

SOUTHWEST ENVIRONMENTAL UT.

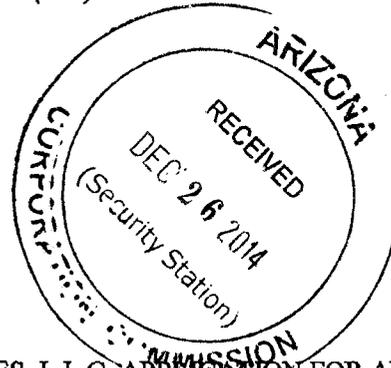


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5230 East Shea Boulevard, Suite 200 * Scottsdale, Arizona 85254
PH: (480) 998-3300; FAX: (480) 483-7908

December 22, 2014

Jian Liu
Water/Wastewater Engineer
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007



ORIGINAL

Re: **SOUTHWEST ENVIRONMENTAL UTILITIES, L.L.C. APPLICATION FOR APPROVAL OF
CERTIFICATE OF CONVENIENCE AND NECESSITY
Docket No. WS-20878A-13-0065
CONSTRUCTION COSTS AND CUSTOMER LOCATIONS - FIRST FIVE YEARS**

Dear Mr. Liu,

Within the first five years of when residents move into the Southwest Environmental Utilities service area, it is anticipated to have 590 residential customers, 3 commercial customers and 3 irrigation customers. The attached map shows the location and number of customers in the CC&N area within the first five years.

Construction Costs

Water

In the first five years of when the first resident moves into the area, the water infrastructure will consist of two well sites and all associated equipment, one 500,000 gallon storage tank, and transmission mains. All onsite water infrastructure will be funded by the developer through line extension agreements (Advances in Aid of Construction). For future water plants, it is anticipated that approximately 1,000 LF of 12" PVC pipe and 2 gate valves will be installed for each plant to connect the wells and tanks to the water distribution system. Two future water plants are planned for construction beyond the first five years, and therefore 2,000 LF of 12" PVC pipe and four valves has been subtracted from the estimated Construction Costs at Buildout. The Offsite Water Infrastructure Construction Cost Estimates at Buildout is found in Attachment A. Table 1 shows the costs of each water infrastructure component used by customers within the first five years.

Arizona Corporation Commission

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Table 1: Water Infrastructure for First Five Years

Description	Approximate Quantity	Unit	Unit Price	Total
Well Site	2	EA	\$671,112.00	\$1,342,224.00
500,000 Gallon Storage Tank	1	EA	\$600,000.00	\$600,000.00
16" AWWA C900 DR 18 PVC 150 psi	6,580	LF	\$45.00	\$296,100.00
12" AWWA C900 DR 18 PVC 150 psi	14,860 ¹	LF	\$35.00	\$520,100.00
10" AWWA C900 DR 18 PVC 150 psi	2,640	LF	\$28.00	\$73,920.00
8" AWWA C900 DR 18 PVC 150 psi	2,640	LF	\$20.00	\$52,800.00
16" Gate Valve, Box and Cover	9	EA	\$2,200.00	\$19,800.00
12" Gate Valve, Box and Cover	30 ¹	EA	\$1,870.00	\$56,100.00
10" Gate Valve, Box and Cover	4	EA	\$1,350.00	\$5,400.00
8" Gate Valve, Box and Cover	4	EA	\$890.00	\$3,560.00
PVC Water Main Locating Tape	28,720	LF	\$0.85	\$24,412.00
Total				\$2,994,416.00

¹ Estimated quantities before Water Plants No. 2 and 3 are constructed.

Sewer

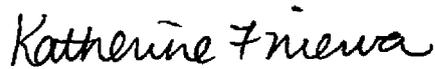
The sewer infrastructure will consist of a 0.3 MGD wastewater treatment plant, lift station, and gravity and force main piping. All onsite sewer infrastructure will be funded by the developer through line extension agreements (Advances in Aid of Construction). Attachment B shows the Offsite Sewer Infrastructure Construction Costs at Buildout. Table 2 below shows the costs of each sewer infrastructure component installed and constructed and used to serve customers at the end of the first five years.

Table 2: Sewer Infrastructure for First Five Years

Description	Approximate Quantity	Unit	Unit Price	Total
0.3 MGD Wastewater Treatment Plant	1	EA	\$3,000,000.00	\$3,000,000.00
Lift Station	1	EA	\$200,000.00	\$200,000.00
15" SDR 35 PVC Pipe	3,960	LF	\$32.00	\$126,720.00
12" SDR 35 PVC Pipe	3,960	LF	\$25.00	\$99,000.00
10" SDR 35 PVC Pipe	7,260	LF	\$18.00	\$130,680.00
8" SDR 35 PVC Pipe	2,400	LF	\$13.00	\$31,200.00
8" Force Main	2,800	LF	\$20.00	\$56,000.00
4' Diameter Manhole	21	EA	\$2,600.00	\$54,600.00
5' Diameter Manhole	16	EA	\$3,000.00	\$48,000.00
Total				\$3,746,200.00

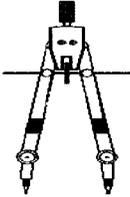
If you have any questions or comments, please feel free to contact me at (480) 998-3300.

Sincerely,



Katherine F. Nierva, P.E.
SOUTHWEST ENVIRONMENTAL UTILITIES, L.L.C.

Attachment A



SPECIFIC ENGINEERING, LLC.

5310 E. SHEA BOULEVARD SUITE 2
SCOTTSDALE, ARIZONA 85254
Phone: (480) 596-6335
FAX: (480) 596-6437



PRELIMINARY CONSTRUCTION ESTIMATE

PROJECT NO. 3200A001

PROJECT :Southwest Environmental Utilities Infrastructure

NO. of LOTS: N/A

10/21/2013

BY: SOUTHWEST ENVIRONMENTAL UTILITIES, LL

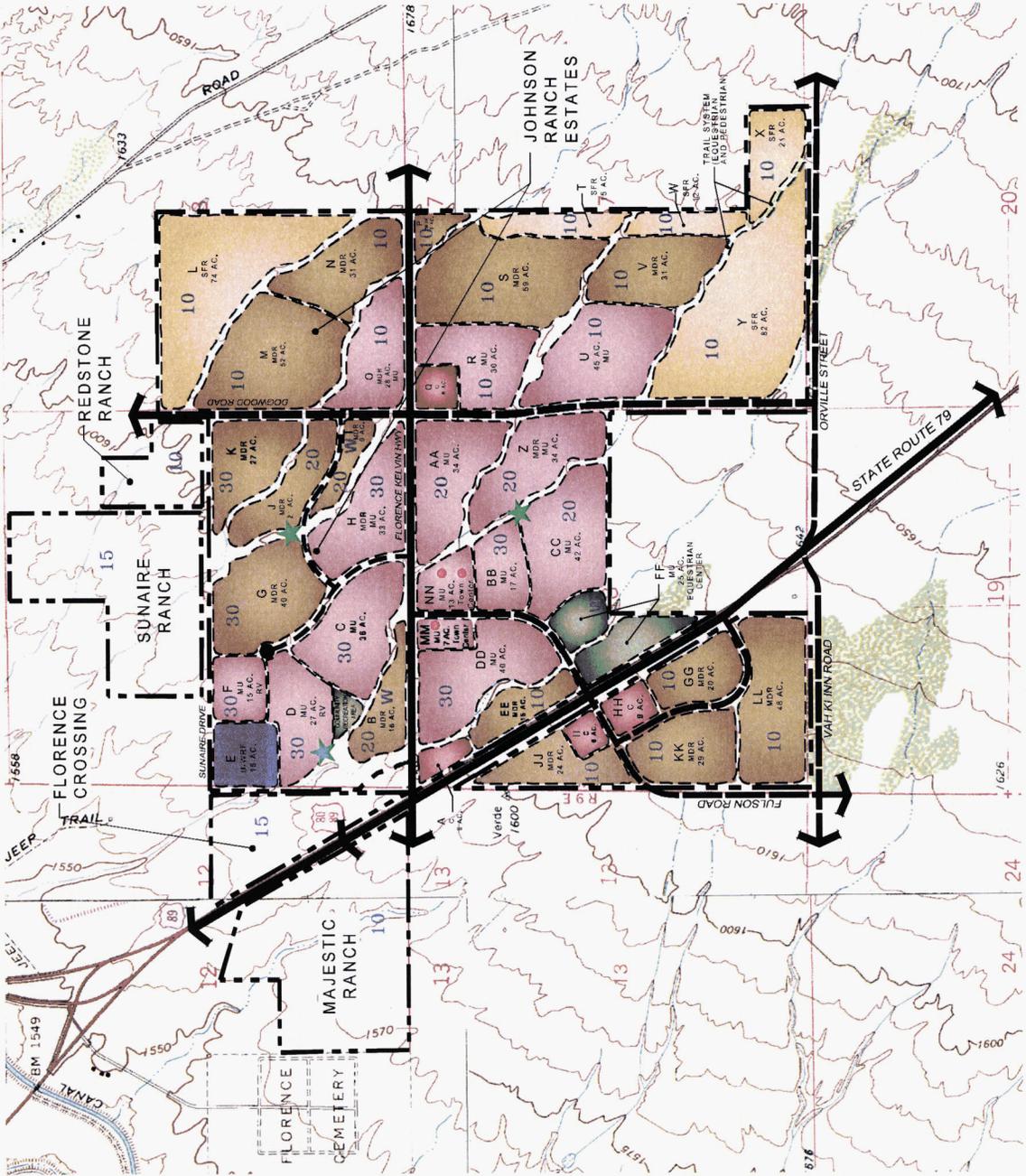
OFFSITE WATER INFRASTRUCTURE

Description	Unit	Approximate Quantity	Unit Price	TOTAL
16" AWWA C900 DR 18 PVC 150psi	LF	6,580	45.00	\$296,100.00
12" AWWA C900 DR 18 PVC 150psi	LF	22,360	35.00	\$782,600.00
10" AWWA C900 DR 18 PVC 150psi	LF	2,640	28.00	\$73,920.00
8" AWWA C900 DR 18 PVC 150psi	LF	2,640	17.00	\$44,880.00
16" GATE VALVE, BOX & COVER	EA	9	2,200.00	\$19,800.00
12" GATE VALVE, BOX & COVER	EA	34	1,870.00	\$63,580.00
10" GATE VALVE, BOX & COVER	EA	4	1,350.00	\$5,400.00
8" GATE VALVE, BOX & COVER	EA	4	890.00	\$3,560.00
PVC WATER MAIN LOCATING TAPE	LF	34,220	0.85	\$29,087.00
WELL WITH WATER PLANT NO.1	LS	1	671,112.00	\$671,112.00
WATER PLANT NO.1-500,000 GAL STORAGE TANK	LS	1	600,000.00	\$600,000.00
WELL WITH WATER PLANT NO.2	LS	1	671,112.00	\$671,112.00
WATER PLANT NO.2-500,000 GAL STORAGE TANK	LS	1	600,000.00	\$600,000.00
WELL WITH WATER PLANT NO.3	LS	1	671,112.00	\$671,112.00
WATER PLANT NO.3-500,000 GAL STORAGE TANK	LS	1	600,000.00	\$600,000.00
WELL WITH WATER PLANT NO. 4	LS	1	671,112.00	\$671,112.00
WATER PLANT NO. 4-500,000 GAL STORAGE TANK	LS	1	600,000.00	\$600,000.00
	SUBTOTAL			\$6,403,375.01

Note: Specific Engineering LLC has no control over the costs of labor, materials or equipment or over any contractor's method of determining prices or over competitive bidding or market conditions. Consequently, the estimates of cost contained herein represent Specific Engineering, LLC's opinions of probable cost and are made solely on the basis of experience and qualifications and represent only a best judgement as a design professional familiar with the construction industry. Specific Engineering LLC cannot and does not guarantee that proposals, bids or final construction costs will not vary from opinions of probable cost prepared by Specific Engineering LLC.

Attachment B

CUSTOMER TYPE	
RESIDENTIAL	10
COMMERCIAL	●
IRRIGATION	★



SOUTHWEST ENVIRONMENTAL UTILITIES, LLC.

CUSTOMER COUNTS - FIRST FIVE YEARS