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HAND-DELIVERED

Ms. Nancy Cole, Supervisor
Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

Re: *In the Matter of the Application of Arizona Utility Supply & Services, LLC, for a Certificate of Convenience and Necessity to Provide Sewer Service to Portions of Pinal County, Arizona (Docket Nos. SW-04002A-01-0228 and WS-02987A-01-0295(Consolidated))*

Dear Nancy:

On February 22, 2002, Arizona Utility Supply & Services, LLC ("AZUSS"), submitted a filing in compliance with the Arizona Corporation Commission's Decision No. 64288. In that decision, AZUSS was required to satisfy several conditions set forth in various Findings of Fact ("FOF"). In its February 22 filing, AZUSS submitted a copy of a February 15, 2002, letter from Michael J. Traubert of the Arizona Department of Environmental Quality (Compliance Section, Water Quality Division) ("ADEQ") to Maurice Lee of AZUSS. An additional copy of ADEQ's letter is enclosed. In that letter, Mr. Traubert states as follows:

ADEQ has reviewed your response letter and is satisfied that the Cambria WWTF has been properly accounted for in Section 208 Plan requirements as it applies to Pinal County. Please regard this letter as such assurance the ADEQ regards the question of Cambria WWTF Section 208 compliance as resolved.

AZUSS submitted the ADEQ letter as evidence of its satisfaction of the condition set forth in FOF 77 that AZUSS has complied with the 208 planning requirement. In supplement to its February 22 filing, AZUSS is submitting twelve copies of certain excerpts¹ from the Central Arizona Association of Governments 208 Areawide Water Quality Management Plan (1994 Update) (the "208 Plan"). These excerpts specifically reference the Links at Ocotillo wastewater treatment plant, authorizing an initial capacity of 750,000 gallons per day and an expanded

¹ I have not included a complete copy of the 208 Plan because of its length (226 pages exclusive of attachments). However, if the Commission requests a complete copy of the 208 Plan, AZUSS will file a copy.

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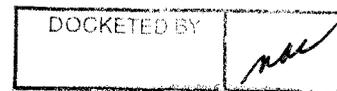
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AZ CORP COMMISSION
DOCUMENT CONTROL

March 1, 2002

Arizona Corporation Commission
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PHOENIX, ARIZONA

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Docket Control
March 1, 2002
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capacity up to 1,500,000 gallons per day. The Cambria wastewater treatment plant referenced in ADEQ's letter is the expansion of the Links plant referenced in the 208 Plan.

Pursuant to Arizona Administrative Code R18-5-303, ADEQ determines whether a sewage treatment facility or expansion of that facility conforms with the relevant areawide water quality management plan. Mr. Traubert made this determination on behalf of ADEQ in his February 15 letter referenced above. Thus, AZUSS has fully complied with the requirement of FOF 77. A copy of R18-5-303 is enclosed.

Please file this letter and the enclosures in the above-captioned docket. As always, if you have any questions regarding this compliance filing, please contact me at the direct line listed above.

Very truly yours,

SNELL & WILMER

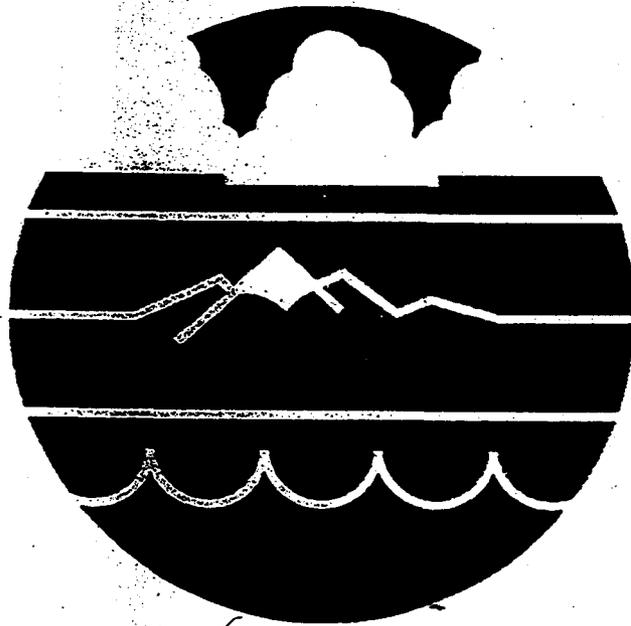


Jeffrey W. Crockett

JWC:gdb
cc (with enclosures): Marc Stern
Jim Fisher
Pat Williams
Maury Lee

Enclosures

**208
AREAWIDE
WATER QUALITY
MANAGEMENT PLAN UPDATE**



September, 1994

**For Submittal to the
Arizona Department of Environmental Quality**

**Prepared by the
Central Arizona Association of Governments**

Currently, Arizona City, Kearny, and Casa Grande are expanding wastewater treatment facilities to increase capacity. The newly formed Superstition Mountain Community Facilities District is approved and will begin construction in late 1994, resulting in the establishment of regional wastewater treatment for the urbanized Apache Junction area.

Wastewater treatment needs were projected based on a rough estimate of need of 100 gallons per person per day (gpcd). Once a facility begins operating at 80% of the design capacity, it is recommended that the facility begin planning for expansion. Using this 80% figure as the base, the maximum design capacity of the plant was compared to the projected population growth of the entity; facilities at or below 115 gpcd were projected to be need for facility expansion.

5.2.2 Package Wastewater Treatment Plants

In addition to the POTWs in the region, there are approximately 68 private and/or institutional wastewater systems that require individual permits. These facilities come under the jurisdiction of either the county health department, through a delegation agreement with the state or ADEQ. These facilities vary from schools, hospitals and shopping centers to large master-planned communities. The capacities of most of these facilities is generally less than 0.5 MGD.

These private facilities are particularly prevalent in areas experiencing growth but which do not have centralized wastewater treatment. For example: nine package treatment plants are presently located within the City of Apache Junction planning area, serving the following entities: Superstition Grand Hotel; the Mining Camp; Roadhaven RV Resort; Sunrise RV Resort; Pueblo RV Resort; Rock Shadows and Denali Mobile Home Parks; Apache Junction Unified School District high school; and the Sierra Entrada subdivision. In addition, several miles east of Apache Junction are several large, master planned developments with package treatment systems: Gold Canyon Resort and the Gold Canyon RVP. A brief summary of some of the larger private facilities is provided in Appendix 5-5.

*

The Links at Ocotillo and Vineyard Roads, a planned manufactured housing community south of Apache Junction, is scheduled to begin construction of a package WWTP in December 1994 with a .75 MGD capacity with the first anticipated phase capacity increase of .75 MGD in February of 1996. Pinal County is in the preliminary planning and engineering stages for expansion.

5.3 INDUSTRIAL WASTEWATER TREATMENT SYSTEMS

As stated earlier, about 22% of the facilities in CAAG that require permits, can be classified as industrial systems. Wastewater treatment systems in this range of activities require permits if they treat and dispose of their own wastewater.

Many of these facilities are located outside incorporated communities. Those located within municipalities and discharging to the municipal system may be required to implement a pretreatment program to meet the facility requirements for effluent.

The key concerns in dealing with industrial and/or facilities is to address potential problems from discharge of hazardous materials and other pollutants to surface or groundwater. If the operation is tied to a centralized wastewater treatment system, the concern is to prevent discharges to the system that could upset the treatment process.

5.9.2 Onsite Wastewater Treatment Systems

- (1) The Health Departments of both Gila County and Pinal County should identify on-site disposal problem areas and conduct on-site surveys to determine the extent and nature of the problem in each identified area. In those areas with documented problems with conventional systems:
 - (a) ADEQ and Gila and Pinal County Health should work with owners and developers to alleviate or solve the problems.
 - (b) ADEQ and Gila and Pinal County Health should encourage use of regional wastewater systems where feasible.
- (2) An educational program should be established and utilized in the communities that are experiencing a high rate of on-site disposal system failures. A program of this scope would inform the communities of the nature of the problems and the possible alternative solutions.
- (3) In those areas where conventional systems are not suitable:
 - (a) ADEQ and Gila and Pinal County Health should provide technical assistance.
 - (b) ADEQ and Gila and Pinal County Health should develop and maintain consumer-oriented informational materials regarding advantages, disadvantages and costs of alternative systems, including limitations as to where these systems are appropriate.
 - (c) ADEQ and Gila and Pinal County Health should encourage use of centralized systems where feasible.
 - (d) ADEQ and Gila and Pinal County Health should develop standardized and preapproved systems rather than custom ones.
- (4) Municipalities and counties should enforce minimum lot size requirements for installation of on-site wastewater disposal systems.
- (5) If there are problem areas, municipalities and counties should place a moratorium on installation while seeking alternative solutions.
- (6) Pinal and Gila County Planning and Zoning/Building Departments should require health department approval of on-site system installation prior to issuing permits.
- (7) Municipalities and counties should enforce sewer hookup ordinances. Those entities without such ordinances should consider their adoption.
- (8) ADEQ and Pinal and Gila Counties should provide for the formation of special districts for development and maintenance of on-site systems.

5.9.3 Centralized Treatment Systems

From analysis arrived at in reviewing Table 5-2, several entities may need to look at expanding their facilities immediately, and population projections further indicate that several facilities will need to begin planning

for expansion in the near future.

- (1) CAAG will support reconciliation of the Apache Junction wastewater planning effort through the Superstition Mountain Community Facilities District to ensure consistency with this water quality management plan. [Refer to recommendation 5.9.4 (6)]
- * | ■ (2) CAAG will support reconciliation of the Pinal County wastewater planning effort for Links to ensure consistency with this water quality management plan.
- (3) Facilities that may be in need of expansion to meet current needs:
 - (a) City of Coolidge
 - (b) Oracle Sanitary District
 - (c) Queen Valley Sanitary District
- (4) Facilities that may be in need of expansion to meet projected needs (through 2010):
 - (a) City of Eloy (by year 2000)
 - (b) Town of Kearny (by year 2010)
- (5) Areas without centralized wastewater treatment facilities which may need facilities to meet existing or projected needs during the planning period:
 - (a) Central Heights-Midland City CDP
 - (b) Dudleyville CDP
 - (c) Star Valley
 - (d) Colonia de Sol
 - (e) Maricopa
- (6) Analysis of the San Manuel facility and the Hayden facility, owned and operated by mining companies, were not possible during preparation of this plan due to limited information. It is recommended that additional study be conducted to determine future capacity.

5.9.4 Specific Recommendations for Certain Areas:

- (1) It is recommended that all existing incorporated municipalities and sanitary districts become designated the wastewater management authority for the wastewater producers within their boundaries, except where boundaries of incorporated municipalities and sanitary districts overlap. NOTE: Winkelman, Casa Grande, Kearny, Superior S.D., and Queen Valley S.D. need to process resolutions if they wish to become DMAs.
 - (a) For the Town of Payson, where the Northern Gila County Sanitary District covers a larger area than the incorporated town, the Plan recommends that the sanitary district retain its management agency designation. (Map forthcoming)



Jane Dee Hull
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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Jacqueline E. Schafer
Director

February 15, 2002

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SNELL & WILMER

Mr. Maurice Lee, Manager
Arizona Utility Supply & Services, LLC
4545 East Shea Blvd. Suite 164
Phoenix, Arizona 85028

Re: Cambria WWTF (Links Estates System Expansion)
Cambria ID No. 15249
Links Estates WWTF APP No. 102976

Dear Mr. Lee:

The Arizona Department of Environmental Quality is in receipt of a January 25, 2002 response letter on behalf of Arizona Utility Supply Services L. L.C. from Mr. George Tsiolis, Esq., of Snell & Wilmer, L.L.P., in answer to ADEQ's letter of August 10, 2001, from Mr. Reza Azizi, which inquired as to the compliance status of the Cambria WWTF with Section 208 Certified Areawide Water Quality Management Plan requirements.

ADEQ has reviewed your response letter and is satisfied that the Cambria WWTF has been properly accounted for in Section 208 Plan requirements as it applies to Pinal County. Please regard this letter as such assurance the ADEQ regards the question of Cambria WWTF Section 208 compliance as resolved.

Should you have further questions on this matter, please call me at (602) 207-4525

Sincerely,

Michael J. Traubert, Manager
Compliance Section
Water Quality Division

cc: Karen Smith, Director, Water Quality Division, ADEQ
Linda Taunt, Manager, Hydrological Support & Assessment, ADEQ
Richard Bark, Gallagher & Kennedy Attorneys at Law
George Tsiolis, Snell & Wilmer, L.L.P.

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Department of Environmental Quality - Environmental Reviews and Certification

Water Quality Act of 1987 (P.L. 100-4), and submitted to the Department by and for a designated management agency.

5. "General Plan" means a municipal statement of land-development policies that may include maps, charts, graphs, and text that list objectives, principles, and standards for local growth and development enacted under state law.
6. "Service area" means the geographic region specified for a designated management agency by the applicable Certified Areawide Water Quality Management Plan, Facility Plan, or General Plan.
7. "State water quality management plan" means the following elements:
 - a. Certified Areawide Water Quality Management Plans and amendments;
 - b. Water quality rules and laws;
 - c. Final total maximum daily loads approved by the United States Environmental Protection Agency for impaired waters;
 - d. Water quality priorities established by the Department;
 - e. Intergovernmental agreements between the Department and a designated water quality planning agency or a designated management agency; and
 - f. Active management area plans adopted by the Department of Water Resources.

Historical Note

New Section adopted by final rulemaking at 7 A.A.R. 559, effective January 2, 2001 (Supp. 01-1).

R18-5-302. Certified Areawide Water Quality Management Plan Approval

A designated water quality planning agency shall submit a proposed Certified Areawide Water Quality Management Plan or plan amendment to the Director for review and approval. Upon approval, the Governor or the Governor's designee shall:

1. Certify that the plan or plan amendment is incorporated into and is consistent with the state water quality management plan, and
2. Submit the plan or plan amendment to the United States Environmental Protection Agency for approval.

Historical Note

New Section adopted by final rulemaking at 7 A.A.R. 559, effective January 2, 2001 (Supp. 01-1).

R18-5-303. Determination of Conformance

All sewage treatment facilities, including an expansion of a facility, shall, before construction, conform with the Certified Areawide Water Quality Management Plan, Facility Plan, and General Plans as specified in subsections (1) and (2).

1. The Department shall make the determination of conformance if the sewage treatment facility or expansion of the facility conforms with the Certified Areawide Water Quality Management Plan and Facility Plan that prescribe a configuration for sewage treatment and sewage collection system management by a designated management agency within the service area.
2. If the condition specified in subsection (1) is not met, the Department shall make the determination of conformance as follows:
 - a. If no Facility Plan is applicable and a Certified Areawide Water Quality Management Plan as described in subsection (1) is available, the Department shall rely on the Certified Areawide

Water Quality Management Plan for the determination of conformance.

- b. If no Certified Areawide Water Quality Management Plan as described in subsection (1) is available, the Department shall make the determination of conformance based on conformance with applicable General Plans and after conferring with the designated water quality planning agency for the area and any responsible and affected governmental unit.

Historical Note

New Section adopted by final rulemaking at 7 A.A.R. 559, effective January 2, 2001 (Supp. 01-1).

ARTICLE 4. SUBDIVISIONS**R18-5-401. Definitions**

In this Article unless the context otherwise requires:

1. "Approved" or "approval" means approved in writing by the Department.
2. "Condominium" means a subdivision established as a horizontal property regime pursuant to A.R.S. § 33-551 et seq.
3. "Department" means the Department of Environmental Quality or its designated representative.
4. "Garbage" means putrescible animal and vegetable wastes resulting from the handling, preparation, cooking and consumption of food.
5. "Refuse" means all putrescible and nonputrescible solid wastes (except body wastes), including garbage, rubbish, ashes, street cleanings, dead animals, abandoned automobiles, and solid market and industrial wastes.
6. "Subdivision" has the meaning defined in A.R.S. § 32-2101.

Historical Note

Correction in subsection (E) citation to A.R.S. should have read § 32-2101. Amended effective June 21, 1978 (Supp. 78-3). Former Section R9-8-1011 renumbered without change as Section R18-5-401 (Supp. 89-2).

R18-5-402. Approval of plans required

- A. No subdivision or portion thereof shall be sold, offered for sale, leased or rented by any corporation, company or person, or offered to the public in any manner, and no permanent building shall be erected thereon until plans and specifications for the water supply, sewage disposal and method of garbage disposal to be provided in or to serve such subdivision shall have been submitted to and approved by the Department.
- B. The plans of any proposed water supply and sewage disposal system shall be submitted in quadruplicate on a plat of the subdivision as recorded, or as will be recorded, in the office of the county recorder.

Historical Note

Former Section R9-8-1012 renumbered without change as Section R18-5-402 (Supp. 89-2).

R18-5-403. Application for approval

- A. An application for approval, prepared in duplicate on forms furnished by the Department, shall be filed at the time the plans are submitted for approval. The form shall be completely filled out unless indicated otherwise.
- B. The distance to the nearest public water supply main and to a sewer main of a municipal or community system shall be given.