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BEFORE THE ARIZONA CORPORATI

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Arizona Corporation Commission

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COMMISSIONERS

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SUSAN BITTER SMITH

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF)
COMMUNITY WATER COMPANY OF GREEN)
VALLEY FOR AUTHORITY TO BORROW UP)
TO \$3.4 MILLION FROM COMPASS BANK AND)
COMPASS MORTGAGE CORPORATION FOR)
THE PURPOSES OF (1) REFINANCING UP TO)
\$2.2 MILLION IN EXISTING LONG-TERM)
DEBT; AND (2) ISSUING AN ADDITIONAL \$1.2)
MILLION IN LONG-TERM DEBT, UNDER)
A.R.S. §§ 40-301 AND 40-302.)

DOCKET NO. W-02304A-14-0041

NOTICE OF FILING SUPPLEMENT
TO ITS
JULY 2 2014 RESPONSE AND
NOTICE OF ERRATA

ORIGINAL

On July 2, 2014 Community Water Company of Green Valley ("CWCGV") filed its Response to the Staff Report in this docket. In that Response, specifically at footnote 3, the Company indicated that it will supplement the professional engineering opinion that clarifies an issue involving the Storage Tank reducing pumping costs at CWCGV's Well #10. The revised opinion dated July 1, 2014, is attached to this filing and indicates that the reduced pumping costs is not due to the increase in overall dynamic head in the system (under Hydraulic Advantages.) CWCGV requests that the attached revised professional engineering opinion be incorporated as part of its July 2, 2014 Response.

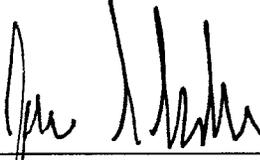
Also, CWCGV provides notice that it inadvertently stated "2.0 gallons of capacity" in its July 2, 2014 response – on page 8, at line 22. It should read "2.0-million gallons of capacity."

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RESPECTFULLY SUBMITTED this 9th day of July, 2014.

COMMUNITY WATER COMPANY OF GREEN VALLEY

By 

Jason D. Gellman
ROSHKA DEWULF & PATTEN, PLC.
One Arizona Center
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Attorney for Community Water Company of Green Valley

Original and thirteen copies of the foregoing
filed this 9th day of July, 2014, with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Copy of the foregoing hand-delivered
this 9th day of July 2014 to:

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Phoenix, Arizona 85007

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SMYTH INDUSTRIES INC.

4010 E. Illinois St.
Tucson, AZ 85714
(520) 750-8719 Phone | (520) 750-9544 Fax

July 1, 2014

Community Water Company of Green Valley
1501 S. La Canada Dr.
Green Valley, AZ 85622

Dear Community Water,

This letter is in response to your request for Smyth Industries to evaluate the two options being considered to replace the existing hypalon tank at the Reservoir #2 site on Continental Road. The two options being considered are:

1. Install a new above-ground welded steel potable water storage tank.
2. Replace the existing below-ground hypalon tank.

We conclude that there are many advantages gained with the construction of a welded steel tank, including health and safety, cost, security, and maintenance while there are only minimal benefits gained with the installation of a new hypalon tank. The pros and cons are described in greater detail below.

Cost

The approximate cost to replace the Reservoir #2 hypalon tank is \$500,000 and the estimated service life of that tank is 12-13 years. The cost of the new welded steel tank is about \$1,000,000 with an estimated service life of 30 years. The cost per year of the hypalon tank is about \$38,000-42,000 while the cost per year of the welded steel tank is about \$33,000-34,000. Additionally the hypalon tank would require about 250 man hours of maintenance annually for the following actions:

- Dewatering the hypalon cover after rainfall
- Cleaning the hypalon cover
- Maintaining the motor operated valve
- Maintaining the pressure pump
- Maintaining the control system

The maintenance required for steel tanks is usually repair of the interior coatings. Typically these repairs are under warranty for the first 2 years of service. After warranty, about every 8-10 years coating maintenance is required at a cost of about \$5,000-\$10,000, and a full recoating of the tank interior may be needed after 15-20 years at a rough cost of about \$100,000.

Health and Safety

During site visits we observed and noticed the existing hypalon tank cover (which is at ground level and exposed to the elements) has been repaired, likely due to splitting or vandalism. These penetrations of the hypalon cover allow for contaminants to enter the tank prior to their repair.

License #ROC154663 A-General Engineering
License #ROC171540 L-11 Electrical
UL 508 A – Industrial Control Panels
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Additionally the connection of the hypalon tank cover to the concrete ring at the edge of the tank is made via plates and bolts. Said connection is not likely watertight which may permit contaminants to enter the tank via rainwater runoff. This is of concern when considering the proximity to the existing mine and desert animal fecal material. Another safety concern is that there is no way to inspect the inside of the hypalon tank, and Community Water has been unable to contract a certified diver to inspect the inside of the tank to date.

A welded steel tank would eliminate all of the health and safety concerns described above.

Hydraulic Advantages

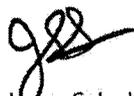
As mentioned prior, the existing hypalon tank is a below-ground storage vessel. Per plan documents provided by Community Water the bottom of the existing tank is 16-feet below ground surface. This requires that the inlet/outlet is at that level as well which reduces the amount of available head pressure within the system. Also the shared inlet/outlet in the existing system results in poor water exchange or circulation within the tank leading to stagnation and less desirable water quality.

An above-ground welded steel tank would increase the amount of head pressure available within the system and based on the information provided by Community Water it would reduce pumping costs at well #10. It would also allow for the elimination of the pressure pump at this site and create a redundant source of water pressure within the distribution system.

Additionally the welded steel tank design would include an inlet and outlet with at least 90-degrees of separation between which would increase circulation in the tank, thereby increasing water quality. Another benefit resulting from the above ground steel tank is that the Reservoir #2 site would then be under positive pressure which is generally more secure against contamination.

If you have any questions, comments, or concerns regarding the opinions and recommendations described herein please contact Smyth Industries.

Sincerely,



Jesse Schultz, PE
Project Manager

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