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MEMORANDUM

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2007 JAN 26 P 1:53

TO: Docket Control
FROM: Ernest G. Johnson
Director
Utilities Division

for

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: January 26, 2007

RE: STAFF REPORT FOR ENTRADA DEL ORO SEWER COMPANY
APPLICATION FOR AN EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY FOR SEWER SERVICES. DOCKET NO.
5W-04316A-06-0382

Attached is the Staff Report for the above referenced application. Staff recommends approval of the application with conditions.

EGJ:LAJ:red

Originator: Linda Jaress

Attachment: Original and Thirteen Copies

Arizona Corporation Commission

DOCKETED

JAN 26 2007

DOCKETED BY	
<i>[Signature]</i>	<i>[Signature]</i>

Service List for: Entrada Del Oro Sewer Company
Docket No. W-04316A-06-0382

Mr. Michael W. Patten
Roshka Heyman & Dewulf
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

ENTRADA DEL ORO SEWER COMPANY

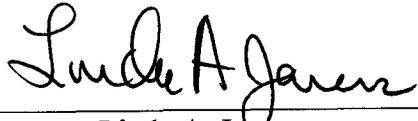
DOCKET NO. W-04316A-06-0382

APPLICATION FOR AN EXTENSION OF A CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE
SEWER SERVICE IN MARICOPA COUNTY, ARIZONA

January 26, 2007

STAFF ACKNOWLEDGEMENT

The Staff Report for Entrada Del Oro Sewer Company (Docket No. W-04316A-06-0382) was prepared by the Staff members listed below. Linda Jaress prepared the Staff Report, and Dorothy Hains prepared the Engineering Report.



Linda A. Jaress
Executive Consultant III



Dorothy Hains
Utilities Engineer

**EXECUTIVE SUMMARY
ENTRADA DEL ORO SEWER COMPANY
DOCKET NO. W-04316A-06-0382**

On June 6, 2006, Entrada Del Oro Sewer Company (“Entrada” or “Company”), filed an application for approval of an extension of its Certificate of Convenience and Necessity (“CC&N”) to provide utility wastewater service in an area within Pinal County, Arizona located approximately 4 miles east of Gold Canyon.

The requested extension area covers approximately 160 acres and will include approximately 550 residential units, a school site and common areas. The extension area is located about 1 ½ miles south of Entrada’s certificated area. The Company provided a main extension agreement as its request for service.

The Company’s estimated cost to construct the plant needed to serve the extension area is \$1.4 million. Eventually, the Company will also expand its wastewater treatment plant from 300,000 gallons per day to 450,000 gallons per day. The main and the plant expansion will be financed by the developer, Ranch 160, LLC, through a main extension agreement.

Staff recommends approval of the requested CC&N extension. Staff also recommends the following compliance requirements.

1. Staff recommends the Company file a copy of its Approval of Construction for the new lift station and main with Docket Control, as a compliance item in this docket by June 30, 2008.
2. Staff recommends that the Company file a copy of the amended Section 208 Plan approved by Central Arizona Association of Governments (“CAAG”) to include the requested area with Docket Control, as a compliance item in this docket, by December 31, 2007.

Staff further recommends that the Commission’s Decision granting this CC&N to Entrada Del Oro be considered null and void after due process should Entrada fail to meet compliance requirements numbers 1 and 2 within the time specified.

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Introduction

On June 6, 2006, Entrada Del Oro Sewer Company (“Entrada” or “Company”), filed an application for approval of an extension of its Certificate of Convenience and Necessity (“CC&N”) to provide utility wastewater service in an area approximately 2 ½ miles northwest of Florence Junction and 4 miles east of Gold Canyon within Pinal County, Arizona. Entrada received its CC&N on November 14, 2005, in Decision No. 68306 wherein its sewer rates were set at \$70 per month per residential customer.

The requested extension area covers approximately 160 acres and will ultimately include approximately 550 residential units (450 at the end of five years), a school site and common areas. The extension area is located about 1 ½ miles south of Entrada’s certificated area. It is expected that, at build out, the current and proposed service territories will include approximately 1,000 customers. The Company provided a main extension agreement as its request for service.

A map of the current and proposed service areas along with the legal description of the proposed extension area are attached as Exhibit 1. On November 8, 2006, the Company filed a recorded copy of the amendment to its franchise with Pinal County including the proposed area.

The Existing and Proposed Facilities

Entrada currently is not serving customers but expects to in the near future. The Company recently completed a 300,000 gallon per day wastewater treatment plant. However, more customers are necessary for the plant to be placed into operation. In the meantime, any wastewater will be collected and hauled to a nearby plant for treatment.

The Company plans to construct a lift station and 18,400 feet of main to transport the wastewater flow from the extension area to the wastewater treatment plant located in Entrada’s existing service area. The Company’s estimated cost to construct the plant needed to serve the extension area is \$1.4 million. Eventually, the Company will expand its wastewater treatment plant from 300,000 gallons per day to 450,000 gallons per day. The main and the plant expansion will be financed by the developer, Ranch 160, LLC, through a main extension agreement.

Staff concludes that the Company will have adequate treatment capacity to service expected growth in the requested area. Staff’s Engineering Report, attached as Exhibit 2, contains a more comprehensive description of the proposed wastewater system and its cost.

Arizona Department of Environmental Quality Compliance

The treated effluent will be disposed in a dry wash for which the Company has a United States Environmental Protection Agency National Pollutant Discharge Elimination System

permit. There are no planned golf courses or green belt areas in the existing and proposed service areas. Therefore, the treated effluent will not be reused.

The Arizona Department of Environmental Quality ("ADEQ") has approved the proposed on-site wastewater treatment and disposal system by issuing an Aquifer Protection Permit on May 20, 2005. Because the treatment plant is not yet in service, there is no ADEQ compliance status to report. Staff recommends the Company file a copy of its Approval of Construction for the new lift station and main with Docket Control, as a compliance item in this docket by June 30, 2008.

Section 208 Plan Amendment

The Company stated that it is in the process of obtaining the required Section 208 Plan amendment with the Central Arizona Association of Governments ("CAAG"). Staff recommends that the Company file a copy of the amended Section 208 Plan approved by CAAG to include the requested area with Docket Control, as a compliance item in this docket, by December 31, 2007.

Conclusions and Recommendations

Staff recommends approval of the requested CC&N extension. Staff also recommends the following compliance requirements.

1. Staff recommends the Company file a copy of its ADEQ Approval of Construction for the new lift station and main with Docket Control, as a compliance item in this docket by June 30, 2008.
2. Staff recommends that the Company file a copy of the amended Section 208 Plan approved by CAAG to include the requested area with Docket Control, as a compliance item in this docket, by December 31, 2007.

Staff further recommends that the Commission's Decision granting this CC&N to Entrada Del Oro be considered null and void after due process should Entrada fail to meet compliance requirements numbers 1 and 2 within the time specified.

MEMORANDUM

TO: Linda Jaress
Executive Consultant III
Utilities Division

FROM: Barb Wells 
Information Technology Specialist
Utilities Division

THRU: Del Smith 
Engineering Supervisor
Utilities Division

DATE: June 21, 2006

RE: **ENTRADA DEL ORO SEWER COMPANY (DOCKET NO. SW-04316A-06-0382)**

The area requested by Entrada Del Oro for an extension has been plotted with no complications using the legal description provided with the application (a copy of which is attached).

Also attached are copies of the maps for your files.

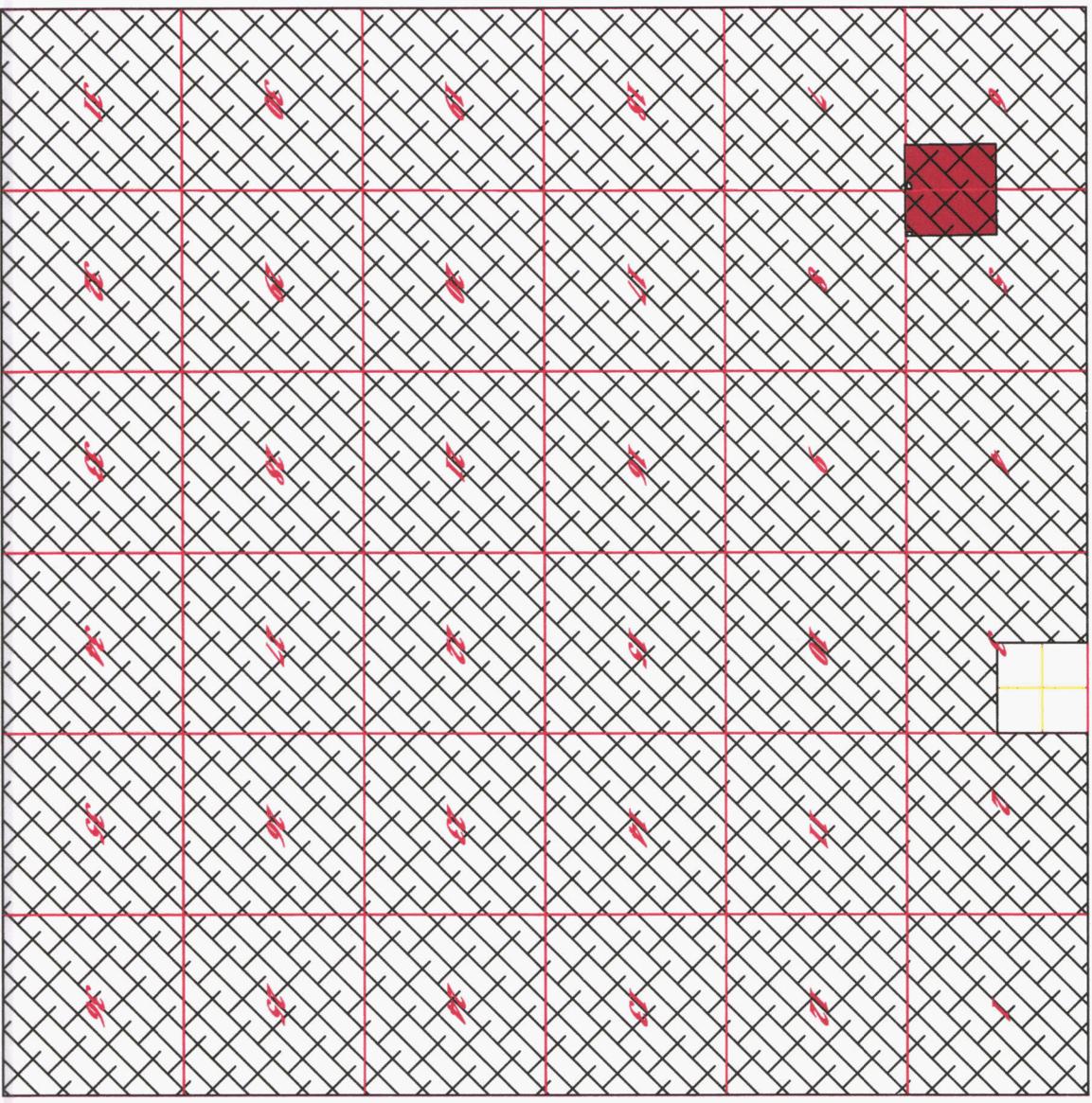
:bsw

Attachments

cc: Mr. Michael Patten
Ms. Deb Person (Hand Carried)
File

COUNTY: Pinal

RANGE 10 East



TOWNSHIP 2 South



W-1445 (39)(7)

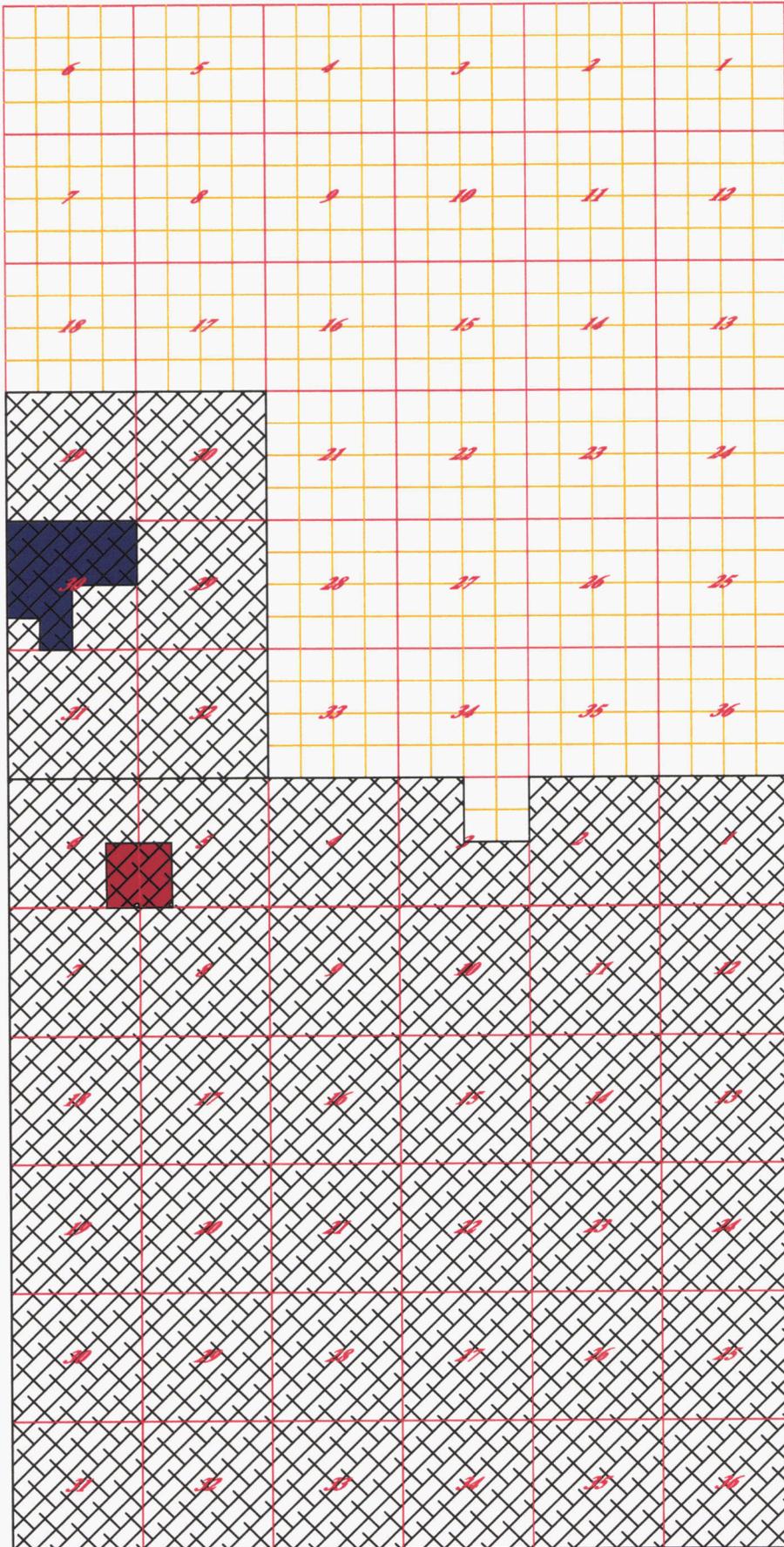
Arizona Water Company (Apache Junction)



Entrada Del Oro Sewer Company
 Docket No. SW-04316A-06-0382
 Application for Extension

COUNTY: *Pinal*

RANGE 10 East



TOWNSHIP 1 South

TOWNSHIP 2 South

LEGAL DESCRIPTION

THAT PORTION OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 2 SOUTH, RANGE 10 AND THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 2 SOUTH, RANGE 10 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 6, BEING A 3 INCH PINAL COUNTY BRASS CAP STAMPED 1962 FROM WHICH THE SOUTHEAST CORNER OF SAID SECTION 6, BEING A 3 INCH PINAL COUNTY BRASS CAP STAMPED 1962 BEARS SOUTH 00°48'00" EAST, A DISTANCE OF 2654.73 FEET, SAID POINT BEING THE POINT OF BEGINNING.

THENCE ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 6, ALSO BEING THE CENTERLINE OF RANCH 160 BOULEVARD, SOUTH 89°39'15" WEST, A DISTANCE OF 1324.50 FEET TO THE EAST 1/16TH CORNER, A FOUND 1/2 INCH REBAR;

THENCE ALONG THE WEST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 6, NORTH 00°48'07" WEST, A DISTANCE OF 2656.74 FEET TO A FOUND 1/2 INCH REBAR AT THE CENTER-EAST 1/16TH CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 6;

THENCE NORTH 89°44'27" EAST ALONG THE EAST-WEST MID-SECTION LINE, A DISTANCE OF 1324.61 FEET TO A FOUND 3 INCH PINAL COUNTY BRASS CAP STAMPED 1962 AT THE EAST CORNER OF SAID SECTION 6;

THENCE NORTH 89°27'10" EAST ALONG THE NORTH LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 5 A DISTANCE OF 1327.27 FEET TO A FOUND 3/4 INCH PIPE AT THE CENTER-WEST 1/16TH CORNER OF THE SOUTHWEST QUARTER OF SAID SECTION 6;

THENCE SOUTH 00°47'37" EAST ALONG THE EAST LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 5, A DISTANCE OF 2654.99 FEET TO A FOUND 1/2 INCH REBAR WITH A TAG STAMPED LS 2217 AT THE WEST 1/16TH CORNER OF SAID SOUTHWEST QUARTER OF SECTION 5;

THENCE SOUTH 89°27'49" WEST ALONG THE SOUTH LINE OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 5, ALSO BEING THE CENTERLINE OF RANCH 160 BOULEVARD, A DISTANCE OF 1325.98 TO THE SOUTHWEST CORNER OF SAID SECTION 5, SAID POINT BEING THE POINT OF BEGINNING;

CONTAINING 7,038,176 SQUARE FEET (161.57 ACRES) MORE OR LESS

EXCEPTING A PARCEL OF LAND SITUATED WITHIN THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 2 SOUTH, RANGE 10 EAST OF THE GILA AND SALT

RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 6, SAID POINT BEING A BRASS CAP;

THENCE SOUTH 89°39'15" WEST ALONG THE SOUTH LINE OF SAID SECTION 6, A DISTANCE OF 220.63 FEET TO A POINT;

THENCE NORTH 00°01'45" WEST, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°01'45" WEST, A DISTANCE OF 99.44 FEET TO A POINT ON A 50 FOOT RADIUS OF NON-TANGENT CURVE, CONCAVE TO THE NORTHWEST, WHOSE RADIAL BEARING IS NORTH 20°39'23" EAST;

THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 104°47'58", A DISTANCE OF 91.45' TO A POINT;

THENCE SOUTH 84°08'35" EAST, A DISTANCE OF 101.34 FEET TO A POINT 50.00 FEET WEST OF THE EAST LINE OF SECTION 6;

THENCE SOUTH 00°48'00" EAST, A DISTANCE OF 129.77 FEET, RUNNING 50.00 FEET WEST AND PARALLEL WITH THE EAST LINE OF SAID SECTION 6 TO A POINT LYING 50.00 FEET NORTH OF THE SOUTH LINE OF SAID SECTION 6;

THENCE SOUTH 89°39'15" WEST, A DISTANCE OF 169.96 FEET, RUNNING 50.00 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID SECTION 6 TO THE POINT OF BEGINNING;

EXCEPTING ALL URANIUM, THORIUM OR OTHER MATERIALS WHICH ARE OR MAY BE DETERMINED TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, AS RESERVED IN THE PATENT TO THE LAND.

ALSO, EXCEPTING A PARCEL OF LAND SITUATED WITHIN THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 2 SOUTH, RANGE 10 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 5, SAID POINT BEING A BRASS CAP;

THENCE NORTH 89°27'49" EAST ALONG THE SOUTH LINE OF SAID SECTION 5, A DISTANCE OF 1207.43 FEET TO A POINT;

THENCE NORTH 00°32'11" WEST, A DISTANCE OF 50.00 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°32'11" WEST, A DISTANCE OF 131.55 FEET TO A POINT;

THENCE NORTH 89°27'49" EAST, A DISTANCE OF 117.73 FEET TO A POINT;

THENCE SOUTH 00°47'37" EAST, A DISTANCE OF 131.55 FEET TO A POINT LYING 50.00 FEET NORTH OF THE SOUTH LINE OF SAID SECTION 5;

THENCE SOUTH 89°27'49" WEST, A DISTANCE OF 118.33 FEET, RUNNING 50.00 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID SECTION 5 TO THE POINT OF BEGINNING;

EXCEPTING ALL URANIUM, THORIUM OR OTHER MATERIALS WHICH ARE OR MAY BE DETERMINED TO BE PECULIARLY ESSENTIAL TO THE PRODUCTION OF FISSIONABLE MATERIALS, AS RESERVED IN THE PATENT TO THE LAND.

MEMORANDUM

DATE: December 11, 2006

TO: Linda Jaress
Executive Consultant III

FROM: Dorothy Hains, P. E. *DH/for*
Utilities Engineer

RE: **CC&N Extension Application for Entrada Del Oro Sewer Co.**
Docket No. SW-04316A-06-0382

Introduction

Entrada Del Oro Sewer Company (“Entrada” or “the Company”) has filed an application to extend its Certificate of Convenience and Necessity (CC&N). The Company holds a CC&N to provide sewer service in an area that is approximately three-quarters of a square mile in size and is located near the City of Apache Junction in Pinal County. The original CC&N was granted in Decision No. 68306, dated November 15, 2005. The Company recently completed construction of its wastewater treatment plant but currently is not serving customers. The requested extension area is located approximately 1.5 miles south of the existing service area and is roughly one quarter square mile in size. Entrada estimates there will be 450 residential units needing service in the requested area within five years.

Existing System

Entrada recently installed a 0.3 million gallon per day (“MGD”) Marwood package wastewater treatment plant (“WWTP”). Wastewater collected in the Company’s service area will be treated by nitrification, denitrification, filtration, and ultraviolet (“UV”) disinfection. Because the number of customers currently served do not generate sufficient wastewater flows to operate the plant, it is currently not in service. The limited wastewater flow generated by initial customers will be collected and hauled to a nearby plant for treatment. Once a sufficient number of customers is being served, the Entrada WWTP will be placed in service. Treated effluent from this plant will be disposed of in a nearby dry wash. The United States Environmental Protection Agency (“EPA”) issued a National Pollutant Discharge Elimination System (“NPDES”) permit for the Entrada WWTP in May 2002 (Permit No. AZ0024899). There is no golf course or green belt area in the existing CC&N area, therefore the treated effluent will not be reused. According to Arizona Department of Environmental Quality (“ADEQ”) records the WWTP has not been built.¹ Staff believes that ADEQ records for the Entrada WWTP have not been updated to reflect construction of the plant due to the fact that the plant was only recently completed and is not yet in service.

¹ Reported on June 16, 2006.

Staff concludes that the Company will have adequate capacity to serve customers in its existing service area and the requested extension area. Staff believes it is reasonable to assume that additional capacity will be developed as needed in the future.

ADEQ Compliance

As previously indicated, since the Entrada WWTP is not in service there is no ADEQ compliance status to report. ADEQ approved Entrada’s WWTP and disposal system by issuing an Aquifer Protection Permit on May 31, 2005 (Permit No. -105488). In Decision No. 68306 the Commission ordered the Company to file documentation which demonstrates that the system is in service by December 31, 2007.

Section 208 Plan Amendment

The Company stated that it is in the process of obtaining the required Section 208 Plan amendment with the Central Arizona Association of Governments (“CAAG”). Staff recommends that the Company file a copy of the amended Section 208 Plan approved by CAAG to include the requested area with Docket Control, as a compliance item in this docket, by December 31, 2007.

Proposed Plant Additions

Additional plant will need to be installed to transport wastewater flow produced by future customers in the extension area to the WWTP located in Entrada’s existing service area. The Company plans to construct a lift station in the northwest corner of the extension area and 18,400 feet of 6-inch ductile iron pipe (“DIP”) force main to accomplish this. Staff recommends that the Company file a copy of its Approval of Construction for the new lift station and force main with Docket Control, as a compliance item in this docket, by June 30, 2008.

Cost Analysis

The Company’s estimated costs to construct the plant needed to serve the extension area are listed in the table below:

NARU C Account	Description	Unit	Unit Price (\$)	Company’s cost estimate (\$)	Total (\$)
333	Services 2” PVC service line 2” PVC	200’ 120’	6 6	1,200 720	1,920
334	Meters 2” service meter	1	350	350	350
336	Backflow Preventer Device 2” backflow preventer	1	350	350	350
348	Other Tangible Plant 2” hose bib Misc. (mob/demob) 10% Contingencies	1	200	200 12,986 125,018.89	138,204.89

354	Structure & Improvements: 8' chain link fence 8'x 16' sliding gate Gravel rd /parking grading Berm Excavation (Pump station) Excavation (retention pond) 3" gravel signs Offsite access road Clear & grub Site cleanup devegetation	386' 1 871 yd ² 2,167 yd ² 225 yd ³ 285 yd ³ 179 yd ³ 1,300 yd ² 1 267 yd ²	30 3,500 18 2.5 7 7 5 6 500 18	11,580 3,500 15,678 5,417.5 1,575 1,995 895 7,800 500 4,806 72010,000 25,000	89,467
355	Power Generation Equipment: Emergency generator (80 KW, 100 KVA w 80-HP) with diesel holding tank	1	26,252 ¹	26,252	26,252
360	Collection Sewer – Force Main 6" DIP 10" DIP 6" DIP Air Release valve	18,400' 53 168 8	45 22 18.63 2,500	828,000 1,166 3,129.84 20,000	852,296
363	Services to Customers MH (48"-Di/ FM discharge) 6" pipe cap 6" gate valve 10' MH	1 2 2 2	10,000 250 750 3,500	10,000 500 1,500 7,000	19,000
370	Receiving Wells Romtec Package Lift Station/pumps) Pressure check valve	1 2	210,936 641.3	210,936 1,282.6	212,218.6
371	Pumping Equipment Level Controllers Pole mounted site lighting fixture	2 1	1,500 10,000	3,000 10,000	13,000
380	Treatment & disposal equipment Purafil drum scrubber Bohn Bio-filter Filter media	8 1 7	2,200 3,500 150	17,600 3,500 1,050	22,150
Total				1,375,208	1,375,208

Note

1) The Company provided information via email on November 8, 2006.

Staff concludes that the proposed projects are appropriate and the cost estimates presented herein are reasonable for purposes of this CC&N extension request. However, no "used and useful" determination of the proposed project item was made and no particular treatment should be inferred for rate making or rate base purpose in the future.

Summary

I. Conclusions

1. Staff concludes that the Company will have adequate capacity to serve customers in its existing service area and the requested extension area. Staff believes it is reasonable to assume that additional capacity will be developed as needed in the future.
2. Since the Entrada WWTP is not in service there is no ADEQ compliance status to report.
3. Staff concludes that the proposed projects are appropriate and the cost estimates presented herein are reasonable for purposes of this CC&N extension request.

II. Recommendations

1. Staff recommends that the Company file a copy of the amended Section 208 Plan approved by CAAG to include the requested area with Docket Control, as a compliance item in this docket, by December 31, 2007.
2. Staff recommends that the Company file a copy of its Approval of Construction for the new lift station and force main with Docket Control, as a compliance item in this docket, by June 30, 2008.