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MEMORANDUM
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TO: Docket Control Center

FROM: Steven M. Olea
Director
Utilities Division

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for

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

SEP 25 2009

DATE: September 24, 2009

DOCKETED BY 

RE: IN THE MATTER OF THE COMPLAINTS OF STEVE PRAHIN (DOCKET NO. W-03514A-07-0386) AND REBECCA SIGETI (DOCKET NO. W-03514A-08-0047) VS. PAYSON WATER CO. – GERONIMO WATER SYSTEM

On July 27, 2009, a Procedural Order was issued directing Commission Staff (“Staff”) to file a Staff Response by September 18, 2009, to the Payson Water Co. – Geronimo System (“Geronimo” or “Company”) March 16, 2009 filing that addresses the following items:

1. verification of completion of the repairs and improvements made by the Company;
2. the current (summer) production capacity of the Company’s wells;
3. whether the second 10,000 gallon storage tank is needed at this time;
4. whether the Company currently has sufficient production and storage capacity to lift the moratorium on new connections and, if so, the number of new connections that could, in Staff’s estimation, be served at existing production and storage capacity levels;
5. whether additional production and storage capacity would be needed at full build-out in the Company’s certificated service area, and at what levels, taking into consideration the Company’s claim in its August 19, 2008 Response, that not all of the lots in the Geronimo Estates and Elusive Acres developments are buildable under ADEQ and County septic system rules;
6. whether Staff recommends any other system improvements at this time; and
7. any other information Staff deems relevant to this matter.

Staff Responses:

1. verification of completion of the repairs and improvements made by the Company;

On September 18, 2009, Staff conducted a field inspection to verify the completion of the repairs and improvements as follows:

- a. Elusive Acres ("EA") Well – according to the Company, this well was reconditioned in May 2008 by replacing the column pipe, wiring, and submersible pump.
- b. Geronimo Estates ("GE") Well #2 – the plant improvements at this well site include; a 10,000 gallon storage tank, a 5-Horsepower booster pump, and a 750 gallon pressure tank. These improvements were completed in January 2009. As recommended by Staff in prior reports, the Arizona Department of Environmental Quality ("ADEQ") Approval of Construction ("AOC") has yet to be docketed in this proceeding.
- c. GE Well #1 – this old well was reconditioned in January 2009 and placed into service in July 2009. As recommended by Staff in prior reports, the ADEQ AOC has yet to be docketed in this proceeding.

2. the current (summer) production capacity of the Company's wells;

During Staff's September 18th field inspection, Staff noted the well productions for the GE Well #2 at 13 GPM, GE Well #1 at 11 GPM, and EA Well at 13 GPM.

The Company also provided 2009 summer production figures for GE Well #2 at 13.5 GPM, GE Well #1 at 4 GPM, and EA Well at 14 GPM.

3. whether the second 10,000 gallon storage tank is needed at this time;

The current system consists of three wells (with total 2009 summer production capacity of 31.5 GPM, two storage tanks (totaling to 25,000 gallons), two booster systems, and a distribution system serving approximately 86 service connections.

Using the Company's latest water use data sheet, the Company reported the peak use month as July 2009 with 188,000 gallons sold. Staff estimates the peak day demand to be 0.25 GPM per connection for evaluating well capacity sufficiency. For storage capacity evaluation, Staff estimated 280 gallon per day ("GPD") per connection. Using these factors, Staff determined that:

- a. The well capacity totaling 31.5 GPM could adequately serve approximately 125 connections. The 31.5 GPM well capacity could vary throughout the year due to well production depletions, i.e., if production dropped to 25 GPM, this system could adequately serve 100 connections under peak demand conditions.

- b. The storage capacity of 25,000 gallons could serve up to approximately 89 connections with one day's worth of storage. If the second and third wells are included for the storage capacity requirement, this system could adequately serve approximately 170 connections with one day's worth of storage.

Based on the current 31.5 GPM well and 25,000 gallon storage tank capacities, the second 10,000 gallon storage tank is not required to meet ADEQ minimum standards. However, due to previous water production problems, Staff would recommend that this system have more storage than just the ADEQ minimum, therefore, the second 10,000 gallon storage tank should be installed.

4. **whether the Company currently has sufficient production and storage capacity to lift the moratorium on new connections and, if so, the number of new connections that could, in Staff's estimation, be served at existing production and storage capacity levels;**

Based on the current 31.5 GPM well and 25,000 gallon storage tank capacities, the Company could serve up to 125 connections. This limit of 125 connections is based on the 31.5 GPM well capacity.

The current moratorium is limited to 88 service connections. If the moratorium is to be lifted, Staff estimates that the Company could add an additional 37 new service connections, for a total of 125 connections based on the existing capacity levels. There are 189 total lots in this service area. If the moratorium is lifted, Staff would recommend that the second 10,000 gallon storage tank be installed and the AOC submitted by April 30, 2010.

5. **whether additional production and storage capacity would be needed at full build-out in the Company's certificated service area, and at what levels, taking into consideration the Company's claim in its August 19, 2008 Response, that not all of the lots in the Geronimo Estates and Elusive Acres developments are buildable under ADEQ and County septic system rules;**

On September 7, 2009, Staff sent out an email data request requesting the Company to provide an estimate of the full occupancy with consideration of buildable lots under wastewater rules. As of the date of this filing, the Company has not responded. Therefore, Staff will continue to use the 189 total platted lots that are located within the certificated service area.

In order to adequately serve all 189 possible platted lots, Staff estimates the required water production capacity to be approximately 50 GPM and the required storage capacity to be approximately 53,000 gallons. As a result, for production capacity, an additional 19 GPM (50 – 31 = 19 GPM) would be needed. For storage capacity, an additional 28,000 gallons (53,000 –

25,000 = 28,000 gallons) would be needed. This required storage capacity could be reduced, depending on the amount of additional production added.

6. whether Staff recommends any other system improvements at this time; and

Staff recommends no other improvements at this time.

7. any other information Staff deems relevant to this matter.

Staff continues to recommend that the Company docket the ADEQ – AOCs for the system improvements at the GE Well sites.

SMO:MSJ:lhmkOT

Originator: Marlin Scott, Jr.

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