follows:
2500 LF of 15" PVC sanitary sewer pipe at \$32 per LF = \$80,000
2600 LF of 12" PVC sanitary sewer pipe at \$23 per LF = \$59,800
5300 LF of 8" PVC sanitary sewer pipe at \$12 per LF = \$63,600
24 Manholes at \$1800 each = \$43,200
Total \$246,600
The engineering costs on Schedule 9 (attached as Data Response DH 1-4) have been revised accordingly.

GPT

- iii. Laboratory Equipment: We had erroneously omitted the cost of an equipment shed in the previous projection. Account #354 should be adjusted to reflect a \$6000 cost for proposed equipment shed, and foundation. The lab equipment consist of basic lab equipment, similar to that required for the water system. The estimate here also included the water equipment and has been revised downward accordingly.

GPT

- iv. Account 370: The schedule 9 amount of \$20,000 includes an additional Parshall flume and automatic flow recorder to handle

ultimate plant expansion and distribution to future treatment modules.

GPT

- v. Reuse Meters: These are not required as our initial plans do not call for reuse only evaporative lagoons and rapid infiltration basins. Our initial plans were reuse and may elect for reuse when the demand exists. Schedule 9's numbers have been adjusted accordingly.

GPT

- vi. On-Site Generator: Sized to 45 KVA

Donald J. Gorny
Vice President
Mar-Wood
8501 North 75th Avenue
Peoria, AZ 85345

DH 1-5 Curtailment Tariff

A Curtailment Tariff is included in the Tariff filed with the Application at Tab C, Sheets 16-21. A revised Tariff is attached hereto including the latest language proposed by Staff.

DH 1-6 Sewer HUF's

The assumption is that larger lateral will generate more sewerage and put a larger demand on the system. Although normally residential customers would use a 4 inch lateral, we are trying to avoid an apartment complex or RV Park with a 6 inch lateral arguing that they are residential. We will defer to the Staff's characterization.

SUNRISE UTILITIES, L.L.C.

REVISED ENGINEER'S OPINION OF PROBABLE COST (WATER)

MANUC Account	Item Description	Quantity	Unit	Unit Price	Sub-Total	Engineering @ 10%	Contingencies @ 5%	Total
BACKBONE FACILITIES								
301	Organization	1	ls	\$15,000	\$15,000		\$750	\$15,750
302	Franchise Cost	1	ls	\$500	\$500		\$25	\$525
303	Land and Land Rights	1	ls	\$40,000	\$40,000		\$2,000	\$42,000
304	Power Panel and Interconnect	2	ea	\$30,000	\$60,000		\$3,000	\$69,000
304	Well Enclosure	1	ls	\$30,000	\$30,000		\$1,500	\$34,500
304	Fencing	1,380	lf	\$12.00	\$16,560		\$828	\$19,044
307	Well	2	ea	\$14,000	\$28,000		\$1,400	\$32,200
310	Power Generation Equipment	1	ls	\$45,000	\$45,000		\$2,250	\$51,750
311	Flowtronix Pump	2	ea	\$50,000	\$100,000		\$5,000	\$115,000
311	Well Pump, Pipes and Controls	1	ls	\$54,710	\$54,710		\$2,736	\$62,917
320	Emergency Water Treatment Equipment	1	ls	\$5,000	\$5,000		\$250	\$5,750
330	Site Grading	1	ls	\$5,000	\$5,000		\$250	\$5,750
330	150,000 Gallon Water Storage Tank	2	ea	\$180,000	\$360,000		\$18,000	\$414,000
330	Reservoir Piping and Appurtenances	1	ls	\$10,000.00	\$10,000		\$500	\$11,500
339	Miscellaneous Plant Equipment	1	ls	\$2,500.00	\$2,500		\$125	\$2,875
340	Office Furniture and Fixtures				\$0		\$0	\$0
344	Laboratory Equipment	1	ls	\$4,000.00	\$4,000		\$200	\$4,600
	Total Backbone Facilities				\$776,270	\$72,077	\$38,814	\$887,161
ON-SITE FACILITIES								
331	Transmission Main	5,000	lf	\$13.00	\$65,000		\$3,250	\$74,750
333	Service Lines	150	ea.	\$500.00	\$75,000		\$3,750	\$86,250
335	Hydrants	11	ea.	\$2,200.00	\$24,200		\$1,210	\$27,830
336	Backflow Prevention Devices	10	ea.	\$50,000.00	\$50,000		\$2,500	\$57,500
	Total On-Site Facilities				\$214,200	\$21,420	\$10,710	\$246,330
WATER SYSTEM TOTAL					\$990,470	\$93,497	\$49,524	\$1,133,491

SUNRISE UTILITIES, L.L.C.
REVISED WATER DEPRECIATION EXPENSE

Account Number	Description	Plant in Service	Staff Recommended Rates	Annual Depreciation Expense
301	Organization	\$15,750		
302	Franchise Cost	\$525		
303	Land and Land Rights	\$42,000		\$0
304	Structures and Improvements	\$88,044	2.50%	\$2,201
307	Wells and Springs	\$32,200	3.33%	\$1,073
310	Power Generation Equipment	\$51,750	5.00%	\$2,588
311	Electric Pumping Equipment	\$177,917	12.50%	\$22,240
320	Emergency Water Treatment Equipment	\$11,500	3.33%	\$383
330	Dist. Reservoir and Standpipe	\$419,750	2.22%	\$9,318
331	Transmission and Distribution Mains	\$74,750	2.00%	\$1,495
333	Services	\$86,250	3.33%	\$2,872
334	Meters	\$0	8.33%	\$0
335	Hydrants	\$27,830	2.00%	\$557
336	Backflow Prevention Devices	\$57,500	6.67%	\$3,835
339	Miscellaneous Equipment	\$2,875	6.67%	\$192
340	Office Furniture and Fixtures	\$0	6.67%	\$0
341	Transportation Equipment	\$0	20.00%	\$0
343	Tools and Work Equipment	\$0	5.00%	\$0
344	Laboratory Equipment	\$4,600	10.00%	\$460
345	Power Operated Equipment	\$0	5.00%	\$0
346	Communications Equipment	\$0	10.00%	\$0
347	Miscellaneous Equipment	\$0	10.00%	\$0
348	Other Tangible Plant	\$0	2.50%	\$0
Totals		\$1,093,241	4.32%	\$47,214

SUNRISE UTILITIES, L.L.C.
REVISED ENGINEER'S OPINION OF PROBABLE COST (WASTEWATER)

Account	Item Description	Quantity	Unit	Unit Price	Sub-Total	Engineering @10%	Contingencies @5%	Total
NARUC								
BACKBONE FACILITIES								
301	Organization	1	ls	\$0	\$0	\$0	\$0	\$0
302	Franchise Cost	1	ls	\$0	\$0	\$0	\$0	\$0
303	Land and Land Rights	1	ls	\$60,000	\$60,000	\$3,000	\$3,000	\$63,000
354	Perimeter Fencing	1,900	lf	\$12	\$22,800	\$2,280	\$1,140	\$26,220
354	Shed	1	ls	\$6,000	\$6,000	\$600	\$300	\$6,900
355	Emergency Generator	1	ls	\$40,000	\$40,000	\$4,000	\$2,000	\$46,000
361	Collection Sewers (Scenic Area to Elbow Canyon)	1	ls	\$246,600	\$246,600	\$24,660	\$12,330	\$283,590
367	Flow Measuring Device (at Headworks)	1	ls	\$10,000	\$10,000	\$1,000	\$500	\$11,500
370	Reinforced Concrete Pads	1	ls	\$50,000	\$50,000	\$5,000	\$2,500	\$57,500
370	Dist Box/Headworks/Barscreen/Washdown/Misc	1	ls	\$20,000	\$20,000	\$2,000	\$1,000	\$23,000
380	Treatment Plant	150,000	gpd	\$2.00	\$300,000	\$30,000	\$15,000	\$345,000
380	Site Grading	1	ls	\$75,000	\$75,000	\$7,500	\$3,750	\$86,250
380	Evaporative Lagoons	6	ea	\$12,500	\$75,000	\$7,500	\$3,750	\$86,250
380	Power to Site	1	ls	\$20,000	\$20,000	\$2,000	\$1,000	\$23,000
380	Chemical Feeder	1	ls	\$10,000	\$10,000	\$1,000	\$500	\$11,500
381	Plant Piping and Valves	1	ls	\$31,007	\$31,007	\$3,101	\$1,550	\$35,658
394	Laboratory Equipment	1	ls	\$5,000	\$5,000	\$500	\$250	\$5,750
397	Other Plant and Miscellaneous Equipment	1	ls	\$10,000	\$10,000	\$1,000	\$500	\$11,500
	Total Backbone Facilities				\$981,407	\$92,141	\$49,070	\$1,122,618
ON-SITE FACILITIES								
363	Sewer to Lots	150	ea.	\$350	\$52,500	\$5,250	\$2,625	\$60,375
	Total On-site Facilities				\$52,500	\$5,250	\$2,625	\$60,375
	WASTEWATER SYSTEM TOTAL				\$1,033,907	\$97,391	\$51,695	\$1,182,993

WWEngCosts2

Data Response DH 1-4

SUNRISE UTILITIES, L.L.C.
REVISED WASTEWATER DEPRECIATION EXPENSE

Account Number	Description	Plant in Service	Staff Recommended Rates	Annual Depreciation Expense
301	Organization			
302	Franchise Cost			
303	Land and Land Rights	\$63,000		\$0
354	Structures and Improvements	\$33,120	3.33%	\$1,103
355	Power Generation Equipment	\$46,000	5.00%	\$2,300
361	Collection Sewers	\$283,590	2.00%	\$5,672
363	Services to Customers	\$60,375	2.00%	\$1,208
367	Flow Measuring Devise (at Headworks)	\$11,500	8.33%	\$958
370	Receiving Wells	\$80,500	3.33%	\$2,681
380	Treatment & Disposal Equipment	\$552,000	5.00%	\$27,600
381	Plant Sewers	\$35,658	5.00%	\$1,783
394	Laboratory Equipment	\$5,750	10.00%	\$575
397	Miscellaneous Equipment	\$11,500	10.00%	\$1,150
Totals		\$1,182,993	3.81%	\$45,029

SUNRISE UTILITIES, L.L.C.

DOCKET W-04247

TARIFF

Issued _____

Effective _____

ISSUED BY:

Steve Timinkas
Sunrise Utilities, L.L.C.
2960 S. Scenic Boulevard
Littlefield, Arizona 86432

DOCKET W-04247

PART TWO

**STATEMENT OF TERMS AND CONDITIONS
WATER SERVICE**

IV. CURTAILMENT PLAN FOR SUNRISE UTILITIES,L.L.C.

ADEQ Public Water System Number: xxxxx

Sunrise Utilities,L.L.C. ("Company") is authorized to curtail water service to all customers, within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

Issued _____

Effective _____

ISSUED BY:

Steve Timinskas
Sunrise Utilities, L.L.C.
2960 S. Scenic Boulevard
Littlefield, Arizona 86432

DOCKET W-04247

PART TWO

**STATEMENT OF TERMS AND CONDITIONS
WATER SERVICE**

Stage 2 Exists When:

- a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and
- b. Company has identified issues such as steadily declining water table, an increased draw-down threatening pump operations, or poor water production creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

Stage 3 Exists When:

- a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Issued _____

Effective _____

ISSUED BY:

Steve Timinskas
Sunrise Utilities, L.L.C.
2960 S. Scenic Boulevard
Littlefield, Arizona 86432

DOCKET W-04247

PART TWO

STATEMENT OF TERMS AND CONDITIONS
WATER SERVICE

Restrictions: Under Stage 3, Company shall request the customer to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.

2. Beginning with Stage 3, Company shall post at least four signs showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to the major subdivision served by the Company.

3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than stage three until a permanent solution has been implemented.

Issued _____

Effective _____

ISSUED BY:

Steve Timinkas
Sunrise Utilities, L.L.C.
2960 S. Scenic Boulevard
Littlefield, Arizona 86432

DOCKET W-04247

PART TWO

**STATEMENT OF TERMS AND CONDITIONS
WATER SERVICE**

Stage 4 Exists When:

- a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and
- b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- ◆ Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- ◆ Washing of any vehicle is prohibited
- ◆ The use of water for dust control or any outdoor cleaning uses is prohibited
- ◆ The use of drip or misting systems of any kind is prohibited
- ◆ The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- ◆ The use of construction water is prohibited
- ◆ Restaurant patrons shall be served water only upon request
- ◆ Any other water intensive activity is prohibited

The Company's operation of its standpipe service is prohibited. The addition of additional service lines and meter installations is prohibited.

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ISSUED BY:

Steve Timinkas
Sunrise Utilities, L.L.C.
2960 S. Scenic Boulevard
Littlefield, Arizona 86432

DOCKET W-04247

PART TWO

**STATEMENT OF TERMS AND CONDITIONS
WATER SERVICE**

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.
2. Company shall post at least four (4) signs showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to the major subdivision served by the Company.
3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

Customers who fail to comply with cessation of outdoor use provisions will be given a written notice to end all outdoor use. Failure to comply with in two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply in an attempt to maintain the supply until a permanent solution has been implemented.

Issued _____

Effective _____

ISSUED BY:

Steve Timinkas
 Sunrise Utilities, L.L.C.
 2960 S. Scenic Boulevard
 Littlefield, Arizona 86432