

ORIGINAL



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MEMORANDUM RECEIVED

TO: Docket Control
FROM: Ernest G. Johnson
Director
Utilities Division

2007 OCT -1 A 9:07

AZ CORP COMMISSION
DOCKET CONTROL

DATE: October 1, 2007

RE: STAFF REPORT FOR LITTLE PARK WATER COMPANY, INC. FOR AN
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY
TO PROVIDE WATER SERVICE IN YAVAPAI COUNTY, ARIZONA
DOCKET NO. W-02192A-07-0326

Attached is the Staff Report for the above referenced application. Staff recommends the Commission issue an Order Preliminary.

EGJ:LAJ:kdh

Originator: Linda Jaress

Arizona Corporation Commission
DOCKETED
OCT -1 2007

DOCKETED BY	nr
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Service List for: Little Park Water Company, Inc.
Docket No. W-02192A-07-0326

Mr. Richard Sallquist
Sallquist, Drummond & O'Connor
4500 South Lakeshore Drive, Suite 339
Tempe, Arizona 85282

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

LITTLE PARK WATER COMPANY, INC.
DOCKET NO. W-02192A-07-0326

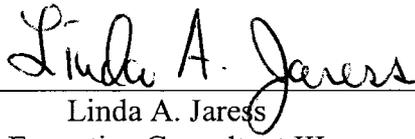
APPLICATION FOR APPROVAL OF AN EXTENSION OF A
CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE
WATER IN YAVAPAI COUNTY, ARIZONA

OCTOBER 1, 2007

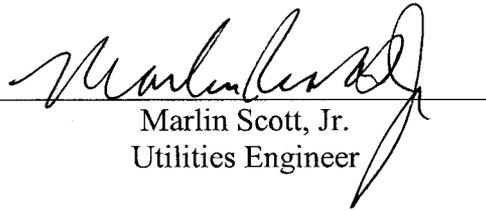
STAFF ACKNOWLEDGEMENT

The Staff Report for Little Park Water Company, Inc. (Docket No. W-02192A-07-0326) was prepared by the Staff members listed below. Linda Jaress prepared the Staff Report. Marlin Scott, Jr. prepared the Engineering Report.

Contributing Staff:



Linda A. Jaress
Executive Consultant III



Marlin Scott, Jr.
Utilities Engineer

**EXECUTIVE SUMMARY
LITTLE PARK WATER COMPANY, INC.
DOCKET NO. W-02192A-07-0326**

On May 24, 2007, Little Park Water Company, Inc., ("Little Park" or "the Company") filed an application to extend its Certificate of Convenience and Necessity. Little Park provides water utility service to approximately 68 customers in Yavapai County near the Village of Oak Creek.

The Company is proposing to serve the existing Verde Valley School ("the School"). The School is a preparatory academy and boarding school with approximately 120 students, plus staff. Currently, the School provides its own water from an existing well which has tested at 25 parts per billion of arsenic. According to the Company, the school is requesting water service from the Company to resolve its fire flow and arsenic level.

Little Park has reported that the arsenic levels for its own two wells are 26 parts per billion ("ppb") and 27 ppb while the new maximum contaminant level ("MCL") is 10 ppb. The Company intends to file a Arizona Department of Environmental Quality ("ADEQ") Request for Exemption to receive a time extension to comply with the Arizona Administrative Code, Section R18-4-111. The Company cites lack of funds to finance arsenic treatment systems as the reason for requesting the exemption.

Staff is concerned about the continued provision of water which exceeds the arsenic standard to a school and, potentially, to a camp for children who are ill. Staff is also concerned that Little Park has yet to request a waiver from ADEQ allowing an exemption from the arsenic standard. Staff does not believe it is in the public interest for the Commission to give its final approval of the extension until Little Park has either resolved its arsenic problem or received an exemption from ADEQ. Staff will be monitoring Little Park's arsenic compliance efforts and is prepared to take appropriate and necessary action.

Based upon the apparent inability of Little Park to either comply with the arsenic standard or receive an exemption from ADEQ by the date of the hearing, Staff recommends the Commission issue an Order Preliminary whereby the Company would be required to either file evidence of the installation and operation of an arsenic treatment system for Little Park and the extension area (the ADEQ Certificate of Approval of Construction) or file a copy of the exemption from the arsenic standard from ADEQ with all related ADEQ documents by December 31, 2008.

Staff recommends that before the final CC&N is issued, the Company should comply with the following:

1. Staff recommends that the Company file with Docket Control, as a compliance item by December 31, 2008 in this docket, a copy of the ADEQ Certificate of Approval of Construction ("AOC") for the installation of the arsenic treatment systems or file a copy of the approved Exemption from ADEQ.
2. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a letter from ADWR indicating that the CC&N extension area is included within the Company's Designation.
3. Staff recommends that the Company file a curtailment tariff in the form found on the Commission's website at www.azcc.gov/divisions/utilities/forms/Curtailment-Std.pdf. This tariff shall be docketed as a compliance item in this case within 45 days of the effective date of an order in this proceeding for review and certification by Staff.

When the Company complies with all the foregoing, it should file a request for a final order from the Commission.

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Introduction

On May 24, 2007, Little Park Water Company, Inc., ("Little Park" or "the Company") filed an application to extend its Certificate of Convenience and Necessity. Little Park provides water utility service to approximately 68 customers in Yavapai County near the Village of Oak Creek. Little Park is located approximately 2 miles from Big Park Water Company, which shares common ownership and serves approximately 3,000 customers. The systems of the two companies are interconnected. Little Park is operating under rates set in 1991 under a previous owner. The Company has an arsenic impact hook-up fee tariff on file with the Commission.

Proposed Extension Area

The requested area is contiguous to Little Park's current Certificate of Convenience & Necessity ("CC&N") area and will add approximately one-quarter square-mile to the Company's existing one-half square-mile of certificated area. Attached as Exhibit 1 is a map and legal description of the extension area.

The Company is proposing to serve the existing Verde Valley School ("the School"). The School is a preparatory academy and boarding school with approximately 120 students, plus staff. Currently, the School provides its own water from an existing well which has been tested at 25 parts per billion of arsenic. According to the Company, the school is requesting water service from the Company to resolve its fire flow and arsenic level.

However, the proposed service territory will also include a summer camp. The minutes of the Yavapai Board of Supervisors ("the Board") meeting of August 20, 2007, indicate that the Board approved a Use Permit for Verde Valley School to construct a summer camp and to expand the school within the proposed CC&N extension.

According to documents filed with Yavapai County, the camp is planned to serve children with special medical needs and may become affiliated with the Hole in the Wall Gang camp organization. Camp facilities will include a medical care center, a recreation center, dining hall, cabins, a 1.5 acre lake with boathouse, pool, theater, chapel, guard shack and visitor housing. Construction is expected to begin immediately. The School's current well will be the source of water for the lake. The School expects that the camp will serve approximately 120 campers at any one time with approximately 60 staff and volunteers. The camp will operate during the summer when the School is not in session. The School's sewer service is currently served by a tank and leach field system.

Water Facilities

The Company has two wells producing a total of 128 gallons per minute, three storage tanks totaling 27,600 gallons, and a distribution system serving 68 service connections as of December 2006. The Company is also interconnected to Big Park Water Company with an 8-

inch water main for fire flow protection. Exhibit 2, Staff's Engineering Report, further discusses the current system and the Company's capacity.

The Company is proposing to extend its water system into the requested area by extension of its distribution system through the use of a main extension agreement ("MXA") and hook-up fees. Within its application, the Company submitted a copy of this MXA indicating a total estimated cost of \$366,754. Staff believes the estimated cost to be reasonable.

Staff concludes that the existing system has adequate water sources and storage capacity to serve the existing and proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.

Arizona Department of Environmental Quality Compliance

Based on compliance information submitted by the Company, the system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4.

The Company has reported that the arsenic levels for its two wells are 26 parts per billion ("ppb") and 27 ppb while the new maximum contaminant level ("MCL") is 10 ppb. The Company intends to file a Request for Exemption to receive a time extension to comply with Arizona Administrative Code, Section R18-4-111. The Company cites lack of funds to finance arsenic treatment systems as the reason for requesting an exemption from ADEQ. Upon obtaining the CC&N extension approval in this proceeding and the future MXA approval by Staff, the Company believes it will be in a position to collect funds under the present arsenic hook-up tariff and commence with constructing the arsenic treatment systems.

Arizona Department of Water Resources Compliance

The Company is not located within an Active Management Area is not subject to Arizona Department of Water Resources' reporting and conservation requirements.

The Company holds a Designation of Adequate Water Supply ("Designation") for its existing service area. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of a modified Designation from ADWR that includes the requested area.

Arizona Corporation Commission Compliance

The Company is in compliance with previous Commission decisions.

Curtailment Tariff

The Company does not have an approved curtailment tariff. Staff recommends that the Company file a curtailment tariff in the form found on the Commission's website at www.azcc.gov/divisions/utilities/forms/Curtailment-Std.pdf. This tariff shall be docketed as a compliance item in this case within 45 days of the effective date of an order in this proceeding for review and certification by Staff.

Backflow Prevention Tariff

The Company has an approved backflow prevention tariff that became effective on July 8, 1992.

Arsenic Impact Hook-Up Fee ("AIHUF") Tariff

The Company has an approved AIHUF tariff that became effective on June 1, 2005.

Conclusions and Recommendations

Staff concludes that the existing system has adequate water sources and storage capacity to serve the existing and proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.

However, Staff is concerned about the continued provision of water which exceeds the arsenic standard to a school and, potentially, to a camp for children who are ill. Staff is also concerned that Little Park has yet to request a waiver from ADEQ allowing an exemption from the arsenic standard. Staff does not believe it is in the public interest for the Commission to give its final approval of the extension until Little Park has either resolved its arsenic problem or received an exemption from ADEQ. Staff will be monitoring Little Park's arsenic compliance efforts and is prepared to take appropriate and necessary action.

Based upon the apparent inability of Little Park to either comply with the arsenic standard or receive an exemption from ADEQ by the date of the hearing, Staff recommends the Commission issue an Order Preliminary whereby the Company would be required to either file evidence of the installation and operation of an arsenic treatment system for Little Park and the extension area (the ADEQ Certificate of Approval of Construction) or file a copy of the exemption from the arsenic standard from ADEQ with all related ADEQ documents by December 31, 2008.

Staff recommends that before the final CC&N is issued, the Company should comply with the following:

1. Staff recommends that the Company file with Docket Control, as a compliance item by December 31, 2008 in this docket, a copy of the ADEQ Certificate of Approval of

Construction (“AOC”) for the installation of the arsenic treatment systems or file a copy of the approved Exemption from ADEQ.

2. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a letter from ADWR indicating that the CC&N extension area is included within the Company’s Designation.
3. Staff recommends that the Company file a curtailment tariff in the form found on the Commission’s website at www.azcc.gov/divisions/utilities/forms/Curtailment-Std.pdf. This tariff shall be docketed as a compliance item in this case within 45 days of the effective date of an order in this proceeding for review and certification by Staff.

When the Company complies with all the foregoing, it should file a request for a final order from the Commission.

MEMORANDUM

TO: Linda Jaress
Executive Consultant III
Utilities Division

FROM: Barb Wells *bw*
Information Technology Specialist
Utilities Division

THRU: Del Smith *DS*
Engineering Supervisor
Utilities Division

DATE: August 6, 2007

RE: **LITTLE PARK WATER COMPANY (DOCKET NO. W-02192A-07-0326)**
REVISED LEGAL DESCRIPTION

The area requested by Little Park for an extension of water service has been plotted with no complications using a revised legal description, which was docketed on July 30, 2007. This legal description is attached and should be used in place of the original description submitted with the application.

Also attached are copies of the maps for your files.

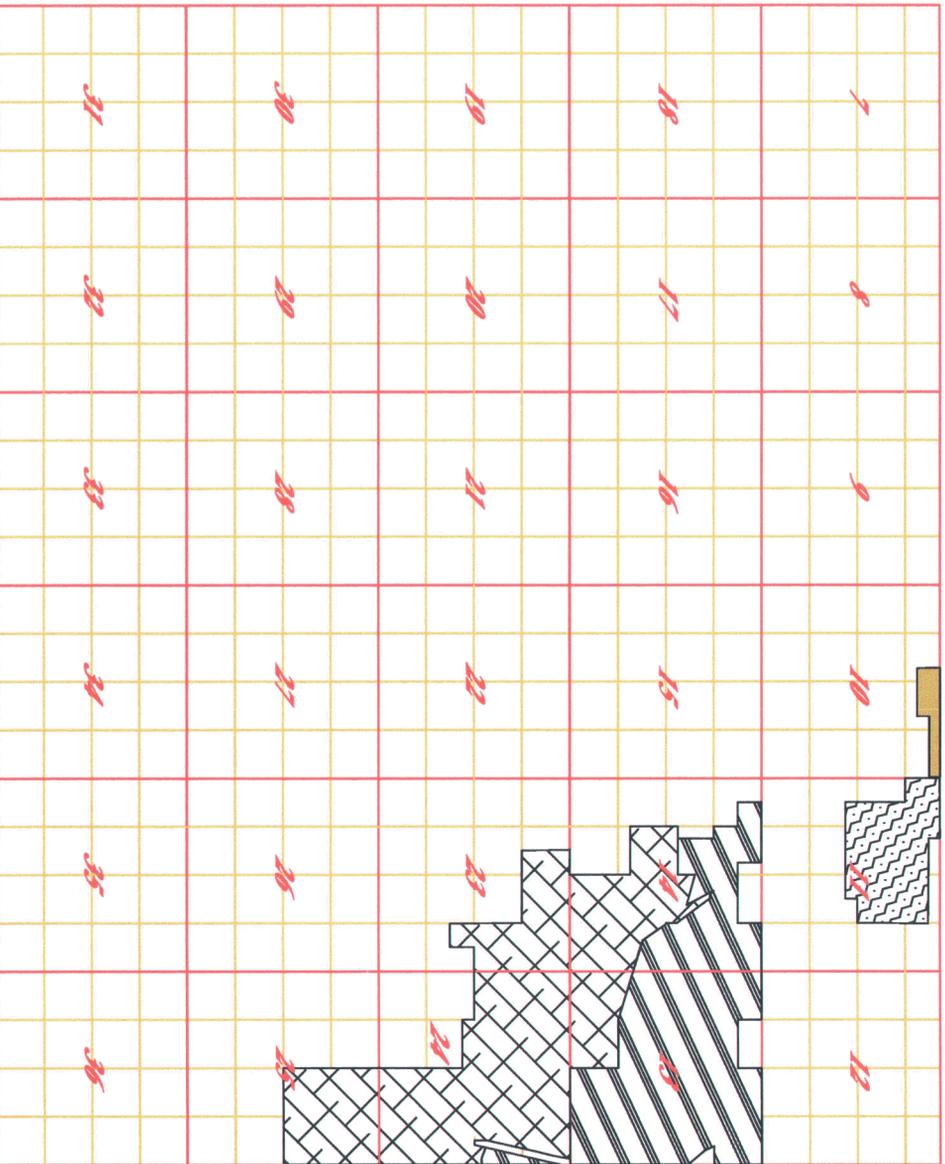
:bsw

Attachments

cc: Mr. Richard Sallquist
Ms. Deb Person (Hand Carried)
File

COUNTY: Yavapai

RANGE 5 East

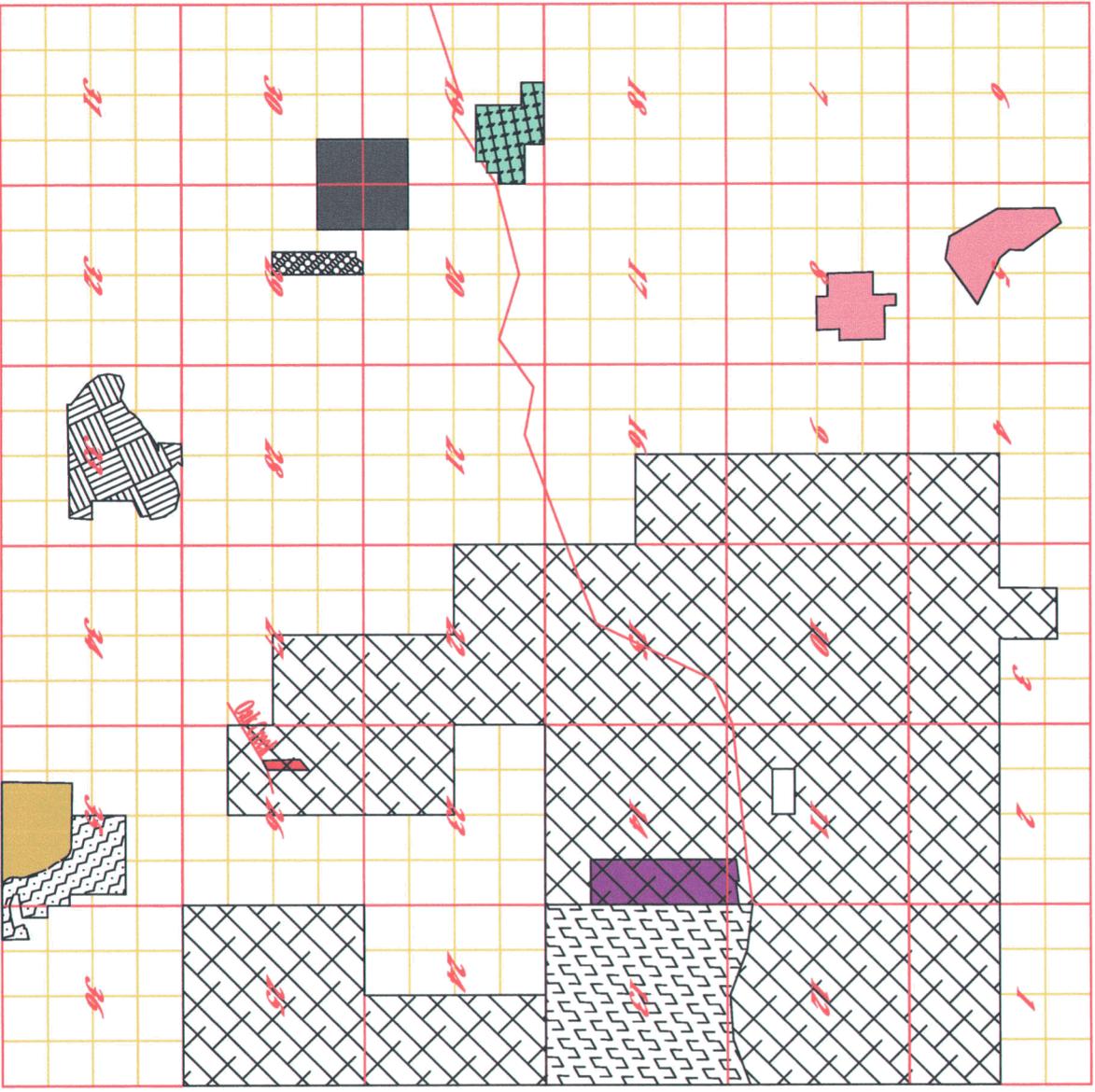


TOWNSHIP 16 North

-  W-1445 (5)(3)
Arizona Water Company (Sedona)
-  W-1624 (2)
Big Park Water Company
-  W-2192 (2)
Little Park Water Company, Inc.
-  (2)
Little Park Water Company
Docket No. W-02192A-07-0326
Application for Extension

COUNTY: Yavapai

RANGE 5 East

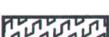


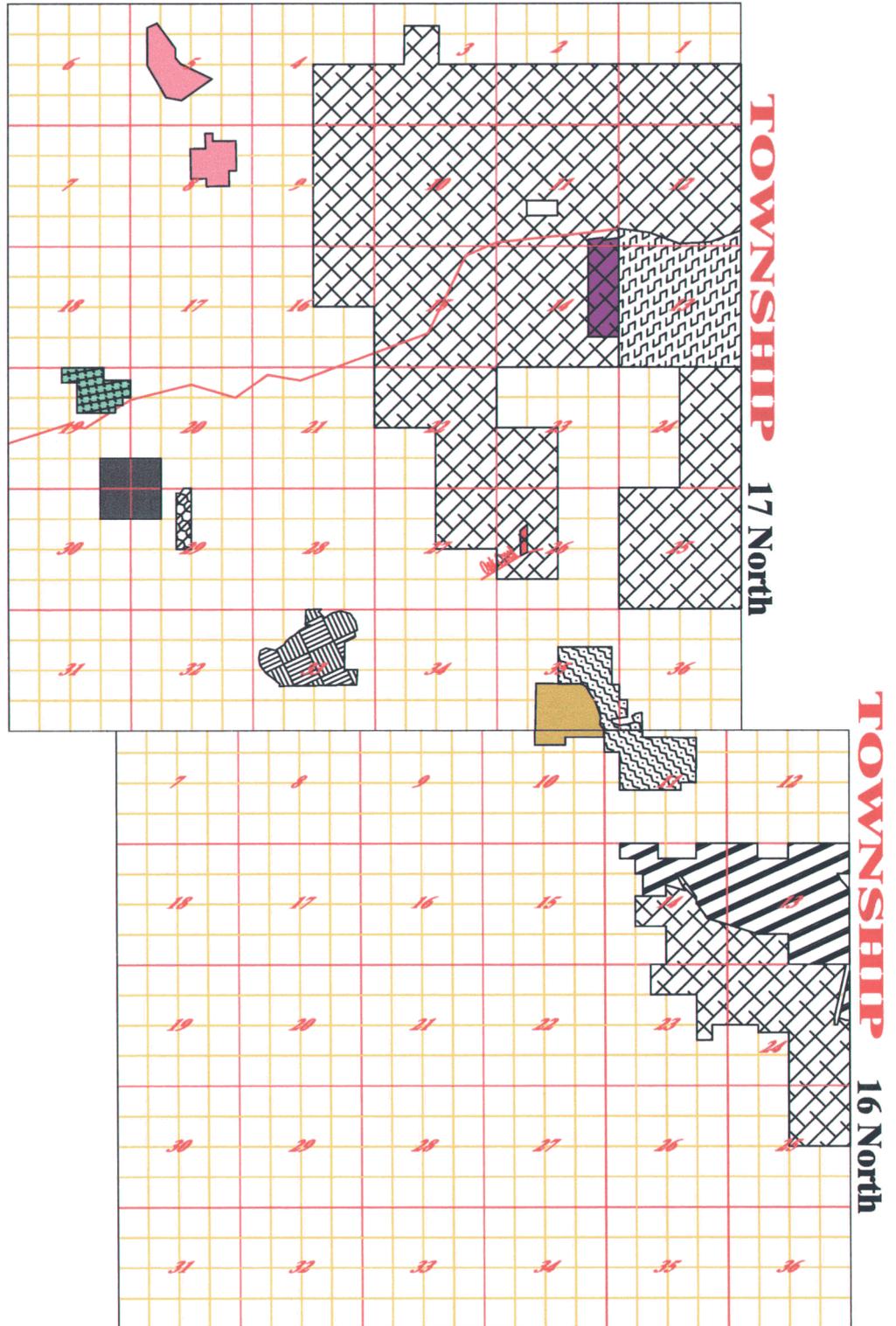
TOWNSHIP 17 North

-  W-1445 (5)(3)
Arizona Water Company (Sedona)
-  W-4131 (1)
Cross Creek Ranch Water Company
-  W-2192 (2)
Little Park Water Company
-  W-2624 (1)
Michaels Ranch Water Users' Assoc.
-  W-1392 (1)
Oak Creek Water Company No. 1
-  W-S-3449 (1) **Sewer**
MHC Operating Limited Partnership
dba Sedona Venture Water & Sewer Company
-  W-4291 (1)
Aerie Conservancy
Adjudicated 'Not a Public Service Corporation'
-  (1) **Sewer**
City of Sedona (Nonjurisdictional)
-  (1)
Red Rock Crossing Mobile Village, Inc.
(Nonjurisdictional)
-  (1)
Red Rock Water Cooperative, Inc.
Adjudicated 'Not a Public Service Corporation'
-  (2)
Little Park Water Company
Docket No. W-02192A-07-0326
Application for Extension

COUNTY: *Yavapai*

RANGE 5 East

-  W-1445 (5)(3)
Arizona Water Company (Sedona)
-  W-1624 (2)
Big Park Water Company
-  W-4131 (1)
Cross Creek Ranch Water Company
-  W-2192 (2)
Little Park Water Company
-  W-2624 (1)
Michaels Ranch Water Users' Assoc.
-  W-1392 (1)
Oak Creek Water Company No. 1
-  WS-3449 (1)  Sewer
MHC Operating Limited Partnership
dba Sedona Venture Water & Sewer Company
-  W-4291 (1)
Aerie Conservancy
Adjudicated 'Not a Public Service Corporation'
-  Sewer (1)
City of Sedona (Nonjurisdictional)
-  (1)
Red Rock Crossing Mobile Village, Inc.
(Nonjurisdictional)
-  (1)
Red Rock Water Cooperative, Inc.
Adjudicated 'Not a Public Service Corporation'
-  (2)
Little Park Water Company
Docket No. W-02192A-07-0326
Application for Extension



**Superior
Surveying
Services, Inc.**

PROFESSIONAL LAND SURVEYING IN ARIZONA

Randy S. Delbridge, President

21415 North 23rd Avenue
Phoenix, Arizona 85027
(623) 869-0223 Fax (623) 869-0728

Member A.C.S.M., A.P.L.S., G.L.I.S.

Job Number: 250709

Page 1 of 2
August 10, 2005
Revised: July 25, 2007

**DESCRIPTION OF RESIDENTIAL PARCEL AT VERDE VALLEY SCHOOL,
3511 VERDE VALLEY SCHOOL ROAD, YAVAPAI COUNTY, ARIZONA**

A portion of the South half of Section 35, Township 17 North, Range 5 East and a portion of the North half of Section 10, Township 16 North, Range 5 East of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, being more particularly described as follows:

COMMENCING at a USDAFS Aluminum Cap set in concrete marking the Northwest corner of the Northeast quarter of the Southwest quarter of the Northeast quarter of the Southwest quarter of said Section 35 from which a USDAFS Aluminum Cap marking the Southwest corner of the Southeast quarter of the Southwest quarter of the Southeast quarter of the Southwest quarter of said Section 35 bears South 00 degrees 53 minutes 55 seconds West 2057.45 feet said line being the basis of bearings for this description;

THENCE South 89 degrees 02 minutes 05 seconds East 1439.52 feet to the POINT OF BEGINNING;

THENCE continuing South 89 degrees 02 minutes 05 seconds East 477.24 feet to the beginning of a non-tangent curve to the right the center of which bears South 05 degrees 36 minutes 30 seconds West 368.30 feet;

THENCE along the arc of said non-tangent curve to the left through a central angle of 60 degrees 38 minutes 34 seconds, an arc distance of 389.81 feet;

THENCE South 23 degrees 44 minutes 59 seconds East 6.36 feet to the beginning of a tangent curve to the left having a radius of 1382.40 feet;

THENCE along the arc of said curve through a central angle of 11 degrees 17 minutes 40 seconds, an arc distance of 272.51 feet;

THENCE South 35 degrees 02 minutes 39 seconds East 244.68 feet to the beginning of a tangent curve to the right having a radius of 622.96 feet;

THENCE along the arc of said curve through a central angle of 15 degrees 33 minutes 55 seconds, an arc distance of 169.24 feet;

THENCE South 19 degrees 28 minutes 44 seconds East 570.56 feet to the beginning of a tangent curve to the right having a radius of 299.11 feet;

THENCE along the arc of said curve through a central angle of 26 degrees 46 minutes 10 seconds, an arc distance of 139.75 feet;

THENCE South 07 degrees 17 minutes 26 seconds West 169.75 feet to the beginning of a tangent curve to the left having a radius of 268.31 feet;

THENCE along the arc of said curve through a central angle of 43 degrees 25 minutes 05 seconds, an arc distance of 203.32 feet;



Revised Attachment 4 to Attachment A

**Superior
Surveying
Services, Inc.**

PROFESSIONAL LAND SURVEYING IN ARIZONA

Randy S. Delbridge, President

21415 North 23rd Avenue
Phoenix, Arizona 85027
(623) 869-0223 Fax (623) 869-0726

Member A.C.S.M., A.P.L.S., G.L.I.S.

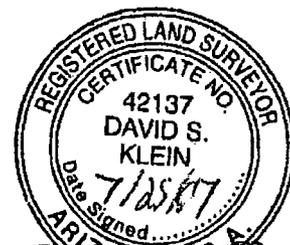
Job Number: 250709

Page 2 of 2
August 10, 2005
Revised: July 25, 2007

DESCRIPTION OF RESIDENTIAL PARCEL AT VERDE VALLEY SCHOOL,
3511 VERDE VALLEY SCHOOL ROAD, YAVAPAI COUNTY, ARIZONA

THENCE South 36 degrees 07 minutes 39 seconds East 217.00 feet to the South line of the Southeast quarter of said Section 35;
THENCE South 89 degrees 58 minutes 04 seconds West 28.72 feet along said South line;
THENCE South 00 degrees 08 minutes 18 seconds East 298.94 feet to the Southeast corner of GLO Lot 5 of said Section 10;
THENCE South 89 degrees 49 minutes 54 seconds West 1319.45 feet along the South line of said Lot 5 to the Southeast corner of GLO Lot 6 of said Section 10;
THENCE South 89 degrees 48 minutes 13 seconds West 329.86 feet along the South line of said Lot 6;
THENCE South 00 degrees 12 minutes 21 seconds East 330.55 feet;
THENCE South 89 degrees 47 minutes 38 seconds West 516.92 feet;
THENCE North 00 degrees 31 minutes 17 seconds East 330.67 feet;
THENCE North 89 degrees 48 minutes 13 seconds East 217.28 feet to the Southerly extension of the North-South Mid-Section line of said Section 35;
THENCE North 00 degrees 31 minutes 17 seconds East 978.04 feet along said Mid-Section line;
THENCE North 61 degrees 30 minutes 14 seconds East 524.32 feet;
THENCE North 00 degrees 31 minutes 17 seconds East 1107.77 feet to the POINT OF BEGINNING.

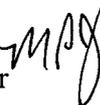
COMPRISING 78.790 acres or 3,432,075 square feet more or less, subject to all easements of record.



MEMORANDUM

DATE: September 26, 2007

TO: Linda Jaress
Executive Consultant III

FROM: Marlin Scott, Jr. 
Utilities Engineer

RE: LITTLE PARK WATER COMPANY, INC.
DOCKET NO. W-02192A-07-0326 (CC&N EXTENSION)

Introduction

Little Park Water Company, Inc. ("Company") has applied to extend its Certificate of Convenience and Necessity ("CC&N"). The requested area will add approximately one-quarter square-mile to the Company's existing one-half square-mile of certificated area. The Company serves a community south of Sedona in Yavapai County.

The Company is proposing to serve the existing Verde Valley School. This school is a preparatory academy that has been in existence since 1948. Currently, the school provides water service to itself from an existing well to the occupants (approximately 120 students, plus staff) with an average water demand of 16,600 gallons per day ("GPD"). The sewer service is provided by septic tank and leach fields. According to the Company, the school is requesting water service from the Company to resolve its fire flow and arsenic requirements.

Capacity**Existing Utility Plant**

According to the Company's 2006 Annual Report, the Company has two wells producing a total of 128 gallons per minute ("GPM"), three storage tanks totaling 27,600 gallons, and a distribution system serving 68 service connections as of December 2006. The Company is also interconnected to Big Park Water Company with an 8-inch water main for fire flow protection and a 2-inch by-pass master-meter capable of providing flows up to 160 GPM.

Based on historical growth rates, it is anticipated that the existing service area could grow to approximately 85 connections at the end of five years. The Company has estimated an average water demand of 16,600 GPD (equal to 15 connections) for the school, resulting in a projected total customer base of approximately 100 at the end of five years. Based on the

existing water sources and storage capacity, the system can serve its existing CC&N and extension area.

Proposed Plant Facilities

The Company is proposing to extend its water system into the requested area by extension of its distribution system through the use of a main extension agreement ("MXA") and hook-up fees. Within its application, the Company submitted a copy of this MXA indicating a total estimated cost of \$366,754.

Staff concludes that the existing system has adequate water sources and storage capacity to serve the existing and proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.

As for the project cost of \$366,754, this estimated cost seems reasonable at this time. However, Staff will further evaluate this estimated cost when the Company submits its MXA for approval in the future.

Arizona Department of Environmental Quality ("ADEQ") Compliance

Compliance Status

ADEQ regulates the water system under ADEQ Public Water System I.D. #13-075. Based on compliance information submitted by the Company, the system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4.

Approval to Construct ("ATC")

The ATC for facilities needed to serve the requested area has not been submitted by the Company. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of the ATC for the plant facilities needed to serve the requested area.

Arsenic

According to the Company's 2006 Annual Report, the arsenic levels for its two wells are 26 parts per billion ("ppb") and 27 ppb. Based on these levels, the Company is in the process of preparing a Request for Exemption for the arsenic maximum contaminant level ("MCL") pursuant to Arizona Administrative Code, Section R18-4-111. At this time, the major reason for requesting an extension of time from ADEQ is the lack of capital funds to install the arsenic treatment systems. The Company does have an approved arsenic impact hook-up fee tariff on file. Upon obtaining the CC&N extension approval in this proceeding and the future MXA

approval by Staff, the Company believes it will be in a position to collect funds under the present arsenic hook-up tariff and commence with constructing the arsenic treatment systems.

Staff recommends that the Company file with Docket Control, as a compliance item by December 31, 2008 in this docket, a copy of the ADEQ Certificate of Approval of Construction (“AOC”) for the installation of the arsenic treatment systems or file a copy of the approved Exemption from ADEQ.

Arizona Department of Water Resources (“ADWR”) Compliance

Compliance Status

The Company is not located within any Active Management Area (“AMA”) and therefore, is not subject to any reporting and conservation requirements.

Designation of Assured Water Supply

The Company holds a Designation of Adequate Water Supply (“Designation”) for its existing service area. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a letter from ADWR indicating that the CC&N extension area is included within the Company’s Designation.

Arizona Corporation Commission Compliance

A check with the Utilities Division Compliance Section showed no delinquent compliance items for the Company.

Curtailment Tariff

The Company does not have an approved curtailment tariff. Staff recommends that the Company file a curtailment tariff in the form found on the Commission’s website at www.azcc.gov/divisions/utilities/forms/Curtailment-Std.pdf. This tariff shall be docketed as a compliance item in this case within 45 days of the effective date of an order in this proceeding for review and certification by Staff.

Backflow Prevention Tariff

The Company has an approved backflow prevention tariff that became effective on July 8, 1992.

Arsenic Impact Hook-Up Fee (“AIHUF”) Tariff

The Company has an approved AIHUF tariff that became effective on June 1, 2005.

Summary

Conclusions

- A. Staff concludes that the existing system has adequate water sources and storage capacity to serve the existing and proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.
- B. Based on compliance information submitted by the Company, the Company's system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.
- C. The Company is not within any AMA and therefore, is not subject to any reporting and conservation requirements.
- D. A check with the Utilities Division Compliance Section showed no delinquent compliance items for the Company.
- E. The Company has an approved backflow prevention tariff that became effective on July 8, 1992.
- F. The Company has an approved AIHUF tariff that became effective on June 1, 2005.

Recommendations

- 1. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy of the ATC for the plant facilities needed to serve the requested area.
- 2. Staff recommends that the Company file with Docket Control, as a compliance item by December 31, 2008 in this docket, a copy of the ADEQ Certificate of Approval of Construction ("AOC") for the installation of the arsenic treatment systems or file a copy of the approved Exemption from ADEQ.
- 3. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a letter from ADWR indicating that the CC&N extension area is included within the Company's Designation.

Little Park Water Company, Inc.

September 26, 2007

Page 5

4. Staff recommends that the Company file a curtailment tariff in the form found on the Commission's website at www.azcc.gov/divisions/utilities/forms/Curtailment-Std.pdf. This tariff shall be docketed as a compliance item in this case within 45 days of the effective date of an order in this proceeding for review and certification by Staff.