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AZ CORP COMMISSION  
DOCUMENT CONTROL

April 13, 2007

Blessing Chukwu  
Utilities Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Re: Response to Staff's Second Insufficiency Letter dated February 13, 2007  
Docket No. W-01212A-06-0666/W-02451A-06-0666

Dear Ms. Chukwu:

Enclosed please find responses of Valencia Water Company and Water Utility of Greater Buckeye, Inc. to Staff's Insufficiency Letter dated February 13, 2007. We hope that these responses and the documents attached address your concerns. Please let us know if Staff has any further questions.

Sincerely,

Timothy J. Sabo

TJS/da  
Enclosure  
cc: Docket Control  
Del Smith  
Lyn Farmer  
Brian Bozzo  
Vicki Wallace

Arizona Corporation Commission  
**DOCKETED**  
APR 13 2007

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KK NR

**VALENCIA WATER COMPANY, INC. AND  
WATER UTILITY OF GREATER BUCKEYE, INC.'S  
RESPONSES TO STAFF'S INSUFFICIENCY LETTER  
DATED FEBRUARY 13, 2007  
DOCKET NOS. W-01212A-06-0666 AND W-02451A-06-0666  
APRIL 13, 2007**

1. Based on submitted data, Staff concludes that Valencia and WUGB's existing water systems lack adequate well production capacity or storage capacity (or both) to serve the existing customer base. Also, there are water quality issues related to arsenic. Please provide a report for the existing water systems improvements. The report should outline plans to resolve existing water systems capacity inadequacies and water quality issues associated with arsenic treatment.

RESPONSE: Over the last several months, the Valencia Water Company and the Water Utility of Greater Buckeye have executed a series of studies and infrastructure projects to address capacity and water quality issues. The following discussion addresses both issues for each utility.

***Valencia Water Company – Arsenic Compliance Issues***

The Valencia Water Company maintains three original well sites. Each site produces water quality with an arsenic level above 10 ppb. As a result, Layne Christensen Company and McPhee Environmental were hired to provide media-based arsenic treatment system for each site. A brief status report for each site is provided below.

**7<sup>th</sup> and Alarcon** – The 7<sup>th</sup> and Alarcon site is equipped with two wells that produce 380 gpm. An arsenic treatment system was supplied by McPhee Environmental and is installed on the site. McPhee Environmental is currently replacing exhausted media and finalizing the permit process with MCESD. We expect this site to be fully operational by June of 2007.

**4<sup>th</sup> and Baseline** – The 4<sup>th</sup> and Baseline site produces 580 gpm. An arsenic treatment system was supplied by Layne Christensen and is installed on the site. The 4<sup>th</sup> and Baseline site also required booster station upgrades; construction of this work is currently under contract with RDH Environmental. Town of Buckeye permits are expected within the month of May and construction is scheduled for completion prior to the fourth quarter of 2007.

**4<sup>th</sup> and Central** – The 4<sup>th</sup> and Central site produces 200 gpm. An arsenic treatment system was supplied by Layne Christensen and is installed on site. This site also required booster station upgrades. The project will be submitted to MCESD and the Town of Buckeye for permits within the month of April. Upon receiving permits, the project will be bid. Construction completion is scheduled to occur prior to December 2007.

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Additionally, Valencia Water Company will bring three additional well sites on-line in June of 2007: the Blue Hills Site, the Bales Site, and the Sonoran Vista Southwest Site. Each of these well sites have been constructed with arsenic treatment systems.

***Valencia Water Company – Capacity Issues***

The Valencia Water Company has identified the waterlines and storage facilities necessary to complete the build-out of the company. Additionally, the company has prepared the following figures to document available storage and well production capacity. Figure 1 – Well Capacity identifies the wells that will be operational in June 2007. Figure 2 – Storage Capacity depicts the available storage that will be operational in June 2007. Additionally, Figure 2 documents the well capacities that have been drilled and pump-tested within the Valencia Water Company service area and are under the company's operational control.

Tables 1 and 2 – Capacity Comparison summarizes the capacities required to service existing and future customers. In reviewing these documents, please note that the Valencia Water Company provides a minimum of 6 million gallons of construction water per month. This construction water volume was included in the capacity estimates. This construction water represents capacity to service over 550 single family residences.

With the addition of capacity at Blue Hills (300 gpm), Bales (400 gpm) and Sonoran Vista Southwest (500 gpm), the maximum water supply for the Valencia Water Company will be 2505 gpm. This supply will provide sufficient water to service customers through July 2008. As documented in Figure 2 – Well Capacity, Valencia Water Company has a significant number of wells not yet in production. These wells will be placed in service as required to meet demand into the future.

Based on this information, we believe both the water quality and water quantity is sufficient to provide for Valencia Water Company customers.

***Water Utility of Greater Buckeye – Arsenic Compliance Issues***

The Water Utility of Greater Buckeye ("WUGB") consists of four primary service areas. Arsenic issues have been identified in two of these service areas: Sweetwater II and Sonoran Ridge.

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**Sweetwater II** - The Sweetwater II site is equipped with a 30 gpm well which produces water quality with an arsenic concentration of 11 ppb. Additionally, this well site has exceeded the nitrate limit of 10 ppm. As such, an emergency agreement was established with the City of Goodyear to supply Sweetwater II customers with water from the City of Goodyear distribution system. A blending plan has been approved by MCESD to utilize the well while blending water from the City of Goodyear distribution system. This solution addresses both water quality issues for the Sweetwater II site, and provides a back-up emergency supply.

**Sonoran Ridge** - The Sonoran Ridge site is equipped with a 300 gpm well which produces an arsenic concentration of 12 ppb. The WUGB has elected to use centralized treatment for the site. McBride Engineering Solutions is under contract to design the facility, which is currently underway. This project is located within Maricopa County and therefore, requires a special use permit. The permit application process is currently nearing completion. A centralized treatment system is scheduled to be operational prior to the end of 2007.

***Water Utility of Greater Buckeye - Capacity Issues***

Table 3 - Capacity Comparison presents the capacities required to service existing and future customers within the WUGB public water systems. Please note that the Sun Valley Ranches water system supplies a significant volume of construction water. This construction water volume was included in the capacity estimates. As such, as construction volumes decrease the systems storage is adequate for the existing customer base.

This analysis provides documentation that the WUGB can currently provide sufficient water to its customers. As additional growth occurs we understand additional infrastructure will be required at these facilities. As such, we have retained McBride Engineering Solutions to develop recommendations for increasing the capacity of these systems.

RESPONDENT: Robin Bain, P.E., DEE for Graham Symmonds.

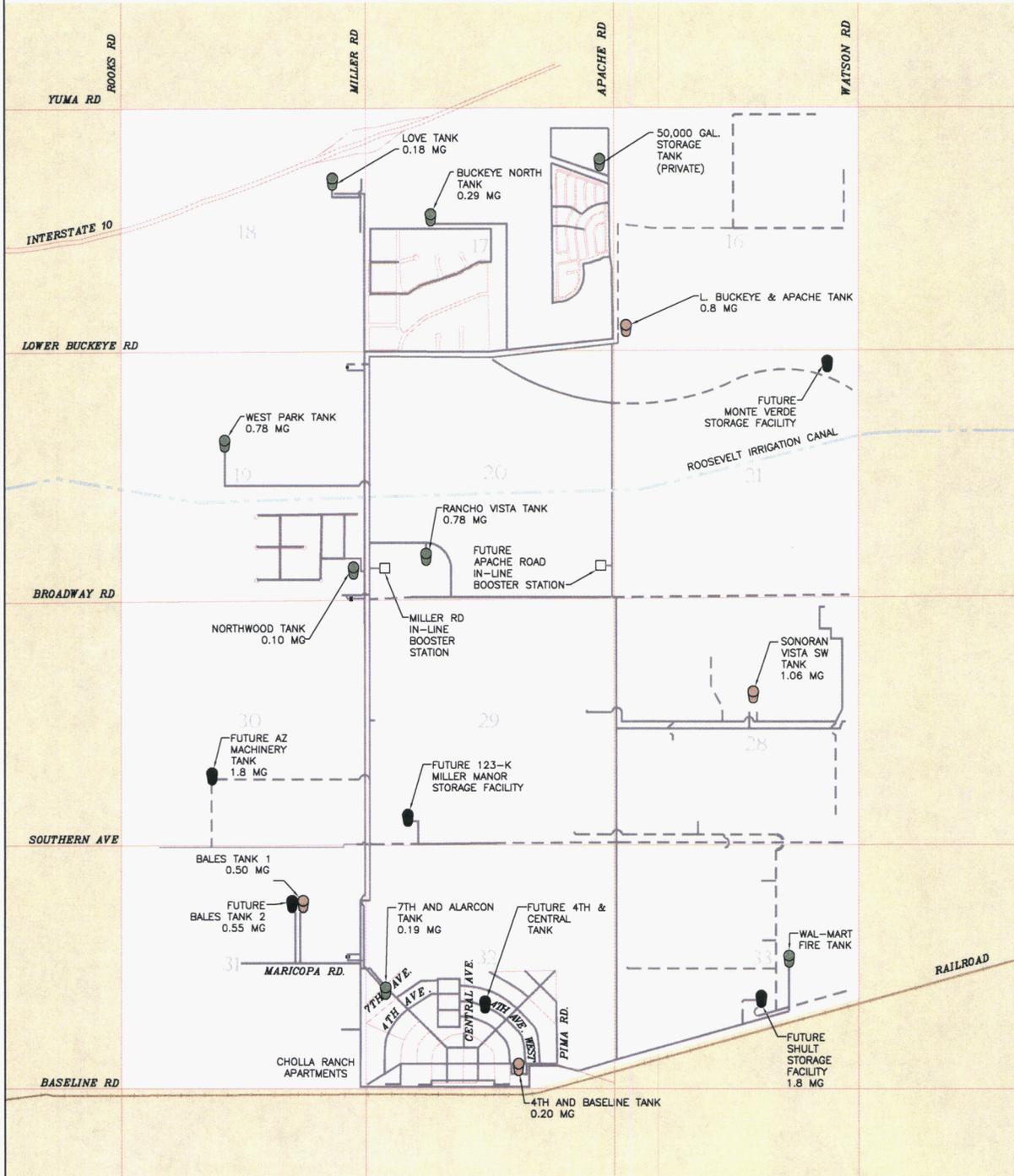


Existing Operational Storage

Rancho Vista Tank	0.78 MG
7th & Alarcon Tank	0.19 MG
West Park Tank	0.78 MG
Northwood Tank	0.10 MG
Love Tank	0.18 MG
Buckeye North	0.29 MG
<b>TOTAL</b>	<b>2.32 MG</b>

Additional Operational Storage in June '07

Sonoran Vista SW Tank	1.06 MG
L. Buckeye & Apache Tank	0.80 MG
4th & Baseline Tank	0.20 MG
Bales Tank 1	0.50 MG
<b>TOTAL</b>	<b>2.56 MG</b>

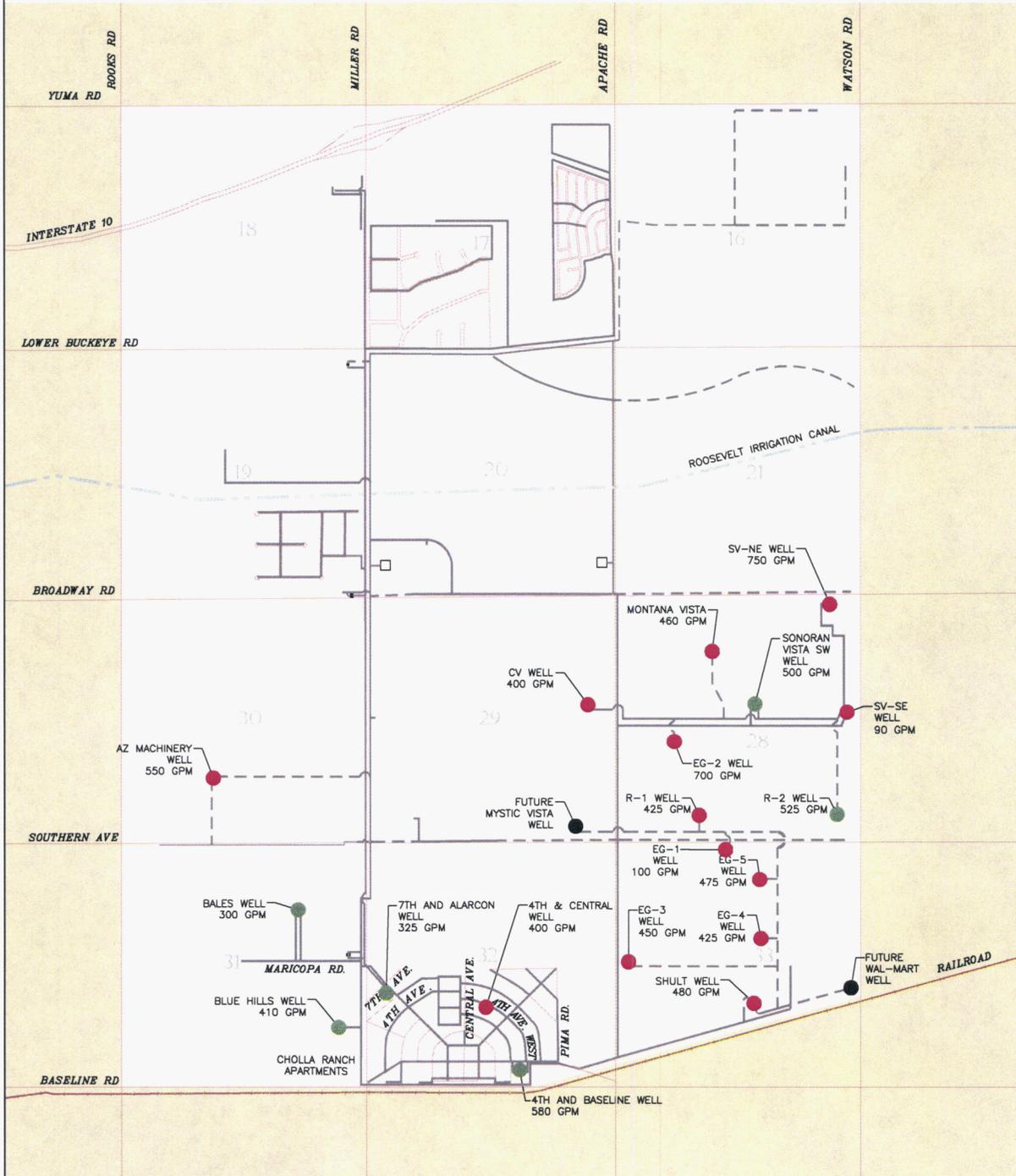


Well Summary Table



Operational Wells in June '07:	
7th & Alarcon	325 GPM
4th & Baseline	580 GPM
4th & Central	400 GPM
Blue Hills	410 GPM
Sonoran Vista SW	500 GPM
Bales	300 GPM
<b>TOTAL</b>	<b>2,515 GPM</b>

Wells Drilled & Tested:	
Sonoran Vista SE	90 GPM
Sonoran Vista NE	750 GPM
Crystal Vista	400 GPM
Shult	480 GPM
AZ Machinery	550 GPM
Riata West 1	425 GPM
Riata West 2	525 GPM
Evergreen 1	100 GPM
Evergreen 2	700 GPM
Evergreen 3	450 GPM
Evergreen 4	425 GPM
Evergreen 5	475 GPM
Montana Vista	460 GPM
<b>TOTAL</b>	<b>5,830 GPM</b>







**Water Utility of Greater Buckeye  
Table 3 - Capacity Comparison**

A.A.C. R18-5-503 Storage Requirements  
Minimum Storage Capacity = Average Daily Demand during Peak Month

<b>Water System</b>	<b>Peak Mth Usage July, 2006 (1000 gal/mth)</b>	<b>Average Daily Peak Mth Use July, 2006 (gal/day)</b>	<b># Customers (July, 2006)</b>	<b>Average Daily Peak Mth Use per Customer (gal/day)</b>	<b># Customers (March, 2007)</b>	<b>Average Daily Peak Mth Use 2007 (gal/day) - Minimum Storage Requirement</b>	<b>Available Storage (gal)</b>	<b>Storage Capacity Status</b>
Bulfer/Primrose	1,404	45,290	87	521	88	45,811	140,000	SUFF
Sonoran Ridge	1,636	52,774	60	880	58	51,015	200,000	SUFF
Sun Valley Ranches	5,897	190,226	372	511	386	197,385	200,000	SUFF
Sweetwater II*	1,386	44,710	91	491	93	45,692	44,000	INSUFF*

\*Sweetwater II storage is in compliance with the AAC as a minimum 15 gpm is supplied by the City of Goodyear.

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2. According to the Application, there are plans for a recharge project, addition of pipeline to the Valencia system which will provide a new water source, and consolidation of Valencia and WUGB. According to the submitted response to Staff's Insufficiency Letter, the Company is planning to add at least 13 new wells to Valencia water system within the next 2 years and install water treatment systems.

It's not clear if Valencia and WUGB's water systems will be interconnected. It is also not clear if and when the Valencia water system will be connected to the recharge project. Please explain.

RESPONSE: At this time, there are no plans to interconnect the Valencia Water Company and WUGB water systems, or to connect the systems to the Hassayampa recharge project. If sufficient development occurs to justify the interconnection of the water systems, or connection to the recharge project, this decision may be revisited.

RESPONDENT: Robin Bain, P.E., DEE for Graham Symmonds.

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3. Please provide a report for the future water infrastructure and treatment. The Report should include the following data:
- a). Description
  - b). Location (layout plans)
  - c). Capacities
  - d). Costs
  - e). Projected date of operation

RESPONSE: Future water infrastructure, apart from that required for water quality, will be driven by development activities. Anticipated infrastructure requirements for Valencia Water Company to meet development needs are summarized below. Details about future infrastructure are not available for the WUGB, as none are required or anticipated at this writing, other than the Sonoran Ridge Arsenic Treatment Facility, summarized below.

*Valencia Water Company*

**Future Infrastructure**

Proposed off-site water mains and storage reservoirs have been identified in the Valencia Water Company and will be constructed as development activities increase. Additional well and treatment capacity will be established as developers provide additional well capacity to the Valencia Water Company. The following documents summarize the infrastructure activities for the Valencia Water Company:

Figure 3 – Build-out Infrastructure Map

Table 4 – Future Storage Reservoirs

Table 5 – Future Waterlines

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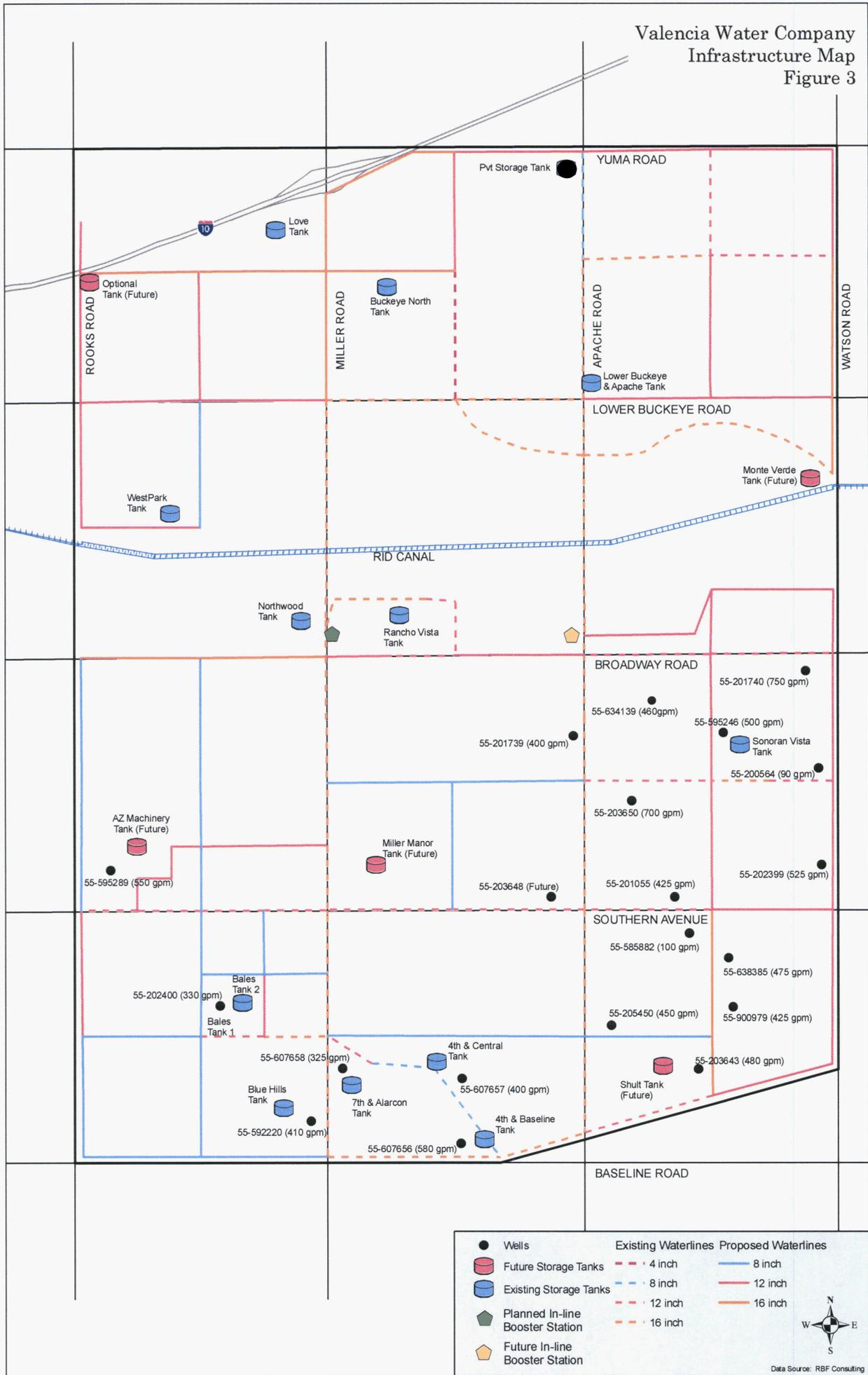
*Water Utility of Greater Buckeye*

**Sonoran Ridge Arsenic Treatment Facility**

The Sonoran Ridge Arsenic Treatment Facility will provide arsenic treatment for the 300 gpm well supply. The facility will be located on a concrete pad within the existing site, with approximate dimensions of 10 feet by 20 feet. The project is expected to cost \$430,000 with construction complete by December of 2007.

RESPONDENT: Robin Bain, P.E., DEE for Graham Symmonds.

# Valencia Water Company Infrastructure Map Figure 3



**Table 4 – Future Storage Reservoirs**

<b>ID</b>	<b>Size (Million Gallons)</b>	<b>Cost (\$)</b>
Monte Verde	3.0	3,600,000
Additional Tank	1.0	1,200,000
AZ Machinery	1.8	2,160,000
Miller Manor	0.1	150,000
Shult	1.8	2,160,000

**Table 5 - Preliminary Cost Estimate for Future Waterlines**

Mile Streets					
Name of Street	Description	Pipe Size (Inch)	Pipe Length (feet)	Cost of pipe/linear feet*	Total Cost
Rooks Road	North of I-10 & Rooks Rd Intersection (J-58 to J-38)	12	1,320	\$60	\$79,200
	South of I-10 & Rooks Rd Intersection (J-38 to J-37)	12	2,640	\$60	\$158,400
	B/W Lower Buckeye Rd & RID Canal (J-37 to J-98)	12	2,640	\$60	\$158,400
	B/W Broadway Rd & Roeser Rd (J-26 to J-78)	8	2,640	\$50	\$132,000
	B/W Roeser Rd & Southern Ave (J-78 to J-19)	8	2,640	\$50	\$132,000
	B/W Southern Ave & Maricopa Rd (J-19 to J-12)	12	2,640	\$60	\$158,400
	B/W Maricopa Rd & Baseline Rd (J-12 to J-80)	8	2,640	\$50	\$132,000
Miller Road	B/W I-10 Interchange & Durango St (J-56 to J-40)	16	1,570	\$85	\$133,450
	B/W Durango St & Lower Buckeye Rd (J-40 to J-44)	16	2,640	\$85	\$224,400
Watson Road	B/W Yuma Rd & Durango St (J-54 to J-127)	12	2,200	\$60	\$132,000
	B/W Durango St & Lower Buckeye Rd (J-127 to J-35)	16	2,895	\$85	\$246,075
	B/W Lower Buckeye Rd & RID Canal (J-35 to J-90)	16	1,500	\$85	\$127,500
	B/W RID Canal & Broadway Rd (J-38 to J-31)	12	1,320	\$60	\$79,200
	B/W Broadway Rd & Roeser Rd (J-31 to J-72)	12	2,640	\$60	\$158,400
	B/W Roeser Rd & Southern Ave (J-72 to J-73)	12	2,640	\$60	\$158,400
	B/W Southern Ave & Baseline Rd (J-73 to J-148)	12	3,800	\$60	\$228,000
Yuma Road	B/W Miller Rd & Yuma Rd - I10 Intersection (J-56 to J-57)	16	1,972	\$85	\$167,620
	B/W Yuma Rd - I10 Intersection & 247th Ave (J-57 to J-93)	16	866	\$85	\$73,610
	B/W 247th Ave & Apache Rd (J-93 to J-48)	12	2,640	\$60	\$158,400
	B/W Apache Rd & 239th Ave (J-48 to J-53)	12	2,640	\$60	\$158,400
	B/W 239th Ave & Watson Rd (J-53 to J-54)	12	2,640	\$60	\$158,400
Lower Buckeye Road	B/W Rooks Rd & 255th Dr (J-37 to J-45)	12	2,640	\$60	\$158,400
	B/W 255th Dr & Miller Rd (J-45 to J-44)	12	2,640	\$60	\$158,400
	B/W Apache Rd & 239th Ave (J-34 to J-51)	12	2,640	\$60	\$158,400
	B/W 239th Ave & Watson Rd (J-51 to J-35)	12	2,640	\$60	\$158,400
Broadway Road	B/W Rooks Rd & 255th Dr (J-26 to J-25)	16	2,640	\$85	\$224,400
	B/W 255th Dr & Miller Rd (J-25 to J-27)	16	2,640	\$85	\$224,400
	B/W Miller Rd & Quarter-mile West of 247th Ave (J-27 to J-152)	12	1,320	\$60	\$79,200
	B/W 247th Ave & Apache Rd (J-28 to J-29)	12	2,640	\$60	\$158,400
Southern Avenue	B/W 239th Ave & Watson Rd (J-62 to J-73)	12	2,640	\$60	\$158,400
Baseline Road	B/W Rooks Rd & 255th Dr (J-80 to J-81)	8	2,640	\$50	\$132,000
	B/W 255th Dr & Miller Rd (J-81 to J-21)	8	2,640	\$50	\$132,000
	B/W 239th Ave & Watson Rd (J-104 to J-148)	12	2,640	\$60	\$158,400

Half-mile Streets					
Name of Street	Description	Pipe Size (Inch)	Pipe Length (feet)	Cost of pipe/linear feet*	Total Cost
255th Dr	B/W Durango St & Lower Buckeye Rd (J-156 to J-45)	12	2,640	\$60	\$158,400
	B/W Lower Buckeye Rd & RID Canal (J-45 to J-92)	8	2,640	\$50	\$132,000
	B/W Broadway Rd & Quarter-mile north of Roeser Rd (J-25 to J-24)	8	1,320	\$50	\$66,000
	B/W Roeser Rd & Quarter-mile south of Broadway Rd (J-24 to J-23)	8	1,320	\$50	\$66,000
	B/W Roeser Rd & Quarter-mile south of Roeser Rd (J-23 to J-22)	8	1,320	\$50	\$66,000
	B/W Quarter-mile south of Roeser Rd & Southern Ave (J-22 to J-18)	8	1,320	\$50	\$66,000
	B/W Southern Ave & Quarter-mile south of Southern Ave (J-18 to J-17)	8	1,320	\$50	\$66,000
	B/W Quarter-mile north of Maricopa Rd & Maricopa Rd (J-17 to J-13)	8	1,320	\$50	\$66,000
	B/W Maricopa Rd & Baseline Rd (J-13 to J-81)	8	2,640	\$50	\$132,000
	B/W Durango St & Yuma Rd (J-93 to J-41)	12	2,640	\$60	\$158,400
247th Avenue	B/W Roeser Rd & Southern Ave (J-67 to J-64)	8	2,640	\$50	\$132,000
	B/W Durango St & Lower Buckeye Rd (J-52 to J-51)	12	2,919	\$60	\$175,140
239th Avenue	B/W Quarter-mile north of Broadway Rd & Broadway Rd (J-47 to J-30)	12	1,320	\$60	\$79,200
	B/W Broadway Rd & Roeser Rd (J-30 to J-71)	12	2,640	\$60	\$158,400
	B/W Roeser Rd & Southern Ave (J-71 to J-62)	12	2,640	\$60	\$158,400
	B/W Southern Ave & Maricopa Rd (J-62 to J-61)	16	2,640	\$85	\$224,400
	B/W Maricopa Rd & Baseline Rd (J-61 to J-104)	16	1,193	\$85	\$101,405
Durango St	B/W Rooks Rd & 255th Dr (J-38 to J-156)	16	2,640	\$85	\$224,400
	B/W 255th Dr & Miller Rd (J-156 to J-40)	16	2,640	\$85	\$224,400
	B/W Miller Rd & 247th Ave (J-40 to J-41)	16	2,640	\$85	\$224,400
Roeser Road	B/W Miller Rd & 247th Ave (J-68 to J-67)	8	2,640	\$50	\$132,000
	B/W 247th Ave & Apache Rd (J-67 to J-69)	8	2,640	\$50	\$132,000
Maricopa Road	B/W Rooks Rd & 255th Dr (J-12 to J-13)	8	2,640	\$50	\$132,000
	B/W Miller Rd & Apache Rd (J-14 to J-59)	8	5,280	\$50	\$264,000
	B/W Apache Rd & 239th Ave (J-59 to J-61)	8	2,640	\$50	\$132,000

Waterlines along property boundary					
Name of Street	Description	Pipe Size (Inch)	Pipe Length (feet)	Cost of pipe/linear feet*	Total Cost
North of Maricopa Rd	Half-mile north of Maricopa Rd, B/W 255th Dr & Miller Rd (J-17 to J-15)	8	2,640	\$50	\$132,000
Quarter section b/w Southern Ave, Roeser Rd, Rooks Rd, & 255th Dr	Half-mile East of Rooks Rd, B/W Southern Ave & Quarter-mile south of Roeser Rd (J-107 to J-108)	12	657	\$60	\$39,420
	J-107 to J-22	12	1,973	\$60	\$118,380
Quarter section b/w Southern Ave, Maricopa Rd, 255th Dr, & Miller Rd	Half-mile east of 255th Dr, B/W Southern Ave & Quarter-mile north of Maricopa Rd (J-84 to J-82)	8	1,320	\$50	\$66,000
	Half-mile east of 255th Dr, B/W Maricopa Rd & Quarter-mile south of Southern Ave (J-82 to J-101)	12	1,320	\$60	\$79,200
North of RID Canal	B/W Rooks Rd & 255th Dr (J-98 to J-92)	12	2,640	\$60	\$158,400
North of Broadway Rd	B/W Apache Rd & 239th Ave (J-144 to J-47)	12	3,200	\$60	\$192,000
	B/W 239th Ave & Watson Rd (J-47 to J-36)	12	2,200	\$60	\$132,000
North of Southern Ave	Half-mile north of Southern Ave, B/W 255th Dr & Miller Rd (J-22 to J-85)	12	2,640	\$60	\$158,400

\* Includes cost for furnishing, installation, and pipe fittings