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**MEMORANDUM
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Arizona Corporation Commission

FROM: Ernest Johnson
Director
Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED

DATE: December 2, 2008



RE: **COMPLIANCE FILING FOR DECISION NO. 68826 - STAFF RESPONSE TO THE FILING BY NORTHERN SUNRISE WATER COMPANY**
DOCKET NO. W-20453A-06-0247 (CC&N FOR NSWC)
DOCKET NO. W-20454A-06-0248 (CC&N FOR SSWC)
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

On November 21, 2008, Northern Sunrise Water Company, Inc. ("NSWC") docketed a filing entitled, "Proposed Modification to the Capital Improvements per Exhibit B to Decision No. 68826 for Northern Sunrise Water Company – Coronado Estates and Sierra Sunset Systems". This November 21, 2008 filing is a response to Staff's November 30, 2007 compliance filing for the Coronado Estates and Sierra Sunset Systems.

Discussion

Background

Pursuant to Decision No. 68826 (June 29, 2006), NSWC and Southern Sunrise Water Company, Inc. ("SSWC"), or "Companies", were to file any proposed modification to the capital improvements attached as Exhibit B to Decision No. 68826. The Decision ordered "that NSWC and SSWC shall file any proposed amendment or modification to Exhibit B with Docket Control as soon as practical. If Staff has an objection to any proposed modification to Exhibit B, Staff shall file its objections in the docket within 10 business days."

Company's November 21, 2008 Filing

In its filing, NSWC stated that it is prepared to upgrade the Coronado Estates well and storage site. Since the proposed Babocomari Development is not ready for development at this time, NSWC will move forward with its own plant improvements. NSWC stated that since Decision No. 68826 was approved, many improvements have been made, much data has been

collected, and economic conditions have changed which has lead to the change in modifications proposed in Exhibit B for the Coronado Estates and Sierra Sunset Systems. The major improvements that have been made are as follows:

- a. Installation of a new, adequately-sized interconnection between the Sierra Sunset and Coronado Estates systems.
- b. The Sierra Sunset's well capacity has been increased from 20 GPM to 35 GPM.
- c. The Coronado Estates' well capacity has been increased from 75 GPM to 100 GPM.
- d. Chlorination has been added to both wells.
- e. Installation of three 5,000 gallon storage tanks at the Coronado Estates site.

Based on modifications already made and newly reported water usage data, NSWC is proposing the following additional changes:

1. Installation of two additional 5,000 gallon storage tanks
2. Replacement of the existing 2,500 gallon pressure tank with a new 2,000 gallon pressure tank. (Exhibit B listed a 5,000 gallon pressure tank.)

In its filing, NSWC stated that the above additional changes will be on a temporary basis.

Conclusion

The above additional changes look reasonable to Staff, however, Staff requests that NSWC submit documentation from the Arizona Department of Environmental Quality ("ADEQ") stating that the additional changes are acceptable to ADEQ. Once this ADEQ documentation is submitted to Staff, Staff will file its final response.

EGJ:MSJ:red

Originator: Marlin Scott, Jr.

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