

ORIGINAL!



0000050882

COMMISSIONERS
JEFF HATCH-MILLER- Chairman
WILLIAM MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES



RECEIVED

ARIZONA CORPORATION COMMISSION

2006 JUN -1 P 3:50

clod

AZ CORP COMMISSION
DOCUMENT CONTROL

June 1, 2006

Mr. Jim Poulos
9532 E. Riggs Road
Sun Lakes, Arizona 85248

RE: Picacho Sewer Company – Application for Extension of Certificate of Convenience and Necessity (CC&N) Docket No. SW-03709A-06-0314
INSUFFICIENCY LETTER

Dear Sir:

In reference to the above mentioned application filed on May 4, 2006, this letter is to inform you that the application has not met the sufficiency requirements as outlined in the Arizona Administrative Code. The deficiencies are:

1. Failure to comply with prior Commission Decisions. According to Utilities Division's Compliance Database, the Company is not in compliance with Commission Decision Nos. 65133 and 67670, issued in W-03709A-01-0165 and W-03709A-04-0642, respectively. Attached is a list of the Compliance Delinquencies. Please contact Kim Battista at 602-542-0747 to resolve the Compliance Delinquencies.
2. Failure to file the Company's 2005 annual report. Please file the Company's 2005 annual report. If the Company did not commence operation in 2005, please file an annual report or letter stating so.
3. Please provide a copy of the 2005 financial statement. If the Company did not commence operation in 2005, please provide information on when the Company commenced operations.
4. According to the application, debit and/or equity will be used to finance the utility facilities need to serve the proposed extension area. Please explain.
5. Please provide a copy of the approved Central Arizona Association of Government ("CAAG") Section 208 Plan which includes the proposed extension area. If the Section 208 Plan has not been issued, please inform Staff of the status of the application for the Section 208 Plan.
6. Please provide a copy of the Arizona Department of Environmental Quality's Aquifer Protection Permit for the wastewater treatment plant that would service the extension area. If that permit has not been issued, please inform Staff of the status of the application for that permit.
7. Please provide a copy of the franchise agreement that includes the proposed extension area. If the proposed extension area is outside the corporate city/town limits, please provide a copy of the County franchise agreement that includes the proposed extension area. If the franchise

agreement(s) has not been issued, please inform Staff of the status of the application for the franchise agreement.

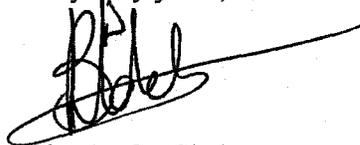
8. Please provide a copy of the Arizona Department of Environmental Quality's Approval to Construct the wastewater facilities to serve the proposed extension area. If the Approval to Construct has not been issued, please inform Staff of the status of the application for the Approval to Construct.
9. Will any artificial lakes, golf courses, ornamental structures, open spaces, and any other aesthetic water features be built in the requested area? If so, does Picacho plan to use groundwater at the beginning of the project for artificial lakes, golf courses, ornamental structures, open spaces, and any other aesthetic water features, and if so, for how long? Please explain in detail.
10. At what point in time does Picacho intend to utilize effluent for artificial lakes, golf courses, ornamental structures, open spaces, and any other aesthetic water features? Please explain in detail. Please be sure to include the number of houses that would have to be built in order to generate enough effluent for such uses.

Staff would like to use this opportunity to bring the following to your attention:

- Pursuant to the Arizona Administrative Code ("A.A.C.") R-14-2-411(C) for water and R-14-2-610(C) for wastewater, upon meeting sufficiency requirements, the Commission has 150 calendar days for its substantive review. This includes conducting a hearing and preparing Opinion and Order to present to the Commission at an Open Meeting; and
- Pursuant to A.A.C. R14-2-411(C)(3) and R-14-2-610(C)(3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

If you have any questions concerning this matter, please do not hesitate to contact me at 602-542-0840 and Marlin Scott, Jr. at 602-542-7272.

Very truly yours,



Blessing N. Chukwu
Executive Consultant III

BNC

cc: Docket Control
Del Smith
Lyn Farmer
Brian Bozzo
Vicki Wallace

COMPLIANCE DELINQUENCIES

UTILITY: Picacho Sewer Company

DOCKET: SW-03709A-01-0165 **DECISION NO:** 65133

ACTION: File copies of all executed financing documents setting forth the terms of the financing within 30 days of such financing. WASTEWATER SERVICE

COMPLIANCE DUE DATE: **Compliance Past Due**

UTILITY: Picacho Sewer Company

DOCKET: SW-03709A-04-0642 **DECISION NO:** 67670

ACTION: The Company shall notify the Compliance Manager of the Commission's Utilities Division 30 days prior to initiating service to customers in the proposed service area. The application of Picacho Sewer Company to extend the service territory under its existing Certificate of Convenience and Necessity to include the area, as described in the Decision is hereby granted, conditioned upon its timely compliance with the conditions, and that this Decision be considered null and void without further Order if the Company fails to meet the conditions within the time specified. In the event either Picacho Water Company or Picacho Sewer Company requests an extension of time to make any of the compliance filings ordered herein, the Commission's Utilities Division Staff will docket a formal response to such request within thirty (30) days of the request.

COMPLIANCE DUE DATE: **Compliance Past Due**