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January 17, 2007

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Mr. Tim Sabo
Roshka, DeWulf & Patten, PLC
One Arizona Center
400 East Van Buren Street
Suite 800
Phoenix, Arizona 85004

Arizona Corporation Commission
DOCKETED

JAN 17 2007

DOCKETED BY

RE: Palo Verde Utilities Company and Santa Cruz Water Company – Application for Extensions of Certificates of Convenience and Necessity. Docket Nos. SW-03575A-06-0545 and W-03576A-06-0545

Second Insufficiency Letter

Dear Mr. Sabo:

The applications of Palo Verde Utilities Company (“Palo Verde”) and Santa Cruz Water Company (“SCWC”) for extensions of their Certificates of Convenience and Necessity have not met the sufficiency requirements as outlined in the Arizona Administrative Code (“A.A.C.”). Pursuant to A.A.C. R14-2-411(C)(3), to correct the deficiencies, please provide the following information:

For water:

SCWC plans to serve part of the requested area by the Company's Southwest water system and part of the requested area will be served by SCWC (original) water system per 11/9 letter. It also appears that both the SCWC and the Southwest systems are not interconnected yet.

1. Please identify which sections of the requested area will be served by the Southwest system and which sections of the requested area will be served by the SCWC system.
2. Please identify how many customers are projected in the requested area to be served by Southwest system and by the area to be served by the SCWC water system.
3. The water usage data per system should be provided.

4. If the Southwest system is not in service yet, please provide the planned number of wells, each well's production rate, the planned number of storage tanks and the storage capacity of each planned storage tank. If the Southwest system is in service, the plant information should be provided with the water usage data.
5. In its 11/9 response, the Company provided exhibits showing existing and proposed sewer/reclaimed water lines and estimated costs of sewer mains. However, there are no such drawings for water system. Does this mean all water transmission lines/mains to serve the requested area are in place? If not, please provide the drawings that identify where proposed water lines will be located and provide the estimated water line construction costs.

For sewer:

Per the Company's letter of November 9, 2006, Palo Verde plans to serve part of the requested area with the Company's Campus 2 WRF and part of the requested area with Campus 4 and Campus 1 WRF. It appears that there are no interconnections between Campus 1 WRF, Campus 2 WRF and Campus 4 WRF, although Global plans to tie the wastewater systems into one 208 water quality management plan.

1. Please identify which sections of the requested area will be served by Campus 1 WRF, which sections of the requested area will be served by Campus 2 WRF and which sections of the requested area will be served by Campus 4 WRF.
2. Provide the projected number of customers in the requested area to be served by Campus 1 WRF, the projected number of customers in the requested area to be served by Campus 2 WRF and the projected number of customers in the requested area to be served by Campus 4 WRF.
3. Please provide the waste water flow data per WRF if there are existing customers being served by those Campus WRFs.
4. The Company provided the estimated costs of wastewater mains/force main/reclaimed water mains (from year 1 through year 5) in its letter of November 9, 2006. To serve the requested area, is it correct that the Company only needs to install one undersized lift station in Campus 4 WRF? If this is correct, please provide information regarding this proposed lift station.

For both:

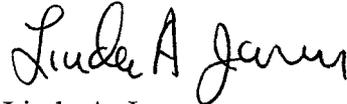
1. Because the requested area is large, please identify on a map the construction location for the first three years, by year.

Mr. Tim Sabo
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2. Provide a map of the extension area illustrating residential, commercial, industrial, green areas, lakes areas, etc. This requested map has not been provided.

If you have any questions please contact Dorothy Hains at 602-542-7274.

Yours truly,



Linda A. Jaress
Executive Consultant III

LAJ:tdp

cc: Docket Control
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