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REGULATION COMMISSION
CONTROL CENTER

Arizona Corporation Commission

47

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CASE/COMPANY NAME:

DOCKET NO.

2000 MAR -1 A 10: 56

MAR 01 2000

D/B/A or RESPONDENT:

ARIZONA CORPORATION COMMISSION
DOCUMENT CONTROL

DOCKETED BY [Signature]

W 000000 - 98-0153

NATURE OF ACTION OR DESCRIPTION OF DOCUMENT

Please mark the item that describes the nature of the case/filing:

01 UTILITIES - NEW APPLICATIONS

- NEW CC&N
- RATES
- INTERIM RATES
- CANCELLATION OF CC&N
- DELETION OF CC&N (TERRITORY)
- EXTENSION OF CC&N (TERRITORY)
- TARIFF - NEW (NEXT OPEN MEETING)
- REQUEST FOR ARBITRATION (Telecommunication Act)
- FULLY OR PARTIALLY ARBITRATED INTERCONNECTION AGREEMENT (Telecom. Act.)
- VOLUNTARY INTERCONNECTION AGREEMENT (Telecom. Act)
- MAIN EXTENSION
- CONTRACT/AGREEMENTS
- COMPLAINT (Formal)
- RULE VARIANCE/WAIVER REQUEST
- SITING COMMITTEE CASE
- SMALL WATER COMPANY -SURCHARGE (Senate Bill 1252)
- SALE OF ASSETS & TRANSFER OF OWNERSHIP
- SALE OF ASSETS & CANCELLATION OF CC&N
- FUEL ADJUSTER/PGA
- MERGER
- FINANCING
- MISCELLANEOUS Specify

02 UTILITIES - REVISIONS/AMENDMENTS TO PENDING OR APPROVED MATTERS

- APPLICATION COMPANY DOCKET NO. _____
- TARIFF PROMOTIONAL DECISION NO. _____ DOCKET NO. _____ COMPLIANCE DECISION NO. _____ DOCKET NO. _____

SECURITIES or MISCELLANEOUS FILINGS

- 04 AFFIDAVIT
- 12 EXCEPTIONS
- 18 REQUEST FOR INTERVENTION
- 48 REQUEST FOR HEARING
- 24 OPPOSITION
- 50 COMPLIANCE ITEM FOR APPROVAL
- 32 TESTIMONY
- 47 COMMENTS
- 29 STIPULATION
- 38 NOTICE OF INTENT (Only notification of future action/no action necessary)
- 43 PETITION
- 46 NOTICE OF LIMITED APPEARANCE
- 39 OTHER Specify _____

Date

Print Name of Applicant/Company/Contact person/Respondent/Atty.

Phone

PLEASE SEE NOTICE ON REVERSE SIDE

W-00000C-98-0153

*Cayetano, Inc. D/B/A
Lakewood Water Company
P. O. Box 733
Amado, Arizona 85645*

RECEIVED

Arizona Corporation Commission
DOCKETED

2000 MAR - 1 A 10: 56
ARIZONA CORPORATION
COMMISSION
DOCKETED BY
FEB 29 2000
Director of Utilities

February 28, 2000

Deborah R. Scott
Director, Utilities Division
Arizona Corporation Commission
1200 W. Washington
Phoenix, Arizona 85007-2996

Dear Ms. Scott:

Ours is a small water utility consisting of almost 300 connections operating south of Green Valley. We recently received the report of the Water Task Force which you transmitted. It comes at a time when this utility is struggling with an issue of how to treat our water and finance the cost of land, treatment facilities and reject water disposal. The enclosed letter proposal from Dr. Brent Cluff for provision of R.O. Treatment addresses the issue in part. The letter is enclosed to illustrate the magnitude of investment cost that could be encountered by Lakewood. As you well know this cost will be borne by consumers through higher rates. Our rough estimates in this regard indicate that the present rates would at least double. However, that is not the primary problem although it is an end result that must be dealt with.

As you can see by Dr. Cluff's letter the capital cost of this treatment process is approximately 1/4 Million dollars and it does not cover land or outfall facilities which will be required. Lakewood has difficulty even hiring and paying an engineer to study the issues and recommend a solution. It certainly does not have the wherewithal or financing capability to fund these kind of improvements. Moreover, the customers of Lakewood are primarily Hispanic and can barely pay the bill at present rates let alone pay a bill at double the rates.

Therefore, the Water Task Force report caught our attention wherein it recommends the consolidation of small non-viable utilities. Perhaps the commission can be of help by its informal review of this matter and offering of any advice for moving ahead on these various issues. Also if you could have someone send us a list of major water utilities serving Arizona, we could contact them to see if there is any possibility for consolidation.

Sincerely,



George E. Buscher, President

Telephone (520) 575-5879
Fax (520) 575-6427



2/15/2000

George E. Buscher
Lakewood Water Company
PO Box 733
Amado, Az 85645

Dear Mr Buscher,

In accordance to more complete information we are offering the following modifications to our 11/24/99 letter. We have patented RO technology that will remove your Gross Alpha contaminant as well as purify your water and reduce dissolved and particulate organic mater, TDS, hardness, TCE, pesticides, bacteria and virus.

A 165,000 GPD system would be sufficient to reduce the above contaminants as well as Gross Alpha by approximately 1/2 on the peak day in summer. In the winter months it would provide all customers with 100% purified water. The cost of this system including the 82,500 gallons of additional storage would be \$149,000 plus \$4,000 in engineering costs in obtaining a permit from ADEQ. The system would be housed in a 8x8x20 used sea going cargo container. The only additional cost to your company would be providing the three phase electrical and water connections to your system. The above system would draw water out of the well and put it in a new 5200 gallon HDPE storage tank. The water would be purified and stored in the 82,000 tank. A new pressurization pump would draw the purified water out and store it in the pressure tank.

The CWP8x28 RO system would be operated at 120 to 150 psi. Operating costs would be \$0.35 to \$0.45 per thousand gallons depending on the cost of electricity. The system should not require much more than about 4 manhours per week to operate. No chemicals, other than chlorination are needed. Because the water is so pure very little chlorine is needed to maintain a residual.

A 330,000 GPD system would provide purified water for all your customers the year around. The cost of this system with 165,000 gallon steel storage tank would be \$235,000 plus \$6000 engineering costs. Both wells would need to be used. A unit could be placed by each well or one well piped over to the other. A second 5200 gallon HDPE tank would be needed to receive water from the second well. Two CWP8x28 would be needed. These would both be placed in a 8x8x40 used sea going cargo or in two individual 8x8x20 sea going cargo containers.

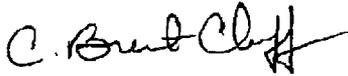
The reject would be about 15%. It would be used for one or more of the following (1) recreational use in an old fishing pond, (2) Irrigation use in one of three nearby (within 1/2

mile) farms or (3) put into the sewer system for transportation to Green Valley. Putting it into the sewer system makes a lot of sense because that is where the pollutants are going now. You remove the salts and pollutants from the water before it goes to the homes and then recombine the salts and pollutants with the waste water.

If you agree as to which size of system you are interested in we will help find funding for you from a lease purchase company at an interest rate somewhere around 10 or 11%. The would carry the system for up to 5 years.

We do have a operating RO system in Patagonia for removal of gross alpha that was approved by ADEQ so there should be no difficulty in getting approval for your system. If there are any questions please let me know.

Yours Truly,



C. Brent Cluff, PhD

President/Engineer