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December 16, 2010

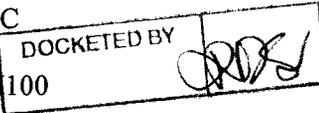
CERTIFIED MAIL

Mr. William I. Brownlee, Manager
Wickenburg Ranch Wastewater, LLC
c/o The M3 Companies
4222 East Camelback Road, Suite H100
Phoenix, Arizona 85018

Arizona Corporation Commission
DOCKETED

AZ CORP COMMISSION
DOCKET CONTROL

DEC 17 2010



RE: WICKENBURG RANCH WASTEWATER, LLC - APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY ("CC&N") TO PROVIDE WASTEWATER SERVICE IN YAVAPAI COUNTY - DOCKET NO. SW-20769A-10-0469

INSUFFICIENCY LETTER

Dear Mr. Brownlee:

In reference to the application by Wickenburg Ranch Wastewater, LLC ("Wickenburg Ranch" or "Company") docketed on November 16, 2010, with the Arizona Corporation Commission ("ACC") is to inform you that the application has not met the sufficiency requirements as outlined in Arizona Administrative Code ("A.A.C") R14-2-602.D.

1. Please provide a copy of the Applicant's Certificate of Good Standing with the Commission's Corporation Division.
2. Please indicate the status of the application for an Aquifer Protection permit for the proposed wastewater treatment facilities ("WWTF").
3. Please provide a copy of the approved NACOG 208 Plan for the proposed CC&N area.
4. Please verify and coordinate the timeline described in the submitted Application (Sections "Z" and "R"):
 - a. Based on the information presented in Section "Z", Staff concludes that the daily wastewater flows are projected as follows: Please verify the information.

Year 1	22,780 GPD
Year 2	95,530 GPD
Year 3	155,980 GPD
Year 4	237,855 GPD
Year 5	357,730 GPD

- b. According to Section "R", there are three phases of the WWTF construction. Please verify and explain items marked as "?" in the Table below.

Phase No.	Projected WWFT Capacity (GPD)	Estimated Completion year	Projected Wastewater Flow (GPD)
1	100,000	2012	22,780 (Year 1?)
2	415,000 (or 315,000?)	2013?	95,530 (Year 2?)
3	730,000 (or 630,000?)	2019?	357,730 (Year 5?)
Full build out ¹	950,000	?	?

- c. Please clarify the proposed WRF Phase 2 and 3 capacities. According to Section "R", and Exhibit 4/Section 2.3, page 16, more likely the existing WRF package (100,000 GPD extended aeration package plant installed in Phase 1) will be removed, and the second and third phases will switch to MBR process. Does it mean that the WRF projected capacity is 315,000 GPD in the second phase and 630,000 GPD in the third phase?
5. There is conflicting cost estimate information in the submitted Application. It is not clear if the submitted spreadsheet in Exhibit 5 represents estimated wastewater plant-in-service costs for the first five years or at the full build-out. Exhibit 5 / Cost Estimate, totaling \$11,228,886.35, includes costs for the WWTF phase 1 and 2. However, Application/Section "O" states that the full build-out cost is \$11,228,886.35 (the projected WWTF capacity at full build-out is 950,000 GPD). Please verify/revise and include documentation to support the estimates.
6. Referring to Exhibit 5 and Exhibit 6:
- Please verify if **all** proposed major components (such as, sewer collection mains, trunk lines, lift stations, WWTF and effluent disposal system) are listed in Exhibit 5;
 - Indicate the NARUC plant account number for each component listed in Exhibit 5;
 - Coordinate Estimated Costs listed in Exhibit 5 and Plant Additions by Year listed in CS-4 - Exhibit 6. For example, in CS-4 - Exhibit 6, Plant Additions Year 1, Account No. 380 Treatment & Disposal Equipment – cost \$2,215,952. How was this cost derived? Provide an itemized cost breakdown and cross-reference these plant items and costs with Exhibit 5;
 - Please elaborate on the following item listed in Exhibit 5/page 2: OSLS-WRF Force Main Boring, cost \$725,000. How was this cost derived?
 - Please elaborate on the following items listed in Exhibit 5/page 3: Service Line Installations – cost \$522,900 and APS – cost \$275,445.33. How was this cost derived?;
 - Provide an itemized breakdown of costs totaling \$1,734,903 for the WWTF Phase 1. How was this cost derived?; (Quotation from Mar-Wood indicates \$550,779 for 100,000 GPD);
 - Indicate capacities of the proposed wastewater and irrigation lift stations;
 - Please provide a corresponding map clearly identifying location of the proposed major wastewater components listed in Exhibit 5. For example, clearly identify location of Merv Griffin Way, Miners Pass, Cutting Horse Trail sewers, Force Main

¹ Per Exhibit 4, Table 5

Boring, wastewater lift station, force mains, WWTF, irrigation pumps station, irrigation lake, reuse piping system;

- i. Provide estimated starting and completion dates of these components and, if construction is to be phased, a description of each separate phase of construction.
7. Referring to Exhibit 4 – Section 2.2.6 Low Pressure System (page 11): It indicates that “the maintenance of the main LPS line, within the tract line (roadway), shall be the responsibility of the Homeowners Association upon its establishment.” Please state who will own this main LPS line.
8. Please provide a description of commercial customers referenced in Applications – Section “Z”.
9. Please provide the name of the water system provider within the requested area.
10. Please state if the water service provider is serving any customers within the requested area.
11. Please provide a schedule of projected advances in aid of construction (“AIAC”) and repayments for years one through five.
12. Attachment C the proforma balance sheet is undated. Please provide the position date of this proforma balance sheet.
13. Please provide in conjunction with Attachment C (Exhibit 6) a schedule showing what the balance sheet will look like (e.g. fixed assets, LT debt, Advances, etc.) for years two through five.
14. Please provide a 5-year projection for estimated customer deposits and refunds.
15. On the application, page six, it discusses the construction being done in three phases with the third phase being completed in the third quarter of 2019. However, only five years of construction and operating data is provided. Please reconcile this apparent discrepancy.
16. Please provide a projected capital structure for the first five years showing all short and long term debt balances, equity balances, etc.
17. Please provide electronic copies of the supporting worksheets with formulas attached for schedules of Exhibits 5 and 6 (i.e. estimated cost to construct, proforma balance sheet, proforma income statement, proforma plant in service schedule for years 1 – 5, etc.)
18. Have any of the owners/operators been accused of allegations of political corruption (including but not limited to campaign violations and election law violations); allegations of construction violations; allegations of misconduct; and filings at administrative hearings, at the local, state, or federal agencies, including at the Federal Elections Commission, Registrar of Contractors, or any violations of law? If so, please provide a comprehensive list of the entities that have been accused of the above-mentioned allegations; the litigation history; and the individual case disposition.

19. Have any of the persons or entities listed in No. 18 above been convicted or admitted to any of the allegations listed?
20. Have the owners/operators ever filed for bankruptcy?
21. Please identify any and all mechanics, tax or other liens that have been assessed against Winchester Ranch or the owners/operators.
22. Describe the role of the management contact listed as William Brownlee, M3 Companies, and relationship to the owners/developers. Describe the organizational structure of the Company.
23. Provide any correspondence to and/or from APS concerning ownership/use of land within the proposed CC&N area.
24. Please file an amended legal description as discussed with Barbara Wells of the Engineering Section.

Staff would like to use this opportunity to bring the following to your attention:

- Pursuant to the A.A.C. R-14-2-411(C), upon meeting sufficiency requirements, the Commission has 150 days for its substantive review. This includes conducting a hearing and preparing an Opinion and Order to present to the Commission at an Open Meeting; and
- Pursuant to A.A.C. R14-2-411(C)(3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

If you have any questions, please do not hesitate to contact me at 602-542-0818.

Sincerely,



Vicki Wallace
Executive Consultant

Cc: Docket Control
Katrin Stukov
Barbara Wells
Gary McMurry
Lyn Farmer