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AZ CORP COMMISSION
DOCKET CONTROL

March 28, 2008

Arizona Corporation Commission
DOCKETED

MAR 31 2008

Ms. Blessing N. Chukwu
Executive Consultant III
Utilities Division
Arizona Corporation Commission
1200 West Washington Avenue
Phoenix, Arizona 85007

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RE: **Responses to 3rd Insufficiency Letter docketed
February 29, 2008**
Docket Nos. WS-01775A-07-0485, SW-03575A-07-0485,
W-02442A-07-0485, and W-03576A-07-0485

Dear Ms. Chukwu:

Please find enclosed the Applicants' responses to Staff's 3rd Insufficiency Letter which was docketed on February 29, 2008.

Very truly yours,

Timothy J. Sabo

TJS:da

cc: Docket Control
Ms. Dorothy Hains
Mr. Graham Symmonds

CP WATER COMPANY, FRANCISCO GRANDE UTILITIES
COMPANY, PALO VERDE UTILITIES COMPANY, L.L.C. & SANTA
CRUZ WATER COMPANY, L.L.C. – RESPONSES TO STAFF'S
THIRD INSUFFICIENCY LETTER DOCKETED FEBRUARY 29, 2008
Docket Nos. WS-01775A-07-0485, SW-03575A-07-0485,
W-02442A-07-0485, and W-03576A-07-0485

1. It is clear that the Arizona Water Company ("AWC") will sell its water to CP Water Company ("CP") through a signed service agreement signed in 1985. However, this agreement also specifies that either AWC or CP can terminate this agreement upon giving to the other party thirty days written notice of its intention. Please provide Santa Cruz's plan of how it intends to serve customers in CP's service area, if AWC decides to terminate.

RESPONSE:

As discussed in our January 25, 2008 response to a similar question, there currently are no plans to discontinue the bulk purchase service from AWC for the existing customers. As previously discussed, the additional development to occur within the entire CP Water certificated area will likely progress under the Legends development, and SCWC plans to provide water service as discussed fully in docket 07-0300.

CP Water remains in good standing with the provisions of the AWC contract and there have been no indications that AWC would terminate, nor would we expect that AWC would jeopardize water service to homeowners without allowing for some time to establish alternative sources.

Please note that Global has demonstrated its ability to respond to emergency water service needs, as evidenced by its success in responding to Sabrosa Water Company, Desert Hills Water Company, and more recently Hacienda Acres.

RESPONDENT: Graham Symmonds, CTO & SVP Regulatory Affairs and Compliance

Question to be answered under 07-0300 Legends docket

2. Staff understood that the existing residences in CP's service area are septic tank users. However, Staff is not clear whether the County will still issue septic tank permitt to new CP customers or not. Please provide Palo Verde's plan of how it intends to provide sewer service in CP's area, if septic tank permits will no longer be permitted.

RESPONSE:

Wastewater flows from future development within the CP Water CC&N area are all programmed to ultimately be treated at PVUC Campus 7 WRF located within the Legends development, which overlays the entire CP Water CC&N service area. That is, PVUC has been requested by the Legends

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developer to provide wastewater service, and Legends includes the land within the current CP Water service area. There is little likelihood that any development will occur within the CP Water CC&N service area prior to, or exclusive of, the Legends development. In the unlikely event that wastewater service is requested prior to, or exclusive of, the Legends development, for which PVUC has designed its Regional Master Plan, and septic facilities are requested by the property owners but denied by the responsible municipal agency, those connections may be required to enter into Main Extension Agreements with PVUC detailing the necessary treatment and collection works necessary to receive service.

RESPONDENT: Graham Symmonds, CTO & SVP Regulatory Affairs and Compliance