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MEMORANDUM

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TO: Docket Control
FROM: Ernest Johnson
Director
Utilities Division
DATE: June 23, 2008

Arizona Corporation Commission

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AZ CORP COMMISSION
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RE: **COMPLIANCE FILING FOR DECISION NO. 68826** – STAFF RESPONSE TO THE “NOTICE OF COMPLETION” FILING FOR THE REQUEST TO LIFT THE MORATORIUMS FOR SOUTHERN SUNRISE WATER COMPANY – MIRACLE VALLEY WATER SYSTEM AND NORTHERN SUNRISE WATER COMPANY – MUSTANG AND CRYSTAL WATER SYSTEMS

DOCKET NO. W-20453A-06-0247 (CC&N FOR NORTHERN SUNRISE WATER COMPANY)
DOCKET NO. W-20454A-06-0248 (CC&N FOR SOUTHERN SUNRISE WATER COMPANY)
DOCKET NOS. W-20453A-06-0251, W-20454A-06-0251, W-01646A-06-0251, W-01868A-06-0251, W-02235A-06-0251, W-02316A-06-0251, W-02230A-06-0251, W-01629A-06-0251, W-02240A-06-0251 (TRANSFER OF MCLAIN SYSTEMS)

Introduction

Pursuant to Decision No. 68826 (June 29, 2006), Northern Sunrise Water Company, Inc. (“NSWC”) and Southern Sunrise Water Company, Inc. (“SSWC”) or collectively (“Companies”) docketed on June 19, 2008, a “Notice of Completion” for completion of certain capital improvements for the SSWC-Miracle Valley water system and NNWC-Mustang and Crystal water systems.

The Decision ordered “that after the projects for a system or systems are completed, NSWC and SSWC shall file a notice of completion in this docket, which should include an Approval of Construction from ADEQ for those projects requiring ADEQ approval. Staff shall have 20 calendar days to complete its inspection and review of the filing and file any objection or its concurrence with the Notice. If the Staff memo concurs that the projects are completed, the moratorium would be considered lifted for that system or systems.”

On May 20, 2008, Algonquin Water Services’ (“Algonquin”) contacted Staff to schedule a field inspection date for June 3, 2008. Algonquin is the parent entity of NSWC and SSWC.

Staff's Review and Conclusions

The following represents Staff's findings as a result of its field inspection and review of information in support of the Notice of Completion filed on June 19th:

1. On June 3, 2008, Staff conducted a field inspection of the SSWC-Miracle Valley water system and NNWC-Mustang and Crystal water systems, accompanied by Algonquin representatives; John Chelus, Martin Garland, Jim Cavanaugh, Jai Altamirano and Brad Jordan. Staff verified that;
 - a. All the Miracle Valley water system required improvement projects had been completed (9 required and 2 non-required items at Well Site #1 and 3 non-required plant items at Well Site #2).
 - b. All the combined Mustang and Crystal water system required and/or modified improvement projects had been completed (18 combined items at two well sites and 2 non-required plant items at both well sites).

2. The Arizona Department of Environmental Quality ("ADEQ") Approval of Construction ("AOC") documents referenced in Decision No. 68826 were required for the subject SSWC-Miracle Valley and NNWC-Mustang and Crystal water system improvement projects. Each system's improvement project involved the construction and replacement of storage tanks and booster systems and as a result did require AOCs. These AOCs, both dated June 4, 2008, were submitted with the Notice of Completion.

Staff Recommendation

Having verified that the SSWC-Miracle Valley system and NNWC-Mustang and Crystal system improvement projects have been completed, Staff recommends that the existing moratoriums be lifted for the Miracle Valley and the combined Mustang/Crystal water systems.

EGJ:MSJ:red

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Docket No. W-20453A-06-0247 et al

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