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AZ CORP COMMISSION
DOCKET CONTROL
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Via hand delivery

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

Arizona Corporation Commission
DOCKETED
MAY 29 2008

DOCKETED BY
me

RE: CP Water Contingency Plan
Docket Nos. WS-01775A-07-0485, SW-03575A-07-0485,
W-02442A-07-0485, and W-03576A-07-0485

Dear Ms. Chukwu:

This letter responds to Staff's request for information regarding the Applicants' contingency plan should Arizona Water Company terminate the current bulk water service to CP Water Company. CP's contingency plan is attached as Exhibit A. The Contingency Plan contains three phases:

- Stage 1: Delivery of Bottled Water
- Stage 2: Installation of Storage Tanks and Booster Pump; Water Hauling
- Stage 3: Evaluation of Long Term Options

The Applicants in this case are all subsidiaries of Global Water Resources, LLC ("Global Parent"), which owns a number of regulated utilities in Arizona (the "Global Utilities"). The Applicants continue to believe that it is highly unlikely that the contingency plan will ever be needed. However, in the unlikely event that the contingency plan is put into effect, the Global Utilities have a demonstrated track record of responding to similar emergency situations. The Global Utilities have provided emergency services to neighboring, non-Global companies such as Sabrosa Water Company, Desert Hills Water Company and Hacienda Acres Water Company.

Hacienda Acres provides a good, recent example. Hacienda Acres has about 25 to 30 customers, while CP has about 18, so the companies are roughly comparable. When Hacienda's system was vandalized, the Global Utilities acted quickly. The damage was severe, and impacted Hacienda's well, storage tank, electrical system and other facilities. First, the Global Utilities caused bottled water to be delivered to the customers, while also providing notice to the customers of what

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was occurring. In addition, a potable water storage tank and a non-potable storage tank (for animals) were located and brought into the area for customer use. These tanks were re-filled as needed. These actions are very similar to Stage 1 of the CP Contingency Plan. At the same time bottled water was provided, the Global Utilities also began planning to restore service. They quickly obtained temporary storage tanks and engineered new power connections and booster pumps. The tanks were then filled (and re-filled as needed) using water hauling; thereby restoring service to the distribution system. This is very similar to Stage 2 of the CP Contingency Plan. Only later was the Hacienda well returned to service – in contrast, CP does not currently have a well. In the longer term, Global Water – Santa Cruz Water Company (“Santa Cruz”) has a CC&N extension (Docket No. W-03576A-06-0545 et al) pending before the Commission that would extend its CC&N to an area contiguous to Hacienda. Once mains are constructed to this extension area, Santa Cruz will evaluate options for extending service to Hacienda. This is similar to Stage 3 of the CP Contingency Plan.

The Global Utilities believe that they have shown that they have the experience and capabilities necessary to effectively implement the CP Contingency Plan, should it ever be necessary. In addition, the Applicants note that should it ever be necessary to implement the CP Contingency Plan, it would be very beneficial to CP’s customers if the CC&N transfers in this case were approved. One of the proposed transfers would transfer the CC&N of CP to Santa Cruz. If the CC&N is not transferred, the CP’s 18 customers would be “on the hook” for the (likely relatively large) costs of implementing the Contingency Plan; but if the CC&N is transferred, those costs would be spread out over Santa Cruz’s more than 16,000 customers, likely resulting in a very small, if any, impact to the customers.

Very truly yours,



Timothy J. Sabo

TJS:da

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

Global Water - Water Service Contingency Plan
CP Water System
Pinal County, Arizona

The CP Water System (CP) consists of 18 residential customers who are currently served via a bulk service agreement with Arizona Water Company (AWC). This contingency plan has been developed in the event that AWC decides to discontinue service to the area. The plan outlines how service will be maintained to CP customers on a temporary basis until a new agreement can be reached or permanent production facilities be installed. The Contingency Plan consists of 3 stages:

- Stage 1: Delivery of Bottled Water
- Stage 2: Installation of Storage Tanks and Booster Pump; Water Hauling
- Stage 3: Evaluation of Long Term Options

Contingency Plan

Stage 1

In the event of a termination of service by AWC, CP will begin the delivery of bottled water in sufficient quantities for potable uses. A separate program would be established for the provision of water for animal husbandry purposes. Notification to all affected customers, as well as the Arizona Corporation Commission and the Arizona Department of Environmental Quality will also take place. In addition, CP may provide for portable tanks to be located in the area to provide quick access to potable water, and /or for non-potable water for animal husbandry purposes. If non-potable water tanks are provided, they will be clearly marked.

Stage 2

Concurrently, CP will begin the procurement (via purchase or lease) of sufficient tankage and booster capacity to meet immediate needs. The first installation would be of readily available 5,000 gallon tanks and the connection of a diesel-powered booster pump.

The peak demand occurs during the month of July and represents the maximum amount of water that would be necessary to haul on a daily basis. Note that in the event that an interruption of service is implemented, CP would begin curtailment activities to minimize water consumption in the service area. Those curtailment practices would continue until a system capable of meeting the average day max month demand is installed.

Based on water usage records, the systems average daily demand during the peak month is 21,670 gallons. For 18 customers, this translates to 700 gpd per dwelling unit. The lowest average daily demand occurs during the month of January and would require the delivery of 7,000 gpd.

- Storage - Equal to one day of storage of the average day demand during the peak month. To meet this criteria, tankage with a minimum capacity of 21,700 gallons

Global Water - Water Service Contingency Plan
CP Water System
Pinal County, Arizona

will be purchased or rented to provide service. Potable water will be hauled on a daily basis in order to maintain an adequate storage supply.

- Booster Pump Capacity - Equal to 3 times the average day demand during the peak month. To meet this criteria, a skid mounted diesel booster pump assembly with a minimum capacity of 52 gpm will be purchased or rented. The booster supply will be tied into the tank and the discharge into the distribution system.

Stage 3

Once temporary service is restored via water hauling and installation of tanks and booster pumps as described in Stage 2, the CP will evaluate long term options. CP will evaluate known wells in the vicinity to determine if it is feasible to convert any of those wells to potable water production. In addition, CP will evaluate whether any nearby water companies (such as Global Water – Santa Cruz Water Company or Francisco Grande Utilities Company, both of which are under common ownership with CP) have constructed any nearby lines or facilities that could be used to provide service to CP. (No such facilities currently exist; but it is unknown when if ever AWC will terminate; so such facilities may exist in the future).