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Arizona Corporation Commission

DOCKETED

FROM: Ernest G. Johnson
Director
for Utilities Division

NOV 17 2004

DATE November 17, 2004

DOCKETED BY *AK*

RE: STATUS REPORT- IN THE MATTER OF THE APPLICATION OF BEAVER VALLEY WATER COMPANY APPLICATION FOR THE SALE OF ASSETS AND TRANSFER OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY. DOCKET NO. W-02015A-03-0724

On October 1, 2003, Beaver Valley Water Company, ("Beaver Valley") filed for Commission approval of its sale of assets and transfer of its Certificate of Convenience and Necessity ("CC&N") as required in Decision No. 66388 (October 6, 2003).

On October 15, 2003, Utilities Division Staff ("Staff") informed Beaver that the application was insufficient for administrative purposes. On September 14, 2004, Beaver Valley provided evidence of the sale, financial information on the buyer, and evidence regarding the certified operator.

On October 14, 2004, the Arizona Department of Environmental Quality ("ADEQ") informed Staff that Beaver Valley was delivering water that meets the water quality standards required by Title 18, Chapter 4 of the Arizona Administrative Code.

In Decision No. 66388, the Commission conditioned the authorized rate increase to be effective subsequent to demonstrating compliance with ADEQ and Commission approval of a transfer of the CC&N. Contrary to the Commission's authorization, Beaver Valley began charging customers the higher rates in October 2003, prior to complying with the Commission's requirements.

Staff is working with Beaver Valley to quantify the over charges and facilitate an agreement on the refunding of those charges to the affected customers. Until Staff obtains agreement with Beaver Valley, the utility will not be in compliance with all Commission decisions; Staff requires additional time to work with the utility before it can make its recommendation. Staff is hopeful that working with the Beaver Valley will obviate the need to file an Order to Show Cause.

Staff will require 90 days with which to obtain and finalize a rate refunding agreement with Beaver Valley. Once Staff obtains agreement, it will file the agreement with Staff's recommendation on the CC&N transfer.

Originator: Jim Fisher
CC: Brian Bozzo

SERVICE LIST FOR: BEAVER VALLEY WATER COMPANY

DOCKET NO. W-02015A-03-0724

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