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FENNEMORE CRAIG
Jay L. Shapiro (No. 014650)
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Phoenix, Arizona 85012
Attorneys for Golden Shores Water Company, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF GOLDEN SHORES WATER COMPANY,
INC., AN ARIZONA CORPORATION, FOR
AUTHORITY TO ISSUE LONG-TERM
DEBT IN THE AMOUNT OF \$286,200 AND
RELATED APPROVALS IN CONNECTION
WITH THE CONSTRUCTION OF WATER
SYSTEM INFRASTRUCTURE
IMPROVEMENTS.

DOCKET NO: W-01815A-06-0775

**GOLDEN SHORES WATER COMPANY, INC.'S
EXCEPTIONS TO RECOMMENDED OPINION AND ORDER**

February 4, 2008

Arizona Corporation Commission
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1 Golden Shores Water Company (“Golden Shores”) hereby files these Exceptions to
2 the Recommended Opinion and Order filed on January 24, 2008, in the above-captioned
3 docket. Golden Shores appreciates both Staff and the Administrative Law Judge’s
4 recommendations to approve the Application. In addition, Golden Shores will accept the
5 proposed penalty for failure to seek Commission approval of the underlying loan
6 agreement pursuant to A.R.S. §§ 40-285 and 40-302.

7 Golden Shores recognizes that Commission Staff did not have the luxury of
8 conducting an on-site inspection of the water system before drafting the Staff Report filed
9 on January 18, 2008. Nor was any evidence presented at hearing concerning the new well
10 and storage facilities (“New Facilities”). To the extent that the “used and usefulness” of
11 the new facilities will be addressed in a future rate case application, the purpose of this
12 filing is to provide the Commission with more information about Golden Shores’ water
13 system, and why the decision was made to move forward with the installation of a new
14 well and storage facilities to serve existing and future customers.

15 GOLDEN SHORES’ WATER SYSTEM

16 A map of Golden Shores’ water system and well location is attached hereto as
17 **Exhibit 1**. The New Facilities are depicted on the map as Well No. 5, and are presently
18 located some distance away from existing water customers. All of Golden Shores’
19 customers have septic tanks. As indicated in the attached letter from the Arizona
20 Department of Environmental Quality (“ADEQ”) (attached hereto as **Exhibit 2**), the water
21 system has exceeded the “trigger” value of 5.0 mg/L for nitrate and requires quarterly
22 nitrate monitoring at Well No. 1. The Maximum Contaminant Level for nitrate is 10.0
23 mg/L. As there is no plan to move Golden Shores’ customers onto a sewer collection and
24 treatment system, the current level of nitrates at Well No. 1 and the surrounding wells is
25 likely to increase. Locating the New Facilities away from the majority of existing
26 customers may delay the need to construct water treatment facilities in the short-term.

1 In addition to the problem of rising nitrate levels, Well Nos. 1 and 3 are nearly 40
2 years old, and Well No. 2 is approximately 33 years old. They have been repaired to the
3 extent that they continue to work, but the estimated cost to completely refurbish them did
4 not compare well against the cost to construct the New Facilities. Well No. 1 operates
5 only when system pressure falls below 25 psi (to meet fire flow requirements of the local
6 fire authority), and is located in a lower pressure zone. Well No. 2 has a deteriorating
7 casing (verified by video), and its recovery rate is too slow to provide needed pressure at
8 times. As a result, valves were reduced to meet pressure requirements with the reduced
9 flow rate. Well No. 3 is now strictly used as an emergency well, as well as to fill the
10 existing storage tank when depleted. Well No. 4, which is located near Well No. 3, was
11 put into service in 2000 and serves as the primary source of water for Golden Shores'
12 customers. However, it can overheat during the summer when there is excessive pumping
13 (demand increase) and intense outdoor heat.

14 In addition to age and pressure reductions of the existing wells, Golden Shores
15 must also suffer with power outages throughout the year. For instance, on or around
16 January 25, 2008, Golden Shores was without power for approximately 5 hours. The new
17 storage facility is also intended to assist providing water and pressure on the system
18 during these power outages which occur on the average of once per month.

19 This information is being provided in these Exceptions so that the Commission is
20 aware of Golden Shores' efforts to pro-actively deal with water quality and supply issues.
21 There was no intent to circumvent the Commission's authority in this regard, and once the
22 error was discovered, Golden Shores promptly filed this Application. The penalty
23 contained in the Recommended Opinion and Order is fair and reasonable under the
24 circumstances.

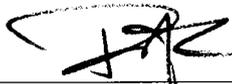
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RESPECTFULLY SUBMITTED this 4th day of February, 2008.

FENNEMORE CRAIG

By 
Norman D. James

Patrick J. Black
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012

Attorneys for Golden Shores Water Company, Inc.

ORIGINAL and fifteen (15) copies
of the foregoing, were filed
this 4th day of February, 2008, with:

Docket Control Division
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

COPY was hand-delivered to:

Administrative Law Judge Dwight Nodes
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Christopher Kempley, Esq.
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Phoenix, Arizona 85007

COPY was mailed to:

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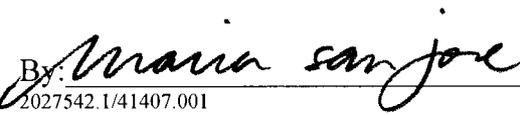
By 
2027542.1/41407.001

Exhibit 1

Exhibit 2



Jarret Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.azdeq.gov



Stephen A. Owens
Director

January 10, 2008

Golden Shores Water Co.
P.O. Box 37
Topock, AZ 86436

RE: Golden Shores
Public Water System ID 08-024
Increased Nitrate Monitoring

Dear Water System Owner,

The Arizona Department of Environmental Quality (ADEQ), Drinking Water Section has received your 2007 first quarter results for EPDS 001. Per Arizona Administrative Code, R18-4-208 (F), a sample from a groundwater sampling point with a concentration of nitrate that is ≥ 5 mg/L shall increase the monitoring frequency from annually to quarterly.

Based upon a review of the submitted analytical test results, this water system has exceeded the trigger value of 5.0 mg/L for nitrate. Therefore, the system must begin quarterly nitrate monitoring at EPDS 001.

This system may be eligible to reduce the monitoring frequency from quarterly to annually once the system has collected at least 4 consecutive quarters that yield results below the Maximum Contaminant Level of 10 mg/L. Water systems shall not reduce any monitoring frequency without written approval from ADEQ. If the system is granted a monitoring frequency reduction in the future, the system would not be required to return to quarterly monitoring if any subsequent analytical result indicates a concentration of nitrate that is greater than 5.0 mg/L but less than 10 mg/L.

If you have any questions, please contact me at (602) 771-4572 or 1-800-234-5677, extension 771-4572.

Sincerely,

Janell Goatson
Drinking Water Rule Specialist
Drinking Water Monitoring and Protection Unit

cc: facility file