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AZ CORP COMMISSION  
DOCKET CONTROL  
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BEFORE THE ARIZONA CORPORATION COMMISSION

**COMMISSIONERS**

GARY PIERCE, CHAIRMAN  
BRENDA BURNS  
PAUL NEWMAN  
BOB STUMP  
SANDRA D. KENNEDY

**APPLICATION OF GRANITE MOUNTAIN  
WATER COMPANY, INC TO EXTEND ITS  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY FOR WATER SERVICE**

Docket No. W-02467A-10-0483

Decision No. 72377

**REQUEST TO MODIFY DECISION**

Arizona Corporation Commission  
**DOCKET**

OCT 22 2012

DOCKETED BY

Under A.R.S. § 40-252, Granite Mountain Water Company, Inc., ("Granite Mountain"), submits this request to the Arizona Corporation Commission ("Commission") for modification of the Commissions Decisions 72294 and 72377.

In Decision No. 71869 (September 1, 2010), issued in docket W-02467A-09-0333 and W-02467A-09-0334, the Commission ordered Granite Mountain to address its inadequate storage capacity issue by completing one of the following within 18 months after the effective date of the Decision: (1) drill a

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3 replacement well to replace existing Well No. 5 (ADWR #55-622083), or (2) construct and install a  
4 110,000-gallon storage tank.  
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6 In Decision 72294 (May 4, 2011), issued in docket W-02467A-09-0333 and W-02467A-09-0334, the  
7 Commission granted an extension of time as it related to the two options, being the replacement of  
8 the existing well or the addition of a 110,000-gallon storage tank. The decision stated;

| Requirement in Decision No. 71869   | Current Deadline | Extended Deadline |
|---|------------------|-------------------|
| Complete one of the following to address its inadequate storage capacity issue: (a) Drill a replacement well to replace its existing Well #5 (ADWR #55-622083), or (b) Construct and install a 110,000-gallons storage tank         | March 1, 2012    | September 1, 2012 |
| If addressing the inadequate storage capacity issue by drilling a replacement well, file with the Commission's Docket Control, as a compliance item in this docket, copies of the Approval to Construct for the replacement well    | March 1, 2011    | September 1, 2011 |
| If addressing the inadequate storage capacity issue by drilling a replacement well, file with the Commission's Docket Control, as a compliance item in this docket, copies of the Approval of Construction for the replacement well | March 1, 2012    | September 1, 2012 |

As an alternative to “drilling a replacement well”, Granite Mountain has an opportunity to purchase an existing domestic well and well site that is adjacent to the company’s existing water main. The company would like to propose the following revision to the verbiage contained in Decision 72294.

| Requirement in Decision No. 71869   | Current Deadline | Extended Deadline |
|---|------------------|-------------------|
| Complete one of the following to address its inadequate storage capacity issue: (a) Drill a replacement well to replace its existing Well #5 (ADWR #55-622083), or (b) Construct and install a 110,000-gallons storage tank, <b>or (c) Add a new production well</b>  | March 1, 2012    | June 1, 2014      |
| If addressing the inadequate storage capacity issue by drilling a replacement well <b>or adding a new production well</b> , file with the Commission’s Docket Control, as a compliance item in this docket, copies of the Approval to Construct for the replacement well <b>or the new production well</b>    | March 1, 2011    | June 1, 2013      |
| If addressing the inadequate storage capacity issue by drilling a replacement well <b>or adding a new production well</b> , file with the Commission’s Docket Control, as a compliance item in this docket, copies of the Approval of Construction for the replacement well <b>or the new production well</b> | March 1, 2012    | June 1, 2014      |

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It should be noted that in docket W-02467A-09-0333 and W-02467A-09-0334, the company filed on July 19, 2012 a Request for an Extension of Time in regards to deadlines as shown in Decision 72294, to allow for this request. Additionally the company had requested the Arizona Water Infrastructure Finance Authority ("WIFA") to extend the company's current loan resolution to allow for modification of the scope of the project with the Commission approval. The WIFA board has extended the time of the loan resolution until August 17, 2013.

In Decision 72377 (May 27, 2011), issued in docket W-02467A-10-0483, the Commission granted approval for Financing for Granite Mountain to incur long-term debt in the amount of \$181,320. The company applied for this amount based on the true estimates of the two projects, prior to learning of the WIFA requirement to comply with the federally mandated "Davis-Bacon" Act, which subsequently increased costs by approximately (25%) thirty percent. The revised estimate to complete both projects was \$240,808.

The company would like to propose modification of Decision 72377 to comply with the change in the scope of the project and relative reduction in costs in association to acquiring a domestic well as opposed to drilling a new well in addition to voluntary purchasing of a prefabricated water storage tank as opposed to having construction of that tank onsite. Although the company would like to reserve the ability to build a storage tank on-site, subsequent to the Davis-Bacon Act, if a prefabricated tank cannot feasibly be obtained or the associated costs exceed that of a site-built tank. Granite Mountain believes that it would save a significant amount for rate payers to allow for the financing modification. The current estimate for the projects, shown as Exhibit A, totals \$196,032.

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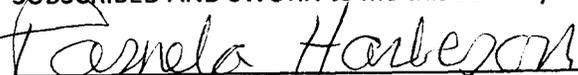
The company would like to request modification of Decision 72377 to allow for long-term debt not to exceed \$196,032; to have the any unused authorization to incur long-term debt granted in the proceeding to terminate no sooner than June 1, 2014; and to have the compliance items listed in the Decision to be extended to comply with the Commission's ruling on the Request for an Extension of Time on Decision 72294.

Respectfully submitted on October 18<sup>th</sup>, 2012, by:

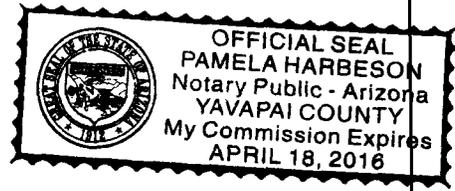


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SUBSCRIBED AND SWORN to me this 18<sup>th</sup> day of October, 2012.

 NOTARY PUBLIC

My Commission Expires April 18, 2016



Original and 13 copies filed on October 18<sup>th</sup>, 2012, with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, AZ 85007

By:   
Matthew Lauterbach, Operations Manager

**AFTER DAVIS BACON REQUIREMENT**

**Tank & Well Cost Calculations**

|   | Phase II Tank #3 | Phase I Well #5       |
|---|------------------|-----------------------|
| Tank Structural Engineering/Design        | \$2,000.00       | \$36,347.77           |
| Permit for Storage Tank-Deposit           | \$100.00         | \$27,000.00           |
| Permit for Storage Tank-Balance           | \$400.00         | \$7,749.27            |
| Bedding Material to Level Tank Foundation | \$902.27         | \$97,174.98           |
| Compaction Report                         | \$515.00         | \$35,562.00           |
| Tank Construction                         | \$66,850.00      | \$700.00              |
| Pipe and Valves for Tank Connection       | \$940.25         | \$13,277.00           |
| Totals                                    | \$71,307.52      | \$158,034.02          |
|   |                  | \$229,341.54 Subtotal |
|   |                  | \$11,467.08 5% Misc   |
|   |                  | \$240,808.61 Total    |

\$6,664.00 Primary Line @ \$16.66/ft  
 \$102.00 Service Wire @ \$5.10/ft  
 \$15,519.00 Switch Gear @ \$15,519  
 \$13,277.00 Transformer 277/480V @ \$13,277  
 \$35,562.00

**ADDITIONAL COSTS FOR WELL & INSTALLING PUMP/GENERATED TANK**

**Tank & Well Cost Calculations**

|   | Phase II Tank #3 | Phase I Well #5       |
|---|------------------|-----------------------|
| Tank Structural Engineering/Design        | \$2,000.00       | \$25,000.00           |
| Permit for Storage Tank-Deposit           | \$100.00         | \$50,000.00           |
| Permit for Storage Tank-Balance           | \$400.00         | \$9,000.00            |
| Bedding Material to Level Tank Foundation | \$502.27         | \$14,040.00           |
| Compaction Report                         | \$515.00         | \$15,000.00           |
| Tank Construction                         | \$85,000.00      | \$700.00              |
| Pipe and Valves for Tank Connection       | \$940.25         | \$13,500.00           |
| Totals                                    | \$89,457.52      | \$127,240.00          |
|   |                  | \$186,697.52 Subtotal |
|   |                  | \$9,334.88 5% Misc    |
|   |                  | \$196,032.40 Total    |