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Arizona Corporation Commission

DOCKETED

SEP - 5 2013

TO: Docket Control

FROM: Steven M. Olea
Director
Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

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DATE: September 5, 2013

RE: STAFF REPORT FOR GRANITE MOUNTAIN WATER COMPANY, INC.'S
REQUEST TO MODIFY DECISION NOS. 71869 and 72377
(DOCKET NOS. W-02467A-09-0333, W-02467A-09-0334 and W-02467A-10-0483)

Background

In a June 5, 2013 Procedural Order issued by the Hearing Division Staff was ordered to file a Staff Report or direct testimony providing Staff's analysis of the Granite Mountain Water Company, Inc. ("GMWC" or "Company") Amended Request to Modify Decision Nos. 71869 and 72377.

On August 5, 2013, GMWC docketed its Amended Request to Modify Decisions in which, GMWC stated that GMWC will install a new well (Well #6) and a new 50,000 gallon storage tank. Well #6 is predicted to produce 70 gallons per minute ("GPM") water. Further, GMWC provided a letter dated November 19, 1996, from Central Yavapai Fire District ("District") where the District addressed the Company's fire flow requirement.

On August 14, 2013, Staff issued a Data Request ("DR") to GMWC. Staff issued its DR because it was concerned that the water demand calculations included in the Company's Amended Request were not based on actual water use data and because the letter from the District that addressed the Company's fire flow requirement was so out of date.

On August 16, 2013, GMWC docketed its Supplement To Amended Request To Modify Decisions ("Supplement"). A letter dated August 7, 2013 from the District was attached to the Supplement, in which the District stated the fire flow of 1,000 GPM for one hour is required for dwellings in GMWC's service area, however, a reduction in the required fire flow of 50 percent would be allowed if all buildings in GMWC's service area were provided with automatic sprinkler systems.

On August 26, 2013, Staff issued a second DR to the Company, in which Staff requested GMWC confirm that all buildings in GMWC's service area were equipped with automatic sprinkler systems.

On August 29, 2013, GMWC responded to Staff's second DR. GMWC stated that it could not confirm that every building in its service area had been equipped with automatic sprinkler systems. In its August 29th response the Company provided Staff with copies of the Certificates of Approval To Construct issued by the Arizona Department of Environmental Quality ("ADEQ") for Well #6 and for a new 50,000 gallon storage tank.

Engineering Analysis and Conclusion

Staff's analysis is based on (1) water use data reported in the Company's 2012 annual report filed with the Commission; (2) well production data for the Company's existing wells and 70 GPM of new source (Well #6); (3) storage capacity data for the Company's existing storage tanks and 50,000 gallons of new storage; and (4) the District fire flow requirement of 1,000 GPM for one hour. Based on its analysis, Staff concludes that GMWC will have adequate production and storage capacity when Well #6 and the new 50,000 gallon storage tank are added to the Company's water system.

Recommendations

Staff recommends that GMWC file with Docket Control as a compliance item by March 1, 2014, copies of the ADEQ Approvals of Construction ("AOCs") issued for Well #6 and for the new 50,000 gallon storage tank. No used and useful determination of this request was made and no particular treatment should be inferred for rate making or rate base purposes in the future.

SMO:DMH:tdp/RRM

Originator: Dorothy Hains

Service List for: Granite Mountain Water Company, Inc.
Docket No. W-02467A-10-0483, et al

Mr. Paul D. Levie, President
Granite Mountain Water Company, Inc.
2465 Shane Drive
Prescott, Arizona 86305

Mr. Arden W. Barney, Operations Manager
Granite Mountain Water Company, Inc.
2465 Shane Drive
Prescott, Arizona 86305