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AZ CORP COM
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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED

JAN 29 2013

DOCKETED BY
JSM

COMMISSIONERS

GARY PIERCE, CHAIRMAN
BRENDA BURNS
BOB STUMP
SUSAN BITTER SMITH
BOB BURNS

**COMPANY RESPONSE TO STAFF REPORT
REGARDING GRANITE MOUNTAIN WATER
COMPANY, INC.'S REQUEST TO MODIFY
DECISIONS PURSUANT TO A.R.S. § 40-252**

Docket No. W-02467A-10-0483

Decision No. 72377

REQUEST TO MODIFY DECISIONS

Herein is Granite Mountain Water Company, Inc ("Granite Mountain" or "Company") response to Staff's Report submitted January 10th, 2013 in regards to the Company's request to modify two prior decisions under A.R.S. 40-252.

The Company has three main objectives and concerns:

- 1) The two wells (Well #3 [ADWR 55-511771] and Well #4 [ADWR 55-554078]) that are currently serving the water company are located on and adjacent to the parcel where Granite Mountain Stables in located. The parcel is owned by Daniel P. Levie. These wells and well houses have the

1 appropriate easements across the parcels for the water mains. These two wells are relatively
2 close together and likely draw from the same underground aquifer. There is solid granite rock
3 approximately 300 to 400 feet below the surface in many places adjacent to the wells and the
4 sloping hill near Mr. Levie's home. We have therefore a concern about the quality of the water
5 due to a slow increase in nitrate levels at each well, over the last few years. These levels are
6 below required limits, but have tested higher than the minimum reporting limits. The Company
7 has had increased monitoring per Arizona Department of Environmental Quality (ADEQ)
8 standards for a little over a year. The testing frequencies have been reduced per ADEQ rules on
9 both wells, although the levels remain a concern to the Company.

10 2) Well #5 (ADWR 55-622083) is a "grand-fathered" well. It can and will eventually be replaced.
11 The primary concern has been "where to move, replace and re-drill" the well. Before now the
12 only possibilities for where to put the well was the lot owned by Daniel Levie (see Exhibit A). We
13 had planned and engineered facilities on that lot and intended to proceed even if it was less
14 favorable due to the possibility of increased nitrate levels in the area. It is also located closer to
15 the two existing production wells that could affect draw-down levels.

16 While we were attempting to work out the most desirable plan for the execution of the well
17 replacement, we discovered a neighboring lot and home on Short Spur Trail that was going into
18 foreclosure. That lot had an existing domestic well located on it. From the well report, we
19 learned that the well had been drilled in 2006 to a depth of 360 feet. At the end of the report
20 was a comment from the well driller stating "Strong Water". As of January 22nd, 2013, we were
21 able to test the well production for quantity and draw-down. The well test results can be seen
22 attached as Exhibit B. The well is located on a parcel +/- 1.46 acres. It is our intent to work with
23 the purchaser of this property to acquire the well, well site, and subsequent easement(s) on a
24 large part of the acreage for a future well, as and when necessary.

1 3) The third objective of the Company is to serve an expanded area to include Equestrian Estates
2 with more customers with greater efficiency in the future by applying for an expansion of its
3 CC&N and infrastructure when feasible.
4

5 In direct response to the Staff Report as docketed the company would like to clarify a few points.
6

- 7 • The Company has never requested Approval for Financing in the amount of \$240,808. This
8 was an estimation of the costs for the projects after the implementation of the Davis-Bacon
9 requirement.
- 10 • Decision No. 72377 granted by the Commission approved financing in the amount of
11 \$181,320. Subsequently WIFA approved funding under Loan Resolution 2012-002 on August
12 17th, 2011. Under Amendment WIFA extended the Loan Resolution until August 15th, 2013.
13 Therefore the Debt Service Coverage (“DSC”) Ratio of 1.50 currently used by WIFA should
14 not be relevant. The Company would respectfully concede its request for the relatively
15 minor increase of \$17,712 (which is the difference between the approved \$181,320 and the
16 requested \$196,032) and ask the Commission to extend the expiration dates of the original
17 Decision as requested in the Company’s original petition.
- 18 • The Company requested the Commission to approve its original proposed dates as shown in
19 the petition as opposed to those submitted by Staff, which are equivalent to six months
20 earlier than the Company requested. It should be noted that the Company has not had any
21 water shortages based on demand. The Company had a valid Fire Flow Variance from
22 Central Yavapai Fire District which made it exempt from having to meet the fire
23 department’s requirement, until Decision 71869 required the Company to now meet the fire
24 flow requirements.
- 25 • The Staff Report Engineering Analysis stated “The Company has not provided Staff with any
26 information about the well’s production capacity, the quality of the water the well produces

1 or the well's purchase price". The Company responded to Staff's 2nd Set of Data Requests as
2 requested by Mrs. Dorothy Hains, P.E., Utilities Engineer on November 13th, 2012, which
3 stated;

4 a) [D. Hains] Please provide annual lab test results to demonstrate the water qualities in
5 "existing domestic well" meet the water quality requirement for drinking water use.

6 [Granite Mountain] The Company is negotiating the purchase of the "existing domestic
7 well". The well has been privately owned since being drilled in 2006. Therefore, being a
8 private domestic well there are no known water quality tests results available at this
9 time.

10 b) [D. Hains] Please provide a copy of well information (such as DWR Well #, well depth,
11 size of casing, pump size and production rate, etc.) of this existing well.

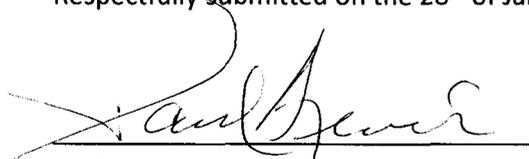
12 [Granite Mountain] The report indicates that the well depth was 360 feet; the size of
13 casing is 7 inch steel casing to 20 feet and 5 inch PVC casing from 20 feet to 360 feet; the
14 pump size and production rate are unknown at this time. Upon approval and acquisition
15 of the domestic well, the Company will equip the well with a pump adequate to, but not
16 to exceed 35 GPM.

17 c) The Company showed the estimated acquisition costs of the well, well house and
18 easements as *Exhibit A in the original 40-252 petition to modify the decisions* [attached
19 hereto as Exhibit C]. This estimation of \$88,500 includes the well, water rights,
20 easements which will substantially encumber the parcel's acreage, and the well house.

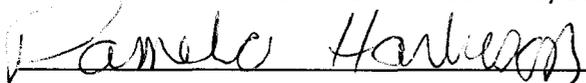
- 21 • The proposed Well #6 (ADWR 55-210719) which will be converted from a domestic well to a
22 production well, upon approval from ADEQ, was pump tested on January 23rd. The well was
23 tested with a 10hp pump for 3 hours and sustained 70 gallons per minute ("GPM") with 58
24 feet of draw down. It was again tested on January 24th for 2.5 hours and sustained 35GPM
25 with 13 feet of draw down. The well depth according to the Well Driller's Report is 360 feet.
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- The Company currently has two production wells that produce a combined 76.41 GPM and currently has two water storage tanks that have a combined capacity of 61,700 gallons. The Company has land and a pre-constructed pad to accommodate Tank #3, which will allow an additional 50,000 gallons of storage capacity. There is not enough room within the Company's tank facilities to accommodate a larger tank. Therefore the Company feels that, with the combined storage capacity of the three tanks at 111,700 gallons and the production of the two wells at 76.41GPM, the addition of Well #6 at 35GPM or re-drilling of Well #5 should be sufficient to meet adequate water supply needs.
 - The Company would like to show the relative location of Wells #3 & #4, Well #5 (not currently in use; grand-fathered well), the originally engineered location of the replacement well for Well #5, the location of Well #6 (acquired domestic well), and the Granite Mountain Stables. Attached as Exhibit D is a satellite image of the relative locations.

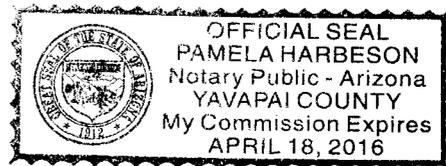
14 Respectfully submitted on the 28th of January, 2013 by:

15 
16 _____
17 Paul D. Levie, P.C.
18 PO Box 350
19 Chino Valley, AZ 86323-0350
20 (928) 778-2600
21 pdl@leviegroupp.com
22 Attorney for Granite Mountain Water Company

21 SUBSCRIBED AND SWORN to me this 28th day of January, 2013.

22  NOTARY PUBLIC

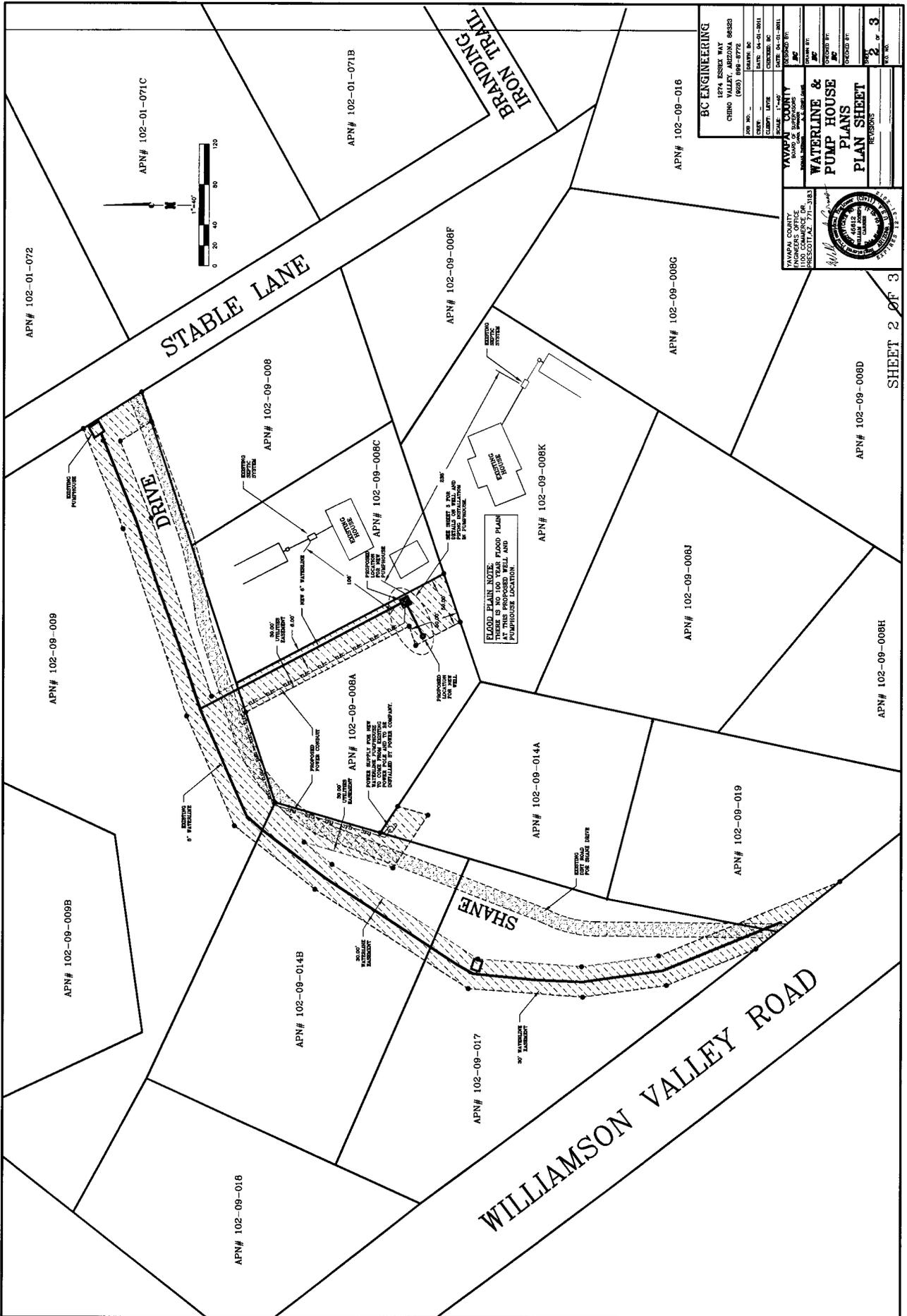
23 My Commission Expires April 18, 2016



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Original and 13 copies filed on the 28th of January, 2013 with:
Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

By: 
Matthew Lauterbach, Operations Manager



GRANITE MTN WATER

DATE 1/23/13

PUMP TEST FOR 2475 SHORT SPUR TRAIL PUMP & MOTOR SET @ 360'

STATIC WATER LEVEL @ START 253.3FT PUMPING RATE @ 60+GPM

<u>TIME</u>	<u>STATIC WATER LEVEL</u>	<u>GPM</u>	<u>TOTALIZER</u>	<u>PSI NOTES</u>
2:58	271.5		7052227	
3:01	277	66	7052400	120
3:03	285	83	7052654	CHANGE PSI TO 75
3:05	293	80	7052796	CHANGE PSI TO 80
3:06	297	79	7052935	
3:08	301.4	79	7053090	80
3:10	301.1	78	7053230	80
3:13	307.3	76	7053512	85
3:16	305.4	76	7053701	85
3:17	306	76	7053865	85
3:20	305.5	75	7054058	85

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3:28	305.5	75	7054614	85
3:35	308	75	7055190	85
3:45	309.4	74.4	7055940	80
3:55	310	74.3	7056490	80 CRANED BACK TO 70 GPM 90PSI
4:05	310	70	7057388	90
4:17	311	70	7058234	90
4:27	311	70	7058983	90
4:53	311	70	7060733	90
5:23	311	70	7062754	90
5:45	311	70	7064391	90
6:00	311	70	7065427	90

**NOTES: WELL SUSTAINS 70 GPM WITH 58' OF DRAW
DOWN. 3 HOURS OF PUMPING**

PUMP TEST FOR 2475 SHORT SPUR TRAIL PUMP & MOTOR SET @ 360'

STATIC WATER LEVEL @ START 265FT PUMPING RATE @ 35 GPM FOR 2.5 HOURS

<u>TIME</u>	<u>STATIC WATER LEVEL</u>	<u>GPM</u>	<u>TOTALIZER</u>	<u>PSI NOTES</u>
9:25	268	42		
9:27	267.3	39	7066730	150
9:31	267.6	39	7066857	150
9:36	266.8	35	7067079	150 ADJUSTED BACK TO 35 GPM
9:42	266	33	7067269	158
9:50	266.2	34	7067616	158
10:00	265.6	32	7067958	158
10;21	266.5	35	7068576	155 ADJUSTED BACK TO 35 GPM
10:32	266.5	35	7068980	150
10:42	266.5	35	7069313	155
10:53	266.5	35	7069720	155
11:02	266.5	35	7070012	155
11:16	266.5	35	7070506	155
11:33	266.5	35	7071089	155
11:46	266.5	34	7071520	155
12:00P	266.5	35	7071977	155

**NOTES: WELL SUSTAINS 35 GPM WITH 13' OF DRAW
DOWN - 2.5 HOURS OF PUMPING**

AFTER DAVIS BACON REQUIREMENT

Tank & Well Cost Calculations

	Phase II Tank #3
Tank Structural Engineering/Design	\$2,000.00
Permit for Storage Tank-Deposit	\$100.00
Permit for Storage Tank-Balance	\$400.00
Bedding Material to Level Tank Foundation	\$502.27
Compaction Report	\$515.00
Tank Construction	\$66,850.00
Pipe and Valves for Tank Connection	\$940.25
Totals	\$71,307.52

	Phase I Well #5
Drilling	\$36,347.77
Pump/Electrical	\$27,000.00
Electrical Conduit	\$7,749.27
Water Mains	\$37,174.98
Electricity	\$35,562.00
Chlorination	\$700.00
Structure/Fencing	\$13,500.00
Drill Tech	
Drill Tech	
McMains & Sons	
McMains & Sons	
APS	
Blue Book	
Desert Snow/GBSI	
Totals	\$158,034.02

\$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

\$229,341.54 Subtotal
 \$11,467.08 5% Misc
 \$240,808.61 Total

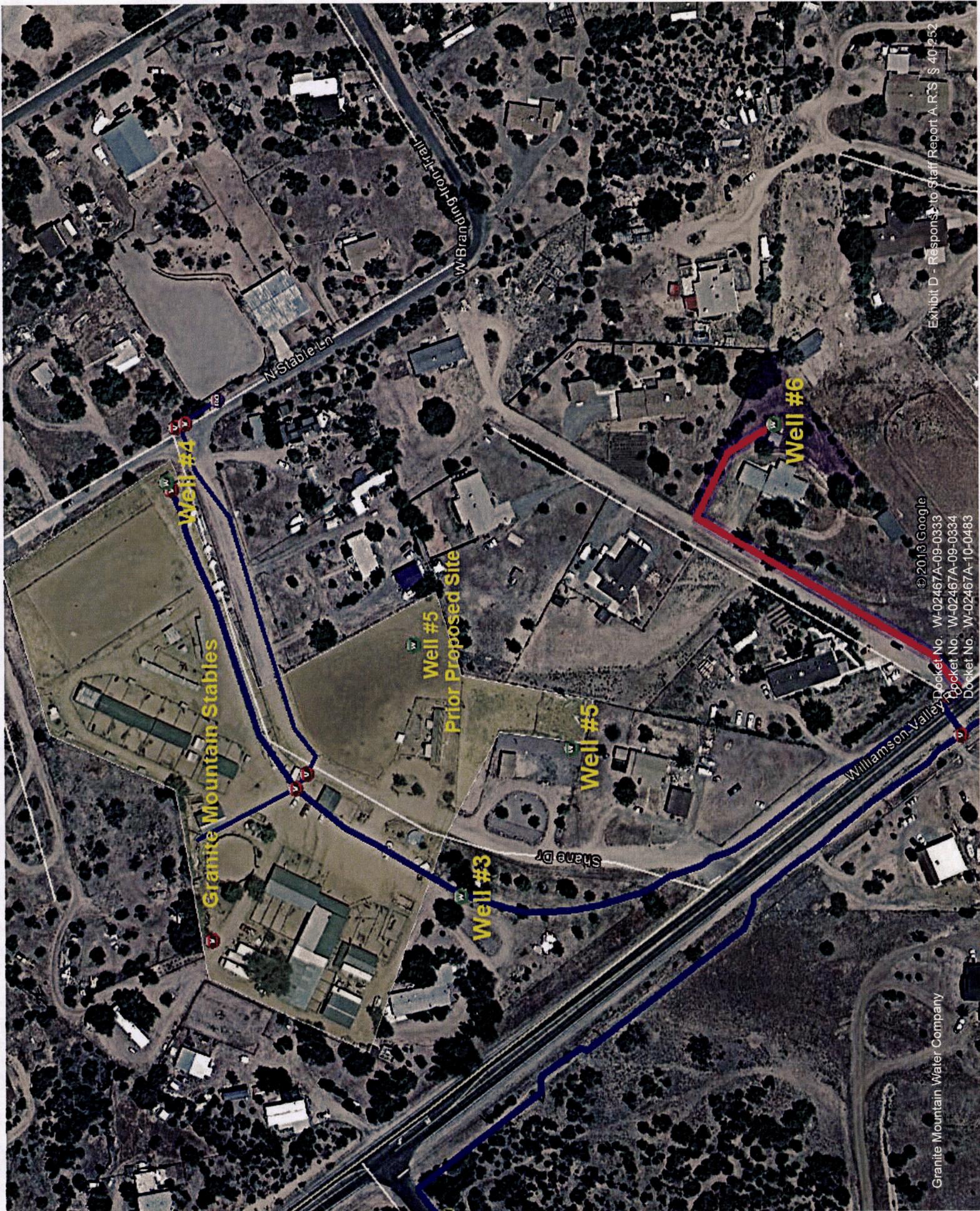
ACQUIRING DOMESTIC WELL & INSTALLING PREFABRICATED TANK

Tank & Well Cost Calculations

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Tank Structural Engineering/Design	\$2,000.00
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Compaction Report	\$515.00
Tank Construction	\$55,000.00
Pipe and Valves for Tank Connection	\$940.25
Totals	\$59,457.52

	Phase I Well #5
Well	\$25,000.00
Easements	\$50,000.00
New Pump/Electrical	\$9,000.00
Drill Tech	\$14,040.00
Water Mains	\$15,000.00
Electricity	\$700.00
Chlorination	
Well House	
Blue Book	
McMains & Sons	
APS	
Blue Book	
Totals	\$127,240.00

\$186,697.52 Subtotal
 \$9,334.88 5% Misc
 \$196,032.40 Total



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Well House	\$13,500.00
Totals	<u>\$127,240.00</u>

\$186,697.52 Subtotal
 \$9,334.88 5% Misc
 \$196,032.40 Total

