



BEFORE THE ARIZONA CORPORATION COMMISSION  
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2006 FEB -9 P 3: 16

AZ CORP COMMISSION  
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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-05-0470

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-05-0470

**COMMENTS TO  
RECOMMENDED OPINION  
AND ORDER**

Palo Verde Utilities Company ("Palo Verde") and Santa Cruz Water Company ("Santa Cruz")(collectively, "Global"), respectfully submit these Comments to the Recommended Opinion and Order ("ROO").

**I. INTRODUCTION.**

This case involves the difficult process of transitioning the extension area from the 387 Districts<sup>1</sup> to Commission regulation. The extension area is currently operated by Global's parent company, Global Water Resources, LLC ("GWR") under Management Agreements between GWR and the 387 Districts. The extension area was previously operated by Sonoran Utility Services, LLC (Sonoran) under a similar arraignment. Unfortunately, numerous problems occurred while the extension area was operated by Sonoran. GWR stepped in to solve this emergency at the

<sup>1</sup> "387 Districts" means the 387 Domestic Water Improvement District and the 387 Wastewater Improvement District.

1 request of various government officials. (Tr. at 17-19 and 28; Applicant’s Comments in Support  
2 of Order Preliminary at 1-3). GWR does not desire to operate the extension area under the  
3 Management Agreements for an extended period of time. Instead, this arraignment was a short-  
4 term solution to solve the immediate emergency and to allow GWR to begin the process of  
5 transitioning the extension area to Commission regulation under service by Global. GWR and  
6 Global believe that service by a Commission-regulated public service corporation is the most  
7 sound and viable long-term solution.

8 Global appreciates the Commission’s patience during this difficult transition period. As  
9 Staff testified, there is no precedent for a transfer of this nature. (Tr. at 62). Global is thankful  
10 for the support of Staff, Pinal County, the City of Maricopa, the Arizona Department of  
11 Environmental Quality (“ADEQ”) and the Arizona Department of Water Resources (“ADWR”) during  
12 this complex process. Global supports the ROO. But there are some technical matters  
13 mentioned in the ROO that should be clarified or updated. In addition, one of the proposed  
14 conditions has already been satisfied, and is thus no longer necessary. Accordingly, Global  
15 submits these Comments to the ROO.

16 **II. TECHNICAL COMMENTS.**

17 The ROO states that Santa Cruz’s system is comprised of two wells, with a third well in  
18 the process of being added. (ROO, Finding of Fact (“FOF”) Nos. 11-12). At the hearing, Global’s  
19 Vice President of Operations, Mr. Symmonds, testified that the third well, Neely West, had  
20 received new source approval from ADEQ and would be commissioned that month. (Tr. at 45-  
21 46). Santa Cruz’s three potable wells are shown in the following chart:

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Well	ADWR Registration #	ADWR ID #	Flow (GPM)	Use	Arsenic (AVG), mg/L
Smith Well	55-612737	4 3 14CBB	1150	Potable Water Production	0.010
Vance Well	55-617336	4 3 15DCD	2000	Potable Water Production & Irrigation Supply	0.008
Neely West Well	55-621407	4 3 13CDC	2000	ATC for Potable Water Production	0.010

The ROO also states that the wells of the 387 Districts will be used for irrigation purposes only. (FOF 14). It would be more correct to say that they will be used for non-potable purposes, which may include irrigation, construction water, and industrial uses. (Tr. at 47-48). The ROO later states that the 387 Districts' wells will be used for potable purposes. (FOF 20). This is not correct. (Tr. at 47-48). Indeed, the 387 wells are shallow and have nitrate problems. (*Id.*).

The ROO implies that the interconnection of the 387 system with the Santa Cruz System is not in place. (FOF 28). With ADEQ consent, the systems have already been interconnected at multiple points. (Tr. at 44-45). The interconnection was part of the solution to the emergency situation facing the 387 Districts before GWR assumed operations. The formal AOC paperwork is pending at ADEQ, and the final AOCs will be submitted as directed in the ROO.

The ROO also implies that there may be some sort of arsenic problem. (FOF 20). That is not the case. (Tr. at 49-50). The average arsenic level for each of the potable wells is shown in the chart above. The ROO also implies that an "arsenic remediation plan" is needed. (ROO at FOF 20, 24). That is not the case. Santa Cruz uses blending to satisfy the arsenic MCL. As new wells are added, the blending plan is amended and reviewed as part of the ADEQ Approval to Construct ("ATC") for the new wells. As noted above, the Neely West well has already received its ATC. As future wells are added to the Santa Cruz system, they will undergo ATC review, which will involve review of amendments to the blending plan. Thus, there will be no ATC for a

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1 “plan”, but rather ATCs for wells. Staff has concluded that Santa Cruz will have adequate  
2 capacity to serve its customers. (Staff Engineering Memorandum at § IV(I), attached to Staff  
3 Report). Santa Cruz is already required to file ATCs for various future wells under various  
4 Commission orders. (See Decision No. 68448 at 10, February 2, 2006; Decision No. 67830 at 10,  
5 May 5, 2005). Thus, no additional ATC filing requirements are needed.

6 The ROO states that Palo Verde’s wastewater treatment plant (“WWTP”) has a capacity of  
7 one million gallons per day (“MGD”). (FOF 26). The WWTP has been upgraded to three MGD.  
8 (See Tr. at 52, noting upgrade to 3 MGD would be complete by December 31, 2005).

9 The ROO states that the effluent from the extension area is being pumped and hauled to the  
10 WWTP. (FOF 27). It also states that Palo Verde plans to interconnect the 387 wastewater system  
11 with its own system, and that an AOC will be needed for the interconnection. (FOF 28). With  
12 ADEQ consent, the systems are already interconnected. (Tr. at 54). For this reason, “pump and  
13 haul” operations no longer take place. (Tr. at 53). The formal AOC paperwork is pending at  
14 ADEQ, and the final AOCs will be submitted as directed in the ROO.

15 **III. THE CAAG § 208 AMENDMENT HAS BEEN GRANTED.**

16 The ROO also notes that a CAAG § 208 plan amendment is needed. (FOF 30). The ROO  
17 thus contains a condition requiring that a plan amendment be approved by CAAG. After the  
18 hearing, CAAG approved the necessary CAAG § 208 plan amendment. This is shown on the  
19 attached letter from the Executive Director of CAAG. (Exhibit A).

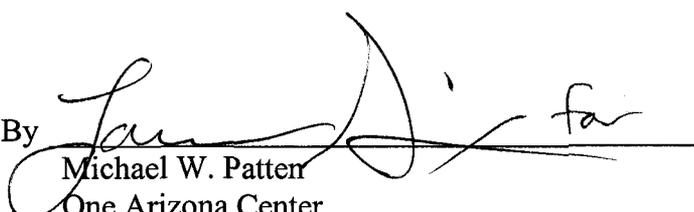
20 **IV. CONCLUSION.**

21 Global supports the ROO but requests that it be amended to make the technical corrections  
22 shown above, and to note that the § 208 plan amendment has been approved by CAAG. Proposed  
23 language to amend the ROO is attached as Exhibit B.

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1 RESPECTFULLY submitted this 9<sup>th</sup> day of February 2006.

2 ROSHKA DEWULF & PATTEN, PLC

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5 By 

6 Michael W. Patten  
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10 (602) 256-6100

11 Original + 15 copies of the foregoing  
12 filed this 9<sup>th</sup> day of February 2006, with:

13 Docket Control  
14 ARIZONA CORPORATION COMMISSION  
15 1200 West Washington  
16 Phoenix, Arizona 85007

17 Copies of the foregoing hand-delivered/mailed  
18 this 9<sup>th</sup> day of February 2006, to:

19 Dwight D. Nodes, Esq.  
20 Administrative Law Judge  
21 Hearing Division  
22 Arizona Corporation Commission  
23 1200 West Washington  
24 Phoenix, Arizona 85007

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# EXHIBIT

"A"



CENTRAL  
ARIZONA  
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GOVERNMENTS

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HISTORIC BELMONT BUILDING  
271 MAIN STREET  
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*Serving Gila & Pinal Counties since 1970!*

February 3, 2006

Trevor Hill, President  
Global Water Resources, LLC  
Deer Valley Financial Centre  
22601 N. 19<sup>th</sup> Avenue - Suite 210  
Phoenix, AZ 85027

Dear Mr. Hill:

**SUBJECT: Transfer of the 387 Wastewater Improvement District to Palo Verde Utilities Company**

Pinal County has relegated the day-to-day operation of the 387 Wastewater Improvement District (WWID) to Palo Verde Utilities Company (PVUC). In this time, Pinal County is in the process of dissolving the district, in an effort to transfer full control to PVUC.

As part of this transfer, an administrative amendment to the CAAG 208 Areawide Water Quality Management Plan was required. The issue was brought forth to the Region V Council of Governments on Wednesday, January 25, 2006.

After Council deliberation, the Regional Council approved the transfer of the 387 WWID to PVUC, a subsidiary of Global Water Resources, LLC, contingent upon the successful dissolution of the 387 WWID by Pinal County.

Minutes from this Regional Council Meeting are on file at our offices at CAAG for public review. If you have any further questions, feel free to contact me at any time.

Sincerely,

Maxine Leather  
Executive Director

ML/jpa

c. Terry Doolittle, Pinal County Manager

**GILA COUNTY:** GLOBE, HAYDEN, MIAMI, PAYSON, WINKELMAN  
**PINAL COUNTY:** APACHE JUNCTION, CASA GRANDE, COOLIDGE, ELOY, FLORENCE, KEARNY, MAMMOTH, MARICOPA, QUEEN CREEK, SUPERIOR

LOCAL: (520) 689-5004 • TOLL-FREE & V/TTY: 1-800-782-1445 • TDD: (520) 689-5009 • FAX (520) 689-5020

EXHIBIT

"B"

## Exhibit B

### **Proposed Language to Amend Recommended Opinion and Order**

- (1) **Page 4, line 28: DELETE** “irrigation” and **INSERT** “non-potable”
- (2) **Page 5, line 6: INSERT** at the end of Finding of Fact No. 15: “This interconnection is already in place.”
- (3) **Page 5, line 25: INSERT** after “December 31, 2005” the following: “In their Comments to the Recommended Opinion and Order, the Companies note that ATCs are issued on a well-by-well basis. The Companies state that Santa Cruz’s blending plan is updated and reviewed by ADEQ as each new well goes through the ATC process at ADEQ.”
- (4) **Page 5, lines 26 to Page 6, line 1: DELETE** “At the hearing, Santa Cruz’s witness testified that the two 387 District wells that Santa Cruz planned to use for potable water were below the arsenic MCL. Santa Cruz’s witness further testified that the company had an approved ADEQ blending plan which would ensure that as they as they brought the additional wells on-line in the extension area, that they would meet the new 10 µg/l limit.” and **INSERT** “At the hearing, Santa Cruz’s witness testified that Santa Cruz meets the new arsenic MCL with its current two potable wells, and that the addition of the Neely West Well ensures that Santa Cruz will continue to meet the arsenic MCL.”
- (5) **Page 7, line 6: INSERT** at the end of Finding of Fact No. 25 “, except that it is not necessary to file an ATC for an arsenic remediation plan because Santa Cruz’s blending plan is reviewed and updated as part of the ATC process for each well.”
- (6) **Page 7, line 9: DELETE** “one million” and **INSERT** “three million”
- (7) **Page 7, line 15: INSERT** at the end of Finding of Fact No. 27 the following: “Palo Verde’s witness testified that the pump and haul process is no longer being used because the wastewater systems have been interconnected.”
- (8) **Page 7, line 20: INSERT** at the end of Finding of Fact No. 28 the following: “Palo Verde’s witness testified that the wastewater systems have been interconnected.”
- (9) **Page 8, line 7: INSERT** at the end of Finding of Fact No. 30 the following: “After the hearing, the Companies filed a letter from CAAG’s Executive Director stating that CAAG approved the necessary Section 208 plan amendment.”
- (10) **Page 9, line 1: INSERT** at the end of Finding of Fact No. 35 the following: “, except that it is not necessary to file an CAAG Section 208 plan amendment because the plan amendment has already been approved by CAAG.”

- (11) **Page 12, line 27: INSERT** at the end of Conclusion of Law No. 7 the following: “, as modified in Findings of Fact Nos. 25 and 35 above.”
- (12) **Page 13, line 4: INSERT** after “Findings of Fact Nos. 24 and 34” the following “as modified by Findings of Fact Nos. 25 and 35.”
- (13) **Page 13, lines 13-16: DELETE** the entire ordering paragraph
- (14) **Page 14, lines 7-9: DELETE** the entire ordering paragraph