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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

- Marc Spitzer, Chairman**
- William A. Mundell**
- Jeff Hatch-Miller**
- Mike Gleason**
- Kristin K. Mayes**

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AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
PALO VERDE UTILITIES COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

Docket No. SW-03575A-03-0586

IN THE MATTER OF THE APPLICATION OF
SANTA CRUZ WATER COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

Docket No. W-03576A-03-0586

**NOTICE OF COMPLIANCE WITH
DECISION NO. 67240**

Palo Verde Utilities Company, LLC and Santa Cruz Water Company, LLC, in compliance with Decision No. 67240 in the above-captioned dockets, submit the attached quarterly reports documenting compliance with all Arizona Department of Environmental Quality, Arizona Department of Water Resources and the Arizona Corporation Commission requirements.

RESPECTFULLY submitted this 15th day of October 2004.

ROSKA HEYMAN & DEWULF, PLC

Arizona Corporation Commission

DOCKETED

OCT 15 2004

DOCKETED BY	
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By

Raymond S. Heyman
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ROSHKA HEYMAN & DEWULF, PLC
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1 Original + 15 copies of the foregoing
filed this 15th day of October 2004, with:

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3 Docket Control
4 ARIZONA CORPORATION COMMISSION
1200 West Washington
5 Phoenix, Arizona 85007

6 Copies of the foregoing hand-delivered/mailed
this 15th day of October 2004, to:

7 Chairman Marc Spitzer
8 Arizona Corporation Commission
1200 West Washington
9 Phoenix, Arizona 85007

10 Commissioner William A. Mundell
11 Arizona Corporation Commission
1200 West Washington
13 Phoenix, Arizona 85007

14 Commissioner Jeff Hatch-Miller
15 Arizona Corporation Commission
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17 Commissioner Mike Gleason
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20 Commissioner Kristin K. Mayes
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13
14 By *Mary Spolita*
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**PALO VERDE
UTILITIES COMPANY**

Palo Verde Utilities Company

**Quarterly Compliance Report
Pursuant to Decision No. 67240**

Docket No. W-03576A-03-0586

October 15, 2004

Pursuant to Decision No. 67240, Palo Verde Utilities Company (PVUC) submits the following report setting forth its compliance reporting during the past quarter for the various permits and other compliance reporting obligations associated with the operation of PVUC. PVUC has not received any notices of noncompliance during the past three months and remains in compliance with all agency requirements.

ACC COMPLIANCE

Utilities Division

Permit	Report	Reporting Frequency	Date Due	Date Submitted	Next Report Due
CC&N (Decision No. 67240)	Bond Confirmation	Quarterly	October 15, 2004	October 15, 2004	January 15, 2005
CC&N (Decision No. 67240)	Acquisition Schedule (by parent Global Water Resources)	Quarterly	October 15, 2004	October 15, 2004	January 15, 2005
CC&N (Decision No. 66394)	Amended Pinal County Franchise	One-time	October 5, 2004	29 October 2003 (re-submitted 5 October 2004)	N/A
CC&N (Decision Nos. 66394 and 67240)	Approved 208 Determination	One-time	October 5, 2004	October 5, 2004	N/A

Corporations Division

PVUC had no compliance requirements for the ACC Corporations Division during the past three months. However, PVUC is submitting a Certificate of Good Standing, dated September 29, 2004 (Attachment 1 hereto).

Permit	Report	Reporting Frequency	Date Due	Date Submitted	Next Report Due
N/A					

ADEQ COMPLIANCE

Permit	Report	Reporting Frequency	Date Due	Date Submitted	Next Report Due
APP 103558	SMRF*	Quarterly	July 28, 2004	July 28, 2004	October 28, 2004
APP 105228	SMRF	Quarterly	July 28, 2004	July 28, 2004 (revision - submitted August 5, 2004)	October 28, 2004
Air Quality Permit S16007.000	Semi-Annual Report	Semi-Annual	July 23, 2004	July 9, 2004	January 23, 2005
AzPDES AZ00250701	DMR**	Monthly	September 28, 2004	September 24, 2004	October 28, 2004

Note: ADEQ Compliance Staff (Bill Hare) inspected the PVUC WRF on September 15, 2004. The inspection report is attached as Attachment 2.

* Self Monitoring Report Form (SMRF)

** Discharge Monitoring Report (DMR)

ADWR COMPLIANCE

There are no ADWR compliance requirements for PVUC.

I declare under penalty of perjury that the foregoing is true and correct.

Cindy Liles 10/11/04
Cindy Liles Date
Vice President
Palo Verde Utilities Company, LLC

Trevor Hill 10/11/04
Trevor Hill Date
President
Palo Verde Utilities Company, LLC

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STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****PALO VERDE UTILITIES COMPANY, LLC*****

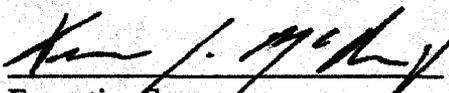
a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 15th day of June 2001.

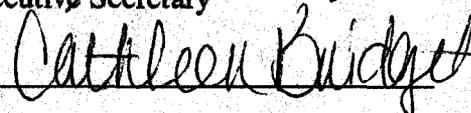
I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company is not administratively dissolved for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed Articles of Termination as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 29th Day of September, 2004, A. D.




Executive Secretary

By 

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Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.adeq.state.az.us



Stephen A. Owens
Director

Ref: #FS05-246
September 30, 2004

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Graham Symmonds, Operations Manager
Palo Verde Utilities Company
22601 North 19th Avenue, Suite 210
Phoenix, Arizona 85027

Re: Follow-up Inspection of the Palo Verde Utilities Company Wastewater Treatment Plant (WWTP), ADEQ Inventory No. 105228, Aquifer Protection Permit (APP) No. P105228, Reuse Permit Nos. R103558; R105392; R105393; R105394 and R105395, AZPDES Permit No. AZ0025071-Major, Santa Cruz River Watershed

Dear Mr. Symmonds:

The Water Quality Field Services (WQFSU) of the Arizona Department of Environmental Quality (ADEQ) has enclosed an inspection report regarding the inspection conducted at the above referenced facility on September 15, 2004. The inspection was conducted to determine compliance with Arizona Revised Statute (A.R.S.) Title 49, Chapter 2, Article 3 and Arizona Administrative Code (A.A.C.) Title 18, Chapter 9, and pursuant to the authority in A.R.S. §49-203(B)(1) and A.A.C. R18-9-110 (A).

As indicated in the enclosed "Summary of Inspection," no deficiencies were observed during the inspection and during the review of ADEQ records by WQFSU staff.

ADEQ thanks you for your efforts in protecting the public health and the environment.

Sincerely,

William J. Hare, E.P.S.
Water Quality Field Services Unit

Northern Regional Office
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

Follow-up Inspection of the Palo Verde Utility Company
September 30, 2004

Page 2 of 6

cc: Pinal County Health Department
Facility File, Inventory No.103558
WQFSU Reading File
Vivian Burns, Program and Project Specialist

WJH:wjh: O&M2CLIR.LET

**ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
WATER QUALITY DIVISION - WATER QUALITY COMPLIANCE SECTION
Field Services Unit**

SUMMARY OF INSPECTION - WASTEWATER

Facility: Palo Verde Utilities Company-SBR

Place ID No. 5048

Aquifer Protection Permit (APP) No: P105228

NPDES Permit No: AZ0025071

Reuse Permit No: R103558, R105392, R105393
R105394, R105395

Inventory No: 105228

Inspected by: William J. Hare, E.P.S.

Inspection Date: September 15,
2004

Accompanied by: Susan Armijo; Jeff Lemley
Jose Millanes and Graham Symmonds

Report Date: September 30, 2004

- | | | | | |
|---|-------------------|------------------|-------------------|---------|
| | <u>YES</u> | <u>NO</u> | <u>N/A</u> | UNKNOWN |
| 1. WWTF quality meets the following permit requirements: | | | | |
| A. Aquifer Protection Permit | X | | | |
| B. Reuse Permit | X | | | |
| C. NPDES Permit | X | | | |
| 2. A certified operator is employed by the owner per ADEQ regulations. | X | | | |
| 3. This system meets permit requirements for operation and maintenance in the APP | X | | | |

X			
X			
X			
X			
X			

Facility Description:

The Palo Verde Utilities Company is a wastewater treatment facility that is located two miles north of the Town of Maricopa, Arizona in Pinal County. The facility receives wastewater from the Rancho El Dorado Community which is located on 300 acres of land. Phases I and II will consist of 3,400 single family homes when construction is completed. On the day of the inspection, about 2,800 single family homes had been completed and were connected to the WWTP.

A 1.0 MGD sequential batch reactor (SBR) commenced operation on January 13, 2004. The SBR was constructed by AquaTec and is located adjacent to the old lagoon system. The facility consists of the two SBR reactors, double belt sludge press, and sand filtration and UV

disinfection. Each reactor will have a capacity of 0.50 MGD. The headworks wastewater components of the facility are covered and have wet air scrubbers.

Scope of Inspection: This was a follow-up inspection to review actual discharge rates versus design rates regarding P105228.

General Information

The operators informed that the total build out of the certificate of convenience and necessity (CC&N) area is 18,500 homes. Currently there are about 2,800 single family homes connected to the sewer. However, about 800 - 900 of those hookups are pending close of escrow and not occupied. Homes sales in the area have averaged about 200 homes per month. Phases I and II of the master planned community for Rancho El Dorado are near completion. Construction of the communities of Province, The Villages, Cobblestone and Phase III of Rancho El Dorado are in the early stages, with no occupied homes. An expansion of the WWTP is expected to begin in December of 2004. This will consist of four, 0.750 MGD reactors. The original SBR reactor will be converted to an aerobic digester. This will increase the design of the facility from 1.0 to 3.0 MGD. The construction is expected to be completed by the early Fall of 2005. It is noted that by the Fall of 2005 there will be an estimated 5200 homes at this site. Based on a high estimate of 165 gallons per home, flow rates could be near 0.850 MGD. This is still within the capacity of the existing SBR. However, by that time the expansion of the WWTP from 1.0 to 3.0 MGD should be completed.

Summary of Inspection (Individual APP) LTF No. 27853:

Flow Information

The inspection focused on actual flow rates from influent records versus the design rate of the recently constructed SBR which commenced operation on January 13, 2004. A review of the records taken from the influent totalizer indicated that flow rates into the SBR have ranged between 240,000 - 250,000 g.p.d during recent weeks with peak flows reaching 300,000 g.p.d. Flows were noted to have increased during the last several months. Flows appeared consistent with the number residential hookups at the master planned community. The average flow per residential hookup is 134 g.p.d. The WWTP has a design rate of 1.0 MGD, which is currently operating at 25% of the total capacity.

Inspection of the SBR:

The inspection entailed a review of Permit No. P105228 and the requirements listed in Section 4, Tables 1-3. The monitoring requirements include daily effluent monitoring for Fecal Coliform and Turbidity, monthly for Total Nitrogen and the Enteric Virus and quarterly for heavy metals. Volatile organic compounds (VOCs) are to be sampled on a semi-annual basis. The contingency requirements and the operational log requirements were also reviewed. Effluent quality was noted to be very good on the day of the inspection with the turbidity at < .5 NTU. Total Nitrogen results are usually less than 4.0 mg/L.

A site inspection of the WWTP revealed that the various operational components of the SBR were functioning adequately. These included the headworks, sludge processing equipment, SBR reactors and associated blowers and motors, aerobic digester, sand filters and UV system. The headworks is covered and provided with an air scrubber. The inspection noted that the WWTP components were operating very well.

Effluent Disposal

Effluent is being stored/discharged in the adjacent lined lagoon system, previously permitted under P103558 for treatment of wastewater from the same community. The effluent from this lagoon is then utilized to irrigate an alfalfa field located adjacent to the WWTP. This is authorized in Reuse Permit R103558. The operator explained that the reason for pumping Class A+ water into the old WWTP (lagoon system) was a matter of convenience. The effluent wetwell for the lagoon system is connected to piping for the irrigation of adjoining farm acreage as described in R103558. However, the old WWTP is in the process of being closed, pursuant to the APP. The facility continues to submit self monitoring report forms (SMRFs) for both facilities.

Within the next several days' effluent will be pumped through a 24- inch force main and delivered to several reuse sites as noted in permits R105392, R105393, R105394 and R10539. These reuse sites are several nearby public areas including the Duke Golf Course and the Province Lake. However, at the time of the inspection, no effluent was being discharged to any of these Reuse Sites.

The inspection did not reveal any deficiencies.

Reuse Permit Inspection LTF No. 14599, R103358

This permit was administratively extended until September 30, 2004. At the time of the inspection, the facility was utilizing all of the effluent to irrigate the adjoining farm acreage. The SMRFs have been submitted in a timely manner. A tour of the acreage revealed that signage was in place. Permit monitoring for Reuse is conducted in the APP.

NPDES Inspection LTF No. 29852, AZ0025071

The NPDES permit is in place authorizing the discharge of treated effluent into a local wash. However, at the time of the inspection, no discharges to the wash had occurred. The permit was obtained anticipating that higher flows in the future months/years will require a NPDES discharge.

Compliance Summary

- 1. Monitoring and Reporting Requirements.** Effluent monitoring for Fecal Coliform and Turbidity is required daily, monthly for Total Nitrogen and the Enteric Virus and quarterly for heavy metals. Volatile organic compounds (VOCs) are to be sampled on a semi-annual basis. The 1st quarter SMRFs are due to ADEQ by April 30, 2004. **Rating: Compliance**

2. **Operator Certification Requirements.** The WWTF is classified as a Class 3 WWTF and the collection system is classified as a Class 2 Collection System. Lance Mason is the operator and holds a Grade 4 WWT and a Grade 4 WWC license issued by ADEQ.

Rating: Compliance.

3. **Operation & Maintenance (O&M) Requirements.** The facility was in compliance with the operational requirements as noted in P105228

Rating: Compliance.

**SANTA CRUZ
WATER COMPANY**

Santa Cruz Water Company

**Quarterly Compliance Report
Pursuant to Decision No. 67240**

Docket No. SW-03575A-03-0586

October 15, 2004

Pursuant to Decision No. 67240, Santa Cruz Water Company, LLC (SCWC) submits the following report setting forth its compliance reporting during the past quarter for the various permits and other compliance reporting obligations associated with the operation of SCWC. SCWC has not received any notices of noncompliance during the past three months and remains in compliance with all agency requirements.

ACC COMPLIANCE

Utilities Division

Permit	Report	Reporting Frequency	Date Due	Date Submitted	Next Report Due
CC&N (Decision No. 67240)	Bond Confirmation	Quarterly	October 15, 2004	October 15, 2004	January 15, 2005
CC&N (Decision No. 67240)	Acquisition Schedule	Quarterly	October 15, 2004	October 15, 2004	January 15, 2005
CC&N (Decision No. 66394)	Amended Pinal County Franchise	One-time	October 5, 2004	October 29, 2003 (re-submitted October 5, 2004)	N/A
CC&N (Decision No. 66394)	Curtailement Tariff	One-time	October 5, 2004	October 29, 2003 (re-submitted October 5, 2004)	N/A
CC&N (Decision Nos. 66394)	Amended Assured Water Supply Designation	One-time	October 5, 2004	October 29, 2003 (re-submitted October 5, 2004)	N/A

Corporations Division

SCWC had no compliance requirements for the ACC Corporations Division during the past three months. However, SCWC is submitting a Certificate of Good Standing, dated September 29, 2004 (Attachment 1 hereto).

Permit	Report	Reporting Frequency	Date Due	Date Submitted	Next Report Due
N/A					

ADEQ COMPLIANCE

Permit	Report	Reporting Frequency	Date Due	Date Submitted	Next Report Due
PWS 11-131	CCR* Certification	Annually	October 1, 2004	August 30, 2004	October 1, 2005

* Consumer Confidence Report (CCR)

ADWR COMPLIANCE

Permit	Report	Reporting Frequency	Date Due	Date Submitted	Next Report Due
<<<<< No compliance reports due this reporting period >>>>>					

I declare under penalty of perjury that the foregoing is true and correct.

Cindy Liles 10/11/04
 Cindy Liles Date
 Vice President
 Santa Cruz Water Company, LLC

Trevor Hill 13 Oct 04
 Trevor Hill Date
 President
 Santa Cruz Water Company, LLC

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STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****SANTA CRUZ WATER COMPANY, LLC*****

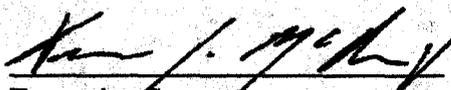
a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 15th day of June 2001.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company is not administratively dissolved for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed Articles of Termination as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 29th Day of September, 2004, A. D.




Executive Secretary

By 