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MEMORANDUM

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AZ CORP COMMISSION
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TO: Docket Control

FROM: Ernest G. Johnson
Director
Utilities Division

DATE: November 30, 2004

RE: BEAVER DAM WATER COMPANY, INC.'S APPLICATION FOR APPROVAL OF LONG-TERM FINANCING (DOCKET NO. W-03067A-04-0444)

BEAVER DAM WATER COMPANY, INC.'S APPLICATION FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICE IN MOHAVE COUNTY, ARIZONA (DOCKET NO. W-03067A-04-0445)

BEAVER DAM WATER COMPANY, INC.'S APPLICATION FOR THE SALE OF ASSETS AND TRANSFER OF THE LTTLEFIELD WATER COMPANY CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICE IN MOHAVE COUNTY, ARIZONA (DOCKET NOS. W-03067A-04-0652 AND W-02298A-04-0652)

Attached is the Staff Report for the above referenced applications. Staff is recommending approval of the applications with conditions.

EGJ:JEF:lhm

Originator: Jim Fisher

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Arizona Corporation Commission
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ARIZ. CORPORATION COMMISSION

EXHIBIT
admitted

Service List for: Beaver Dam Water Company
Docket Nos. W-03067A-04-0444, W-03067A-04-0445 and W-03067A-04-0652

And

Littlefield Water Company
Docket No. W-02298A-04-0652

Mr. Bob Frisby
Manager
Beaver Dam Water Company
Post Office Box 550
Beaver Dam, Arizona 86432

Mr. Melvin Peterson
Littlefield Water Company
Post Office Box 140
Littlefield, Arizona 86432

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

APPLICATION FOR APPROVAL OF LONG-TERM FINANCING (DOCKET NO. W-03067A-04-0444)

BEAVER DAM WATER COMPANY, INC.
APPLICATION FOR AN EXTENSION OF
ITS CC&N TO PROVIDE WATER SERVICE
IN MARICOPA COUNTY, ARIZONA
(DOCKET NO. W-03067A-04-0445)

APPLICATION FOR THE SALE OF ASSETS
AND TRANSFER OF THE LTTLEFIELD
WATER COMPANY CC&N
(DOCKET NOS. W-03067A-04-0652 AND
W-02298A-04-0652)

NOVEMBER 2004

STAFF ACKOWLEDGEMENT

The Staff Report for Beaver Dam Water Company, Inc. (Docket Nos. W-03067A-04-0444, W-03067A-04-0445, W-03067A-04-0652), and Littlefield Water Company (Docket No. W-02298A-04-0652), was the responsibility of the Staff members listed below. Jim Fisher was responsible for the review and analysis of the Company's applications. Marlin Scott, Jr., was responsible for the engineering and technical analysis. Jim Johnson was responsible for financial analysis.

Contributing Staff:

Jim Fisher
Executive Consultant II

Marlin Scott, Jr.
Utilities Engineer

Jim H. Johnson
Public Utilities Analyst III

EXECUTIVE SUMMARY
BEAVER DAM WATER COMPANY, INC.
LITTLEFIELD WATER COMPANY
CONSOLIDATED DOCKET

On June 15, 2004, Beaver Dam Water Company, Inc., ("Beaver Dam" or "Company"), a certificated Arizona public service corporation, filed applications with the Arizona Corporation Commission ("ACC" or "Commission") requesting approval for an extension of its existing Certificate of Convenience and Necessity ("CC&N") to include additional property in Mohave County, Arizona. The Company also requested Commission approval for long-term debt.

On September 9, 2004, Beaver Dam and Littlefield Water Company ("Littlefield") filed an application with the Commission requesting approval of the sale of assets and transfer of the Littlefield's CC&N to Beaver Dam.

Beaver Dam is requesting approximately six square miles of contiguous territory adjacent to the southern portion of its current CC&N, and to the existing Littlefield system, in response to requests by developers. Beaver Dam is the only water company willing and able to provide service to the requested developments.

On June 9, 2004, Beaver Dam and Littlefield entered into a transfer of assets and purchase agreement. Beaver Dam is to pay the owners of Littlefield $5,000 for the assets. Littlefield is to deliver a special warranty deed conveying the assets to Beaver Dam. Littlefield has no refunds or deposits due customers.

The Company is seeking approval to obtain a Water Infrastructure Finance Authority ("WIFA") long-term loan of $170,703 to fund improvements. WIFA is providing a loan of 20 years, with 6 percent interest. According to Staff's review, the proposed WIFA loan is appropriate, compatible with sound financial practice and will not impair the Company from providing service to the public.

Beaver Dam has a combined well production capacity in excess of 240 GPM, three storage tanks totaling 150,000 gallons. Staff concludes that the existing systems have adequate production and storage capacity to serve the existing and proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.

Staff recommends that the Commission approve the Beaver Dam Water Company, Inc.'s application for an extension of its Certificate of Convenience and Necessity in a portion of Mohave County to provide water service, subject to compliance with the following conditions:

1. To require the Beaver Dam Water Company, Inc., to charge its existing rates and charges in the proposed extension area.

2. To require Beaver Dam Water Company, Inc., to file with Docket Control as a compliance filing, the main extension agreement associated with the proposed extension areas within 365 days of the effective date of any decision in this matter.

3. To require Beaver Dam Water Company, Inc., to file with Docket Control as a compliance filing, a report regarding the arsenic level of the proposed well at Shadow Ridge Subdivision within 365 days of the effective date of any decision in this matter.

4. To require Beaver Dam Water Company, Inc., to file with Docket Control as a compliance filing, a copy of the ADEQ Certificate of Approval to Construct within 365 days of any decision in this matter.

5. To require Beaver Dam Water Company, Inc., to file with Docket Control as a compliance filing, a copy of the developers Certificate of Assured Water Supply, where applicable or when required by statute.

Staff further recommends that the Commission's Decision granting this extension of its Certificate of Convenience and Necessity to the Beaver Dam Water Company, Inc. be considered null and void without further order from the Commission should Beaver Dam Water Company, Inc. fail to meet Condition Nos. 2, 3 and 4 within the time specified.

Staff further recommends that the Commission approve the sale and transfer of Littlefield Water Company's assets and Certificate of Convenience and Necessity to Beaver Dam Water Company, Inc. subject to compliance with the following conditions:

1. To require Beaver Dam Water Company, Inc. charge residential customers the current authorized rates established for Littlefield Water Company.

2. To require Beaver Dam Water Company, Inc. charge large meter customers of the Littlefield Water System rates consistent with Decision No. 64662.

Staff further recommends that the Commission authorize Beaver Dam Water Company, Inc., to borrow an amount not to exceed $170,703 consistent with the terms, conditions and purpose described within this report.

Staff recommends approval of the attached curtailment tariffs in this proceeding.

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Introduction

On June 15, 2004, Beaver Dam Water Company, Inc., ("Beaver Dam" or "Company"), a certificated Arizona public service corporation, filed applications with the Arizona Corporation Commission ("ACC" or "Commission") requesting approval for an extension of its existing Certificate of Convenience and Necessity ("CC&N") to include additional property in Mohave County, Arizona. The Company also requested Commission approval for long-term debt.

On July 15, 2004, Utilities Division Staff ("Staff") informed the Company the applications were sufficient for administrative purposes.

On September 9, 2004, Beaver Dam and Littlefield Water Company ("Littlefield") filed an application with the Commission requesting approval of the sale of assets and transfer of the Littlefield's CC&N to Beaver Dam.

Background

Beaver Dam is an Arizona corporation authorized to provide water service in a portion of Mohave County. The Company was authorized its original CC&N in Decision No. 55788, November 13, 1987. Beaver Dam currently serves approximately 230 customers located in the northwest corner of the state, approximately four miles east of the Town of Littlefield, Arizona.

Littlefield is an Arizona public service corporation certificated by the Commission to serve a portion of Mohave County in Decision No. 47690 (February 22, 1977). The Commission deleted a potion of Littlefield's CC&N in Decision No. 65977 (June 17, 2003). According to its last annual report, Littlefield serves 22 customers.

By this application, Beaver Dam is seeking to take over a nearby water system, extend its CC&N to include approximately six and one-half square miles in two separate areas, and obtain long-term debt authority to facilitate interconnection and reliability.

The Extension Requests

Beaver Dam is requesting approximately three square miles of contiguous territory adjacent to the southern portion of its current CC&N in response to a request by developers. Millenia Investment Corp. ("Millenia") has requested Beaver Dam to provide service to portions of Section 17 and 21 of Township 39 North, 16 West. Millenia is developing 391 single family lots on the requested parcel.

Beaver Dam is the only water company willing and able to provide service to the requested development. Virgin Mountain Utilities Company is certificated for an adjacent parcel. However, Virgin Mountain Utilities Company has no water production, storage or distribution facilities. Virgin Mountain Utilities Company is not offering service within its current CC&N and is unable to extend service to include the Millenia parcels.

In addition, Beaver Dam is requesting approximately three square miles adjacent to Littlefield Water Company in response for a request for service. On May 19, 2004, Walott Corporation requested Beaver Dam to extend its CC&N to include Section 5 of Township 40 North Range 15 West.

Finance of Facilities

The Company is seeking approval to obtain a Water Infrastructure Finance Authority ("WIFA") long-term loan of $170,703 to fund reliability improvements. This WIFA loan is to supplement a main extension project totaling $410,998.

Beaver Dam is requesting $170,703 of WIFA debt to fund construction of facilities to interconnect the Littlefield system with the Beaver Dam system. WIFA is providing a loan of 20 years, with 6 percent interest. Staff's analysis shows that debt service would be approximately $14,675 per year.

According to Staff's review of the Company's financial performance, Beaver Dam will have sufficient cash flow to service the proposed debt.

The proposed WIFA loan is appropriate, compatible with sound financial practice and will not impair the Company from providing service to the public.

On May 26, 2004, Beaver Dam and Millenia, signed a main extension agreement to finance a large portion of the required transmission and distribution facilities with Advances in Aid of Construction. Advances in Aid of Construction are often in the form of main extension agreements. Main extension agreements generally require the developer to design, construct and install (or cause to be) all facilities to provide adequate service to the development. The developer is required to pay all costs of constructing the required facilities necessary to serve the development. Upon acceptance of the facilities by the utility the developer will convey the water facilities by way of a warranty deed. The utility will often refund ten (10) percent of the annual water revenue associated with development for a period of ten (10) years.

Sale of Littlefield

On June 9, 2004, Beaver Dam and Littlefield entered into a transfer of assets and purchase agreement. Beaver Dam is to pay the owners of Littlefield $5,000 for the assets. Littlefield is to deliver a special warranty deed conveying the assets to Beaver Dam.

According to the Company's application, no customer security deposits have been collected. In addition, the Application also states that Littlefield has no refunds due on main extension agreements.

Existing Systems

Beaver Dam

Beaver Dam has separate water systems, two systems in the vicinity of the community of Littlefield and one system near the Mesquite, Nevada state line. Brief system descriptions are:

1.) System #1, PWS #08-311: Located in Littlefield, this system has a well producing 100 gallons per minute ("GPM"), a 50,000 gallon storage tank and a distribution system serving one customer, a RV Park. This RV Park has approximately 100 available lots with 85 lots being occupied at this time.

2.) System #2, PWS #08-006 (Main System): Located in Littlefield, this system has a well producing 140 GPM, two storage tanks (40,000 and 60,000 gallons), a booster system and a distribution system serving 130 service connections. A new well (400 GPM) was constructed within the well/pumping site and is currently pending for a Certificate of Approval of Construction from ADEQ.

3.) System #3, PWS #08-093: Located at the Arizona/Nevada Stateline, this system is a consecutive water system to the Virgin Valley Water District ("VVWD") in Mesquite, Nevada. The VVWD provides the source supply through a 12-inch by 6-inch compound master-meter (estimated at 3,000 GPM) to System #3's distribution system serving 30 service connections. Beaver Dam is in the process of purchasing a well site (550 GPM) that will be connected to this water system in the future.

Littlefield

According to its 2003 Annual Report, Littlefield has a water system consisting of a well having a 4-inch casing to a depth of 95 feet (equipped with a 5–Horsepower well pump producing 80 GPM), a 25,000 gallon storage tank, a booster system installation by Beaver Dam, and a distribution system consisting of 3,000 feet of 4-inch poly-vinyl chloride pipe serving 22 customers having 3/4-inch meters. This utility's plant-in-service has an original cost of $45,800.

Capacity

Beaver Dam Systems #1 and #2

The Beaver Dam Systems #1 and #2 have a combined well production capacity of 240 GPM, three storage tanks totaling 150,000 gallons and distribution systems serving 131 connections. Based on historical growth rates, it is anticipated that the existing service area could grow to approximately 225 connections at the end of five years. Beaver Dam has predicted an additional 200 connections for the proposed CC&N extension at the end of five years, resulting in a projected total customer base of approximately 425 at the end of five years.

Based on the existing well production and storage capacities, the combined systems can serve approximately 600 service connections. Staff concludes that the existing systems have adequate production and storage capacity to serve the existing and proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.

Beaver Dam System #3

The Beaver Dam System #3 has a source production capacity estimated at 3,000 GPM and distribution system serving 30 connections. The 3,000 GPM source supply from VVWD is more than adequate to serve the present and future customer base and provide fire flow protection.

Beaver Dam's proposed new water system to serve the Millennia Investment Corporation project – Shadow Ridge Subdivision will have a well production capacity of 300 GPM, a 500,000 gallons storage tank and distribution system to serve 391 connections. Staff concludes that the new proposed system will have adequate production and storage capacity to serve the proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.

Proposed Plant Facilities

Beaver Dam Systems #1 and #2

Beaver Dam is proposing to extend its water system into the requested areas through the use of a WIFA loan and MXAs. This WIFA loan in the amount of $170,703 will supplement a main extension project called Littlefield Line Extension, totaling $410,998 with a financing breakdown as follows:

WIFA loan	$170,703
Walott Corp (within requested CC&N extension)	$72,000
Feen-Robbins (within Littlefield certificate)	$135,360
Reber/Beaver Dam (within Littlefield certificate)	$32,935
Total project:	$410,998

Beaver Dam System #3

Beaver Dam is proposing to construct a new separate water system in the requested area through the use of a MXA in the amount of $717,367 with estimated project costs as follows:

Project 1 - Well, tank and pump house	$237,800
Project 2 - Shadow Ridge Subdivision, 60 acre parcel	$252,172
Project 3 - Shadow Ridge Subdivision, 40 acre parcel	$227,395
Total:	$717,367

The MXA is still under negotiation for final approval by Beaver Dam and the developer. Once the MXA is completed for the Shadow Ridge Subdivision project, Staff recommends that this MXA be submitted to Staff for review and approval.

After review of the Littlefield Line Extension ($410,998) and Shadow Ridge Subdivision project ($717,367), Staff found the proposed plant facilities and costs to be appropriate and reasonable. Staff, however, has not made a determination of the capital improvements as "used and useful" at this time, but defers this determination until Beaver Dam files its next rate application.

Arizona Department of Environmental Quality ("ADEQ") Compliance

Compliance Status for Beaver Dam Systems

ADEQ regulates the Beaver Dam Water Systems #1, #2, and #3 under Public Water System I.D. #08-311, #08-006 and #08-093, respectively. Based on data submitted by Beaver Dam to ADEQ, ADEQ has provided the following:

1. System #1, PWS #08-311, is a transient non-community water system that has no deficiencies and ADEQ has determined that System #1 is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

2. This Main System, System #2, PWS #08-006, has no deficiencies and ADEQ has determined that this System #2 is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

3. System #3, PWS #08-093, is a consecutive water system and currently has no ADEQ monitoring or reporting requirements.

Compliance Status for Littlefield System

ADEQ regulates the Littlefield system under PWS #08-025. ADEQ reported major deficiencies of monitoring and reporting requirements for, 1) failure to provide calendar year 2002 and 2003 consumer confidence reports, 2) failure to complete the initial baseline lead and copper monitoring, and 3) failure to provide annual nitrate monitoring in which ADEQ has no record of any nitrate analyses results for this system. Based on these deficiencies, ADEQ cannot determine if the Littlefield system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

According to Beaver Dam, if the financing, CC&N extension and sale/transfer applications are approved in this proceeding, the Littlefield well site will be abandoned.

Certificate of Approval to Construct

On March 23, 2004, Beaver Dam was issued the ADEQ Certificate of Approval to Construct ("ATC") for construction of facilities for the Littlefield Line Extension for System #1, PWS #08-006.

Beaver Dam has not received the ATC for construction of facilities for the Millennia Investment Corporation – Shadow Ridge Subdivision project. Staff recommends that Beaver Dam submit to the Utilities Division Manager of Compliance a copy of the ATC when received by Beaver Dam.

Arsenic

The U. S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter ("µg/l") to 10 µg/l. The date for compliance with the new MCL is January 23, 2006.

Beaver Dam indicated the arsenic levels for its source supplies for System #1 was not detected, System #2 at 6 µg/l, and System #3 at 33 µg/l (consecutive system from VVWD). Based on these arsenic levels, Beaver Dam Systems #1 and #2 are in compliance with the new arsenic MCL of 10 µg/l. The VVWD's arsenic level of 33 µg/l is an average value from its numerous well supplies and is currently evaluating treatment options within the State of Nevada.

The Littlefield well source's arsenic level is unknown at this time. Beaver Dam is proposing to cap and abandon this well site during the construction of the Littlefield Line Extension project.

The arsenic level of the Shadow Ridge Subdivision project's well source is unknown at this time. If this new source has an arsenic level exceeding the new arsenic MCL, any treatment cost associated with meeting the new standard should be the responsibility of the developer and addressed in the MXA.

Arizona Department of Water Resources ("ADWR") Compliance

Compliance Status

Beaver Dam and Littlefield are not located in any Active Management Area ("AMA") and not subject to AMA reporting and conservation requirements.

Certificate of Assured Water Supply

Staff recommends that Beaver Dam file with Docket Control as a compliance filing, copies of the developers' Certificate of Assured Water Supply for the requested areas, where applicable or when required by statute.

Arizona Corporation Commission ("ACC") Compliance

A check with the Utilities Division Manager of Compliance showed no outstanding compliance issues for Beaver Dam and Littlefield.

Curtailment Plan Tariff

A Curtailment Plan Tariff ("CPT") is an effective tool to allow a water company to manage its resources during periods of shortages due to pump breakdowns, droughts, or other unforeseeable events. Since Beaver Dam does not have this type of tariff, this consolidated proceeding provides an opportune time to prepare and file such a tariff. Staff and Beaver Dam have jointly reviewed the CPT and have agreed to the attached CPTs, labeled Attachments CPT-1 and CPT-2. Staff recommends approval of the attached curtailment tariffs in this proceeding.

Proposed Rates

Beaver Dam has proposed to extend service to the extension area at its authorized rates.

Beaver Dam will continue to charge the existing residential customers of the Littlefield System its authorized Littlefield rates until such time as new rates are authorized by the Commission.

In addition to the above, on November 15, 2004, Beaver Dam requested authorization to charge large meter customers consistent with Decision No. 64662 (March 25, 2002). Currently, Littlefield charges large meter customers the same rates as residential customers. In Decision No. 64662, Beaver Dam was authorized to charge the existing large meter customers consistent with the existing rates of the transferring system.

In this instance, Beaver Dam is requesting existing large meter customers pay rates consistent with the rates required of other customers served by Beaver Dam. Littlefield never obtained an authorized rate for 4-inch and 6-inch customers; however, large meter customers are paying the same rate as residential customers.

Large meter customers paying the same rate as residential customers can result in the large customer being subsidized by the residential customers. In addition, charging lower rates for one RV park versus another RV park can also result in subsidization between customers.

Staff believes the current 4- and 6-inch customers of Littlefield have been charged an unauthorized rate. In Decision No. 64662, the Commission authorized Beaver Dam large meter

rates. Staff recommends that all large meter customers served by Beaver Dam be charged consistent with those authorized rates.

Recommendations

Staff recommends that the Commission approve the Beaver Dam Water Company, Inc.'s application for an extension of its Certificate of Convenience and Necessity in a portion of Mohave County to provide water service, subject to compliance with the following conditions:

1. To require the Beaver Dam Water Company, Inc., to charge its existing rates and charges in the proposed extension area.

2. To require Beaver Dam Water Company, Inc., to file with Docket Control as a compliance filing, the main extension agreement associated with the proposed extension areas within 365 days of the effective date of any decision in this matter.

3. To require Beaver Dam Water Company, Inc., to file with Docket Control as a compliance filing, a report regarding the arsenic level of the proposed well at Shadow Ridge Subdivision within 365 days of the effective date of any decision in this matter.

4. To require Beaver Dam Water Company, Inc., to file with Docket Control as a compliance filing, a copy of the ADEQ Certificate of Approval to Construct within 365 days of any decision in this matter.

5. To require Beaver Dam Water Company, Inc., to file with Docket Control as a compliance filing, a copy of the developers Certificate of Assured Water Supply, where applicable or when required by statute.

Staff further recommends that the Commission's Decision granting this Extension of its Certificate of Convenience and Necessity to the Beaver Dam Water Company, Inc. be considered null and void without further order from the Commission should Beaver Dam Water Company, Inc. fail to meet Condition Nos. 2, 3 and 4 within the time specified.

Staff further recommends that the Commission approve the sale and transfer of Littlefield Water Company's assets and Certificate of Convenience and Necessity to Beaver Dam Water Company, Inc. subject to compliance with the following conditions:

1. To require Beaver Dam Water Company, Inc. charge residential customers the current authorized rates established for Littlefield Water Company.

2. To require Beaver Dam Water Company, Inc. charge large meter customers of the Littlefield Water System rates consistent with Decision No. 64662.

Staff further recommends that the Commission authorize Beaver Dam Water Company, Inc., to borrow an amount not to exceed $170,703 consistent with the terms, conditions and purpose described within this report.

Staff recommends approval of the attached curtailment tariffs in this proceeding.

ATTACHMENT A

MEMORANDUM

TO: Jim Fisher
Executive Consultant II
Utilities Division

FROM: Barb Wells
Information Technology Specialist
Utilities Division

THRU: Del Smith
Engineering Supervisor
Utilities Division

DATE: September 13, 2004

RE: **BEAVER DAM WATER COMPANY (DOCKET NO. W-03067A-04-0445)**

The area requested by Beaver Dam has been plotted using a second revised legal description, which has been docketed. This legal description is attached and should be used (in conjunction with the first revised legal description) in place of the original description submitted with the application.

Also attached is a copy of the map for your files.

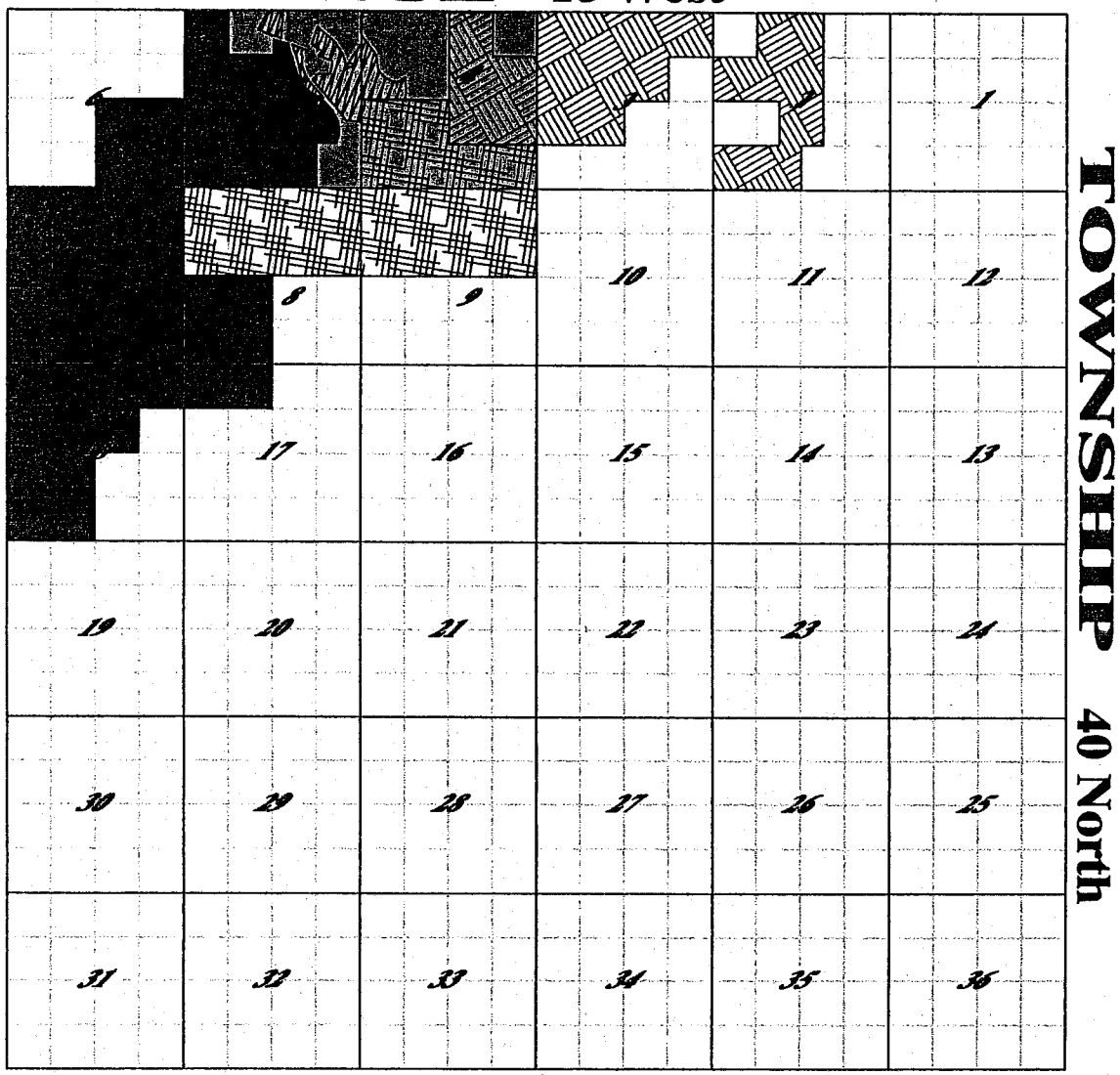
:bsw

Attachments

cc: Docket Control
Mr. Bob Frisby
Deb Person (Hand Carried)
File

COUNTY: *Mohave*

RANGE 15 West



W-3067 (4)
Beaver Dam Water Company, Inc.

W-4049 (2)
DS Water Company

W-2298 (1)
Littlefield Water Company

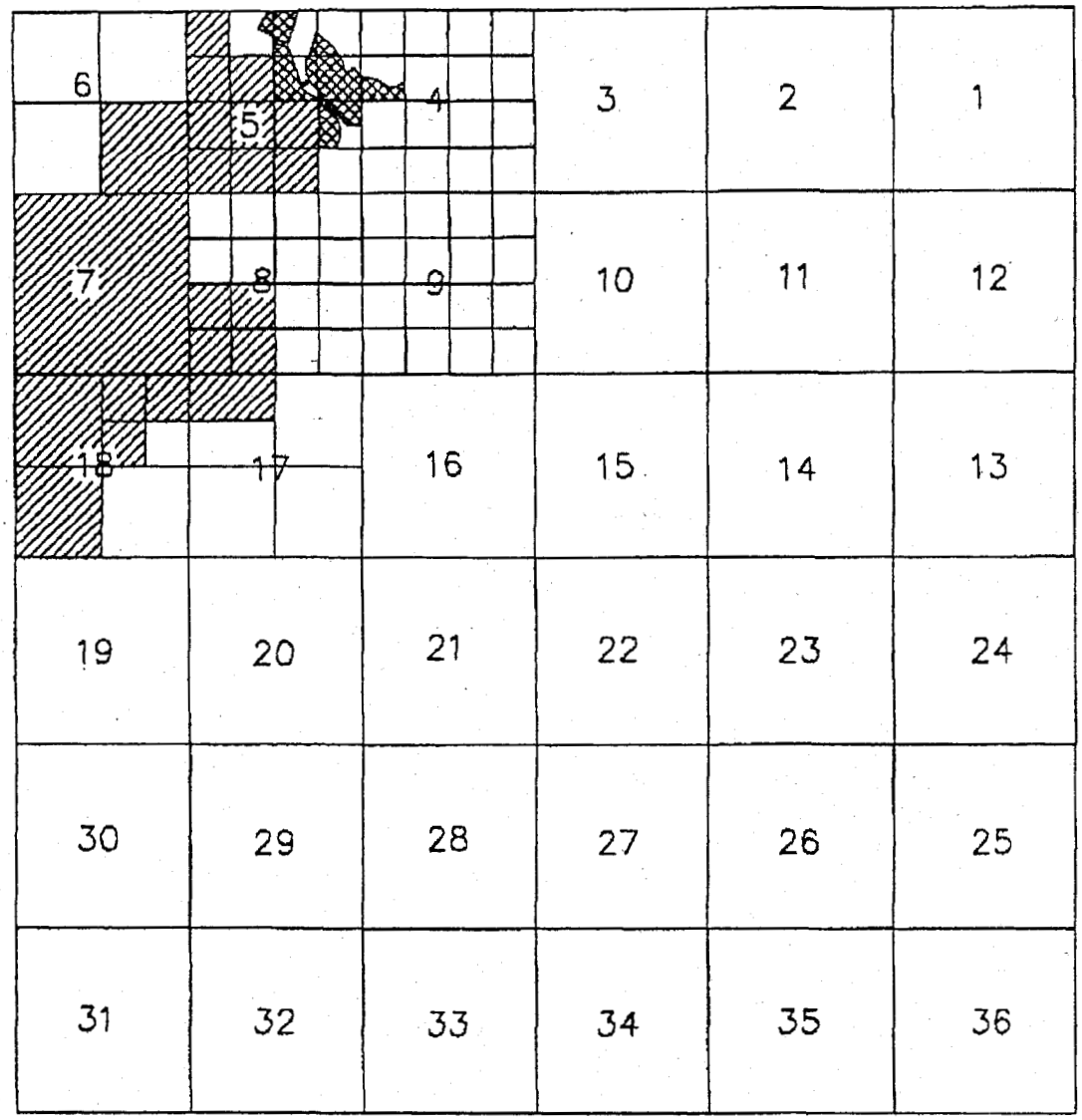
Sewer (2)
Virgin River Domestic Wastewater Improvement District (Nonjurisdictional)

Beaver Dam Water Company
Docket No. W-3067-04-445
Application for Extension

TR40N15W 24 OCT 2003

ATTACHMENT "B"

COUNTY	SECTION	TOWNSHIP	RANGE
MOHAVE	4, 5, 6, 7, 8, 17 & 18	40 N	15 W



ADDITION:

All of the SW 1/4, W 1/2 of the SE 1/4, the S 1/2 of the NW 1/4 and the NW 1/4 of the NW 1/4 of Section 5, the SE 1/4 of Sections 6, all of Section 7, all of the SW 1/4 of Section 8, all of the N 1/2 of the NW 1/4 of Section 17, all of the W 1/2, the N 1/2 of the NE 1/4 and the SW 1/4 of the NE 1/4 of Section 18, Township 40 North, Range 15 West, G&SRBM.

MEMORANDUM

TO: Jim Fisher
Executive Consultant II
Utilities Division

FROM: Barb Wells
Information Technology Specialist
Utilities Division

THRU: Del Smith
Engineering Supervisor
Utilities Division

DATE: July 27, 2004

RE: **BEAVER DAM WATER COMPANY [DOCKET NO. W-03067A-04-0445]**

The area requested by Beaver Dam has been plotted using a revised legal description, which has been docketed, is attached and should be used in place of the original description submitted with the application.

Also attached are copies of the maps for your files.

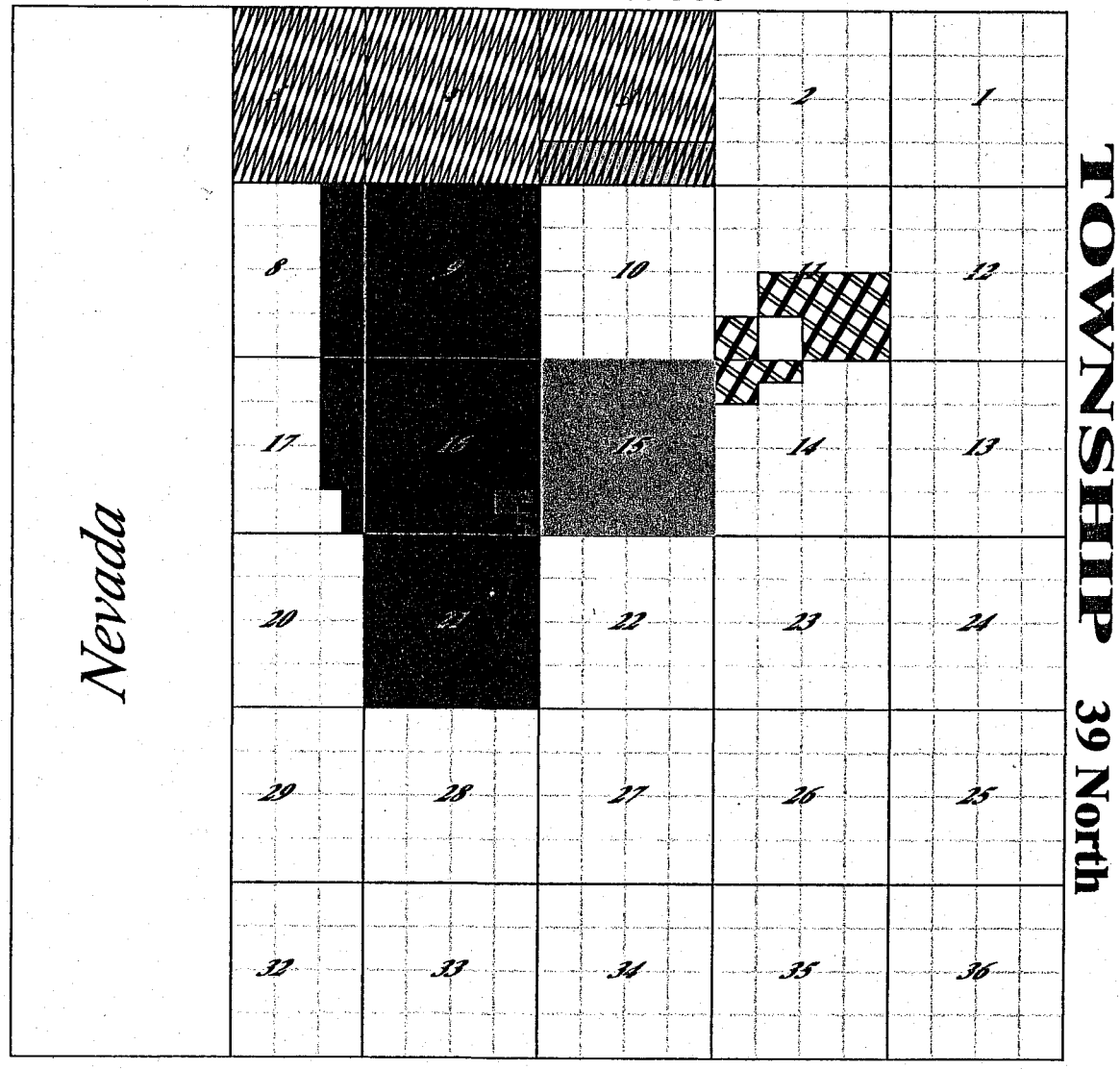
:bsw

Attachments

cc: Docket Control
Mr. Bob Frisby
Deb Person (Hand Carried)
File

COUNTY: *Mohave*

RANGE 16 West



W-3067 (4)
Beaver Dam Water Company, Inc.

W-3551 (1)
Virgin Mountain Utilities Company

(1)
Sunrise Well Association, Inc. (Nonjurisdictional)

Beaver Dam Water Company, Inc.
Docket No. W-3067-04-216
Application for Deletion

Beaver Dam Water Company
Docket No. W-3067-04-445
Application for Extension

Virgin Mountain Utilities Company
Docket No. W-3551-04-325
Application for Extension

TR39N16W 25 MAR 2002

All of Sections 9 and 21;

All of Section 16 except the following:

The East 396 feet of the S 1/2 of the SE 1/4 of the SE 1/4 of the SE 1/4
N 1/2 of the SE 1/4 of the SE 1/4 of the SE 1/4
S 1/2 of the NW 1/4 of SE 1/4 of SE 1/4
N 1/2 of the NW 1/4 of SE 1/4 of SE 1/4
N 1/2 of the NE 1/4 of SW 1/4 of SE 1/4

Section 8:
E 1/2 of the E 1/2

Section 17:
E 1/2 of the NE 1/4
NE 1/4 of the SE 1/4
E 1/2 of the SE 1/4 of the SE 1/4

All located in Township 39 North, Range 16 West, of the Gila and Salt River Base and Meridian, Mohave County, Arizona.

and

BEGINNING at the center 1/4 corner of Section 5, Township 40 North, Range 15 West, of the Gila and Salt River Base and Meridian, Mohave County, Arizona, said point being North 00 degrees 05 minutes 25 seconds West 2641.22 feet along the center section line from the south 1/4 corner of said Section 5 (Brass Cap), and running

THENCE North 00 degrees 05 minutes 25 seconds West 1786.80 feet along the center section line;

THENCE South 72 degrees 19 minutes 00 seconds East 489.03 feet;

THENCE South 17 degrees 30 minutes 00 seconds East 1180.00 feet;

THENCE North 56 degrees 14 minutes 00 seconds East 219.94 feet to the westerly right of way line of Old U.S. Highway No. 91 (a Mohave County right of way);

THENCE along the arc of a curve to the left and right of way, said curve having a radius of 931.92 feet, arc length of 80.05 feet, central angle of 04 degrees 55 minutes 19 seconds;

THENCE South 56 degrees 14 minutes 00 seconds West 285.03 feet

THENCE South 51 degrees 15 minutes 00 seconds East 472.82 feet;

THENCE South 68 degrees 50 minutes 00 seconds East 190.59 feet;

THENCE North 32 degrees 50 minutes 00 seconds East 111.87 feet to said U.S. No. 91 right of way line; THENCE along said right of way line as follows:

South 40 degrees 55 minutes 12 seconds East 98.82 feet;

THENCE South 49 degrees 04 minutes 48 seconds West 25.00 feet;

THENCE South 40 degrees 55 minutes 12 seconds East 439.97 feet;

THENCE along the arc of a curve to the right, said curve having a radius of 1372.94 feet, arch length of 199.15 feet and a central angle of 08 degrees 18 minutes 39 seconds;

THENCE South 23 degrees 42 minutes 30 seconds East 116.66 feet;

THENCE along the arc of a curve to the right, said curve having a radius of 894.93 feet, arc length of 781.18 feet and a central angle of 50 degrees 00 minutes 48 seconds;

THENCE leaving said right of way North 89 degrees 57 minutes 23 seconds West 551.84 feet to the West line of the Northeast quarter of the Southeast quarter of said Section 5;

THENCE North 00 degrees 07 minutes 17 seconds West 1113.17 feet along the 1/16 line;

THENCE North 45 degrees 55 minutes 28 seconds East 168.24 feet;

THENCE North 58 degrees 27 minutes 25 seconds West 197.79 feet;

THENCE South 45 degrees 37 minutes 04 seconds West 18.26 feet to the center section line of said Section 5;

THENCE North 89 degrees 58 minutes 03 seconds West 1259.04 feet along the center section line to the POINT OF BEGINNING.

MEMORANDUM

TO: Jim Fisher
Executive Consultant II
Utilities Division

FROM: Barb Wells
Information Technology Specialist
Utilities Division

THRU: Del Smith
Engineering Supervisor
Utilities Division

DATE: September 13, 2004

RE: **LITTLEFIELD WATER COMPANY (DOCKET NO. W-02298A-04-0652)**
BEAVER DAM WATER COMPANY (DOCKET NO. W-03067A-04-0652)

Littlefield Water Company has filed an application to transfer its CC&N to Beaver Dam Water Company.

Attached is a copy of the map for your files.

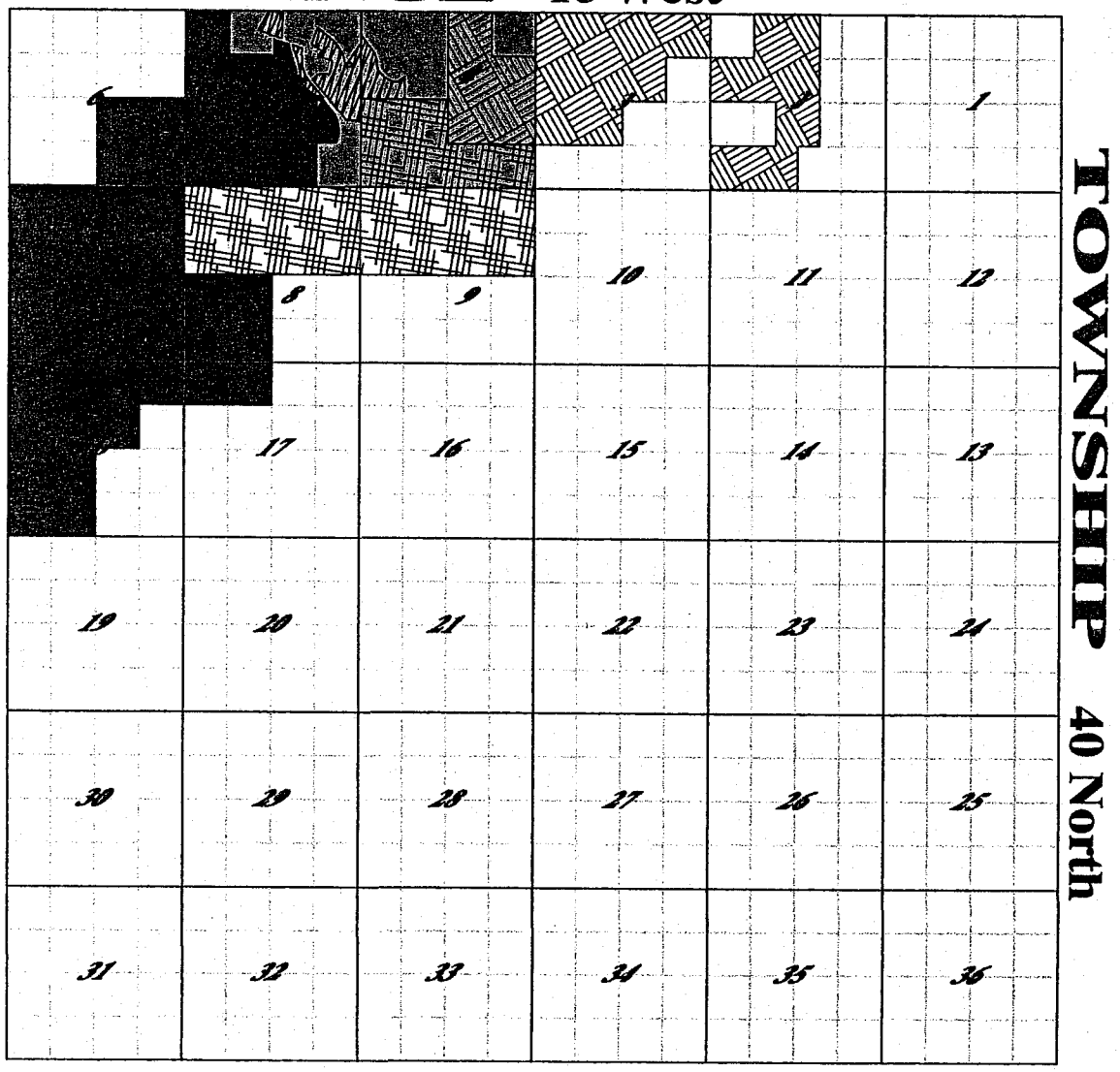
:bsw

Attachment

cc: Docket Control
Littlefield Water Company
Beaver Dam Water Company (Mr. Bob Frisby)
File

COUNTY: *Mohave*

RANGE 15 West



W-3067 (4)
Beaver Dam Water Company, Inc.

W-4049 (2)
DS Water Company

W-2298 (1)
Littlefield Water Company

Sewer (2)
Virgin River Domestic Wastewater Improvement District (Nonjurisdictional)

Beaver Dam Water Company
Docket No. W-3067-04-445
Application for Extension

Littlefield Water Company
Docket No. W-2298-04-652
Application to Transfer to
Beaver Dam Water Company
Docket No. W-3067-04-652

TR40N15W 24 OCT 2003

MEMORANDUM

DATE: November 2, 2004

TO: James E. Fisher
Executive Consultant I

FROM: Marlin Scott, Jr.
Utilities Engineer

RE: Beaver Dam Water Company, Inc.
Docket No. W-03067A-04-0444 (Financing)
Docket No. W-03067A-04-0445 (CC&N Extension)
Docket No. W-03067A-04-0652 (Purchase of Littlefield Water Company)
&
Littlefield Water Company
Docket No. W-02298A-04-0652 (Sale/Transfer of CC&N)

Introduction

Beaver Dam Water Company, Inc. ("Beaver Dam") has filed applications for; 1) financing, 2) Certificate of Convenience and Necessity (CC&N) extensions, and 3) sale/transfer of CC&N to purchase Littlefield Water Company ("Littlefield"). Littlefield has applied for the sale of its assets and the transfer of its CC&N to Beaver Dam. These water companies are located in the northwest corner of the state in Mohave County. Staff Engineering field inspected these water systems and requested areas on October 22, 2004.

Financing

Beaver Dam's financing application is requesting approval for a Water Infrastructure Finance Authority ("WIFA") loan in the amount of $170,703. This WIFA loan is to supplement a main extension project totaling $410,998.

CC&N Extensions

Beaver Dam is requesting to extend its certificated area by approximately 6-1/2 square-miles in two different areas; 3-1/2 square miles near the Mesquite, Nevada state line and 3 square-miles in the community of Littlefield as shown in Figure 1 of this report. These requested areas will be served by different Beaver Dam water systems. Beaver Dam is

proposing to construct plant facilities to the requested areas using main extension agreements ("MXAs").

Sale/Transfer of Littlefield

Littlefield is requesting to sell its assets and property to Beaver Dam for $5,000. As a result of this sale/transfer of Littlefield, Beaver Dam is proposing to construct the main extension project to interconnect two of its existing water systems and the Littlefield water system.

Existing Systems

Beaver Dam

Beaver Dam has separate water systems, two systems in the vicinity of the community of Littlefield and one system near the Mesquite, Nevada state line. Brief system descriptions are:

1. System #1, PWS #08-311: Located in Littlefield, this system has a well producing 100 gallons per minute ("GPM"), a 50,000 gallon storage tank and a distribution system serving one customer, a RV Park. This RV Park has approximately 100 available lots with 85 lots being occupied at this time.

2. System #2, PWS #08-006 (Main System): Located in Littlefield, this system has a well producing 140 GPM, two storage tanks (40,000 and 60,000 gallons), a booster system and a distribution system serving 130 service connections. A new well (400 GPM) was constructed within the well/pumping site and is currently pending for a Certificate of Approval of Construction from Arizona Department of Environmental Quality ("ADEQ").

3. System #3, PWS #08-093: Located at the Arizona/Nevada Stateline, this system is a consecutive water system to the Virgin Valley Water District ("VVWD") in Mesquite, Nevada. The VVWD provides the source supply through a 12-inch by 6-inch compound master-meter (estimated at 3,000 GPM) to System #3's distribution system serving 30 service connections. Beaver Dam is in the process of purchasing a well site (550 GPM) that will be connected to this water system in the future.

Littlefield

According to its 2003 Annual Report, Littlefield has a water system consisting of a well having a 4-inch casing to a depth of 95 feet (equipped with a 5–Horsepower well pump producing 80 GPM), a 25,000 gallon storage tank, a booster system installation by Beaver Dam, and a distribution system consisting of 3,000 feet of 4-inch poly-vinyl

chloride pipe serving 22 customers having 3/4-inch meters. This utility's plant-in-service has an original cost of $45,800.

Capacity

Beaver Dam Systems #1 and #2

The Beaver Dam Systems #1 and #2 have a combined well production capacity of 240 GPM, three storage tanks totaling 150,000 gallons and distribution systems serving 131 connections. Based on historical growth rates, it is anticipated that the existing service area could grow to approximately 225 connections at the end of five years. Beaver Dam has predicted an additional 200 connections for the proposed CC&N extension at the end of five years, resulting in a projected total customer base of approximately 425 at the end of five years.

Based on the existing well production and storage capacities, the combined systems can serve approximately 600 service connections. Staff concludes that the existing systems have adequate production and storage capacity to serve the existing and proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.

Beaver Dam System #3

The Beaver Dam System #3 has a source production capacity estimated at 3,000 GPM and distribution system serving 30 connections. The 3,000 GPM source supply from VVWD is more than adequate to serve the present and future customer base and provide fire flow protection.

Beaver Dam's proposed new water system to serve the Millennia Investment Corporation project – Shadow Ridge Subdivision will have a well production capacity of 300 GPM, a 500,000 gallons storage tank and distribution system to serve 391 connections. Staff concludes that the new proposed system will have adequate production and storage capacity to serve the proposed CC&N extension area within a conventional five year planning period and can reasonably be expected to develop additional production and storage as required in the future.

Proposed Plant Facilities

Beaver Dam Systems #1 and #2

Beaver Dam is proposing to extend its water system into the requested areas through the use of a WIFA loan and MXAs. This WIFA loan in the amount of $170,703 will supplement a main extension project called Littlefield Line Extension, totaling $410,998 with a financing breakdown as follows:

WIFA loan	$170,703
Walott Corp (within requested CC&N extension)	$72,000
Feen-Robbins (within Littlefield certificate)	$135,360
Reber/Beaver Dam (within Littlefield certificate)	$32,935
Total project:	$410,998

Beaver Dam submitted a cost breakdown of the Littlefield Line Extension project and is attached to this report as Attachment – Littlefield.

Beaver Dam System #3

Beaver Dam is proposing to construct a new separate water system in the requested area through the use of a MXA in the amount of $717,367 with estimated project costs as follows:

Project 1 - Well, tank and pump house	$237,800
Project 2 - Shadow Ridge Subdivision, 60 acre parcel	$252,172
Project 3 - Shadow Ridge Subdivision, 40 acre parcel	$227,395
Total:	$717,367

Beaver Dam submitted cost breakdowns shown by Engineer's Estimates for each project; these are labeled as Attachments – Shadow Ridge 1, 2, and 3. The MXA is still under negotiation for final approval by Beaver Dam and the developer. Once the MXA is completed for the Shadow Ridge Subdivision project, Staff recommends that this MXA be submitted to Staff for review and approval.

After review of the Littlefield Line Extension ($410,998) and Shadow Ridge Subdivision project ($717,367), Staff found the proposed plant facilities and costs to be appropriate and reasonable. Staff, however, has not made a determination of the capital improvements as "used and useful" at this time, but defers this determination until Beaver Dam files its next rate application.

Arizona Department of Environmental Quality ("ADEQ") Compliance

Compliance Status for Beaver Dam Systems

ADEQ regulates the Beaver Dam Water Systems #1, #2, and #3 under Public Water System I.D. #08-311, #08-006 and #08-093, respectively. Based on data submitted by Beaver Dam to ADEQ, ADEQ has provided the following:

1. System #1, PWS #08-311, is a transient non-community water system that has no deficiencies and ADEQ has determined that System #1 is currently delivering

water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

2. This Main System, System #2, PWS #08-006, has no deficiencies and ADEQ has determined that this System #2 is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

3. System #3, PWS #08-093, is a consecutive water system and currently has no ADEQ monitoring or reporting requirements.

Compliance Status for Littlefield System

ADEQ regulates the Littlefield system under PWS #08-025. ADEQ reported major deficiencies of monitoring and reporting requirements for, 1) failure to provide calendar year 2002 and 2003 consumer confidence reports, 2) failure to complete the initial baseline lead and copper monitoring, and 3) failure to provide annual nitrate monitoring in which ADEQ has no record of any nitrate analyses results for this system. Based on these deficiencies, ADEQ cannot determine if the Littlefield system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

According to Beaver Dam, if the financing, CC&N extension and sale/transfer applications are approved in this proceeding, the Littlefield wellsite will be abandoned.

Certificate of Approval to Construct

On March 23, 2004, Beaver Dam was issued the ADEQ Certificate of Approval to Construct ("ATC") for construction of facilities for the Littlefield Line Extension for System #1, PWS #08-006.

Beaver Dam has not received the ATC for construction of facilities for the Millennia Investment Corporation – Shadow Ridge Subdivision project. Staff recommends that Beaver Dam submit to the Utilities Division Manager of Compliance a copy of the ATC when received by Beaver Dam.

Arsenic

The U.S. Environmental Protection Agency (EPA) has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter ("µg/l") to 10 µg/l. The date for compliance with the new MCL is January 23rd, 2006.

Beaver Dam indicated the arsenic levels for its source supplies for System #1 was not detected, System #2 at 6 µg/l, and System #3 at 33 µg/l (consecutive system from VVWD). Based on these arsenic levels, Beaver Dam Systems #1 and #2 are in compliance with the new arsenic MCL of 10 µg/l. The VVWD's arsenic level of 33 µg/l

is an average value from its numerous well supplies and is currently evaluating treatment options within the State of Nevada.

The Littlefield well source's arsenic level is unknown at this time. Beaver Dam is proposing to cap and abandoned this well site during the construction of the Littlefield Line Extension project.

The arsenic level of the Shadow Ridge Subdivision project's well source is unknown at this time. If this new source has an arsenic level exceeding the new arsenic MCL, any treatment cost associated with meeting the new standard should be the responsibility of the developer and addressed in the MXA.

Arizona Department of Water Resources ("ADWR") Compliance

Compliance Status

Beaver Dam and Littlefield are not located in any Active Management Area ("AMA") and not subject to AMA reporting and conservation requirements.

Certificate of Assured Water Supply

Staff recommends that Beaver Dam file with the Utilities Division Manager of Compliance copies of the developers' Certificate of Assured Water Supply for the requested areas, where applicable or when required by statute.

Arizona Corporation Commission ("ACC") Compliance

A check with the Utilities Division Manager of Compliance showed no outstanding compliance issues for Beaver Dam and Littlefield.

Curtailment Plan Tariff

A Curtailment Plan Tariff ("CPT") is an effective tool to allow a water company to manage its resources during periods of shortages due to pump breakdowns, droughts, or other unforeseeable events. Since Beaver Dam does not have this type of tariff, this consolidated proceeding provides an opportune time to prepare and file such a tariff. Staff and Beaver Dam have jointly reviewed the CPT and have agreed to the attached CPTs, labeled Attachments CPT-1 and CPT-2. Staff recommends approval of the attached curtailment tariffs in this proceeding.

Littlefield – Sale/Transfer of CC&N Application

Beaver Dam has agreed to purchase the Littlefield assets and property for $5,000. According to Littlefield's 2003 Annual Report, Littlefield's plant-in-service has an original cost of $45,800.

Summary

Conclusions

A. Staff concludes that Beaver Dam's existing systems, Systems #1 and #2, have adequate source and storage capacity to serve the existing and proposed CC&N extension area.

B. Staff concludes that Beaver Dam's proposed new water system for the Shadow Ridge Subdivision project will have adequate source and storage capacity to serve its proposed CC&N extension area.

C. After review of the Littlefield Line Extension ($410,998) and Shadow Ridge Subdivision projects ($717,367), Staff found the proposed plant facilities and costs to be appropriate and reasonable. Staff, however, has not made a determination of the capital improvements as "used and useful" at this time, but defers this determination until Beaver Dam files its next rate application.

D. ADEQ has determined that the Beaver Dam Systems #1, #2 and #3 are currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

E. ADEQ has determined that the Littlefield System is currently delivering water that does not meet water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. According to Beaver Dam, if the financing, CC&N extension and sale/transfer applications are approved in this proceeding, the Littlefield wellsite will be abandoned.

F. On March 23, 2004, Beaver Dam was issued the ADEQ Certificate of Approval to Construct ("ATC") for construction of facilities for the Littlefield Line Extension for System #1, PWS #08-006.

G. Beaver Dam indicated the arsenic levels for its source supplies for System #1 was not detected, System #2 at 6 μg/l, and System #3 at 33 μg/l (consecutive system from VVWD). Based on these arsenic levels, Beaver Dam Systems #1 and #2 are in compliance with the new arsenic MCL of 10 μg/l. The VVWD's arsenic level of 33 μg/l is an average value from its numerous well supplies and is currently evaluating treatment options within the State of Nevada.

The Littlefield well source's arsenic level is unknown at this time. Beaver Dam is proposing to cap and abandoned this well site during the construction of the Littlefield Line Extension project.

H. Beaver Dam and Littlefield are not located in any Active Management Area and not subject to AMA reporting and conservation requirements.

I. A check with the Utilities Division Manager of Compliance showed no outstanding compliance issues for Beaver Dam and Littlefield.

Recommendations

1. Once the MXA is completed for the Shadow Ridge Subdivision project, Staff recommends that this MXA be submitted to Staff for review and approval.

2. Although the Littlefield System is not currently delivering water that does not meet water quality standards, Staff recommends approval of the sale/transfer of this system to Beaver Dam since Beaver Dam is proposing to abandon the Littlefield wellsite during the construction of the Littlefield Line Extension project.

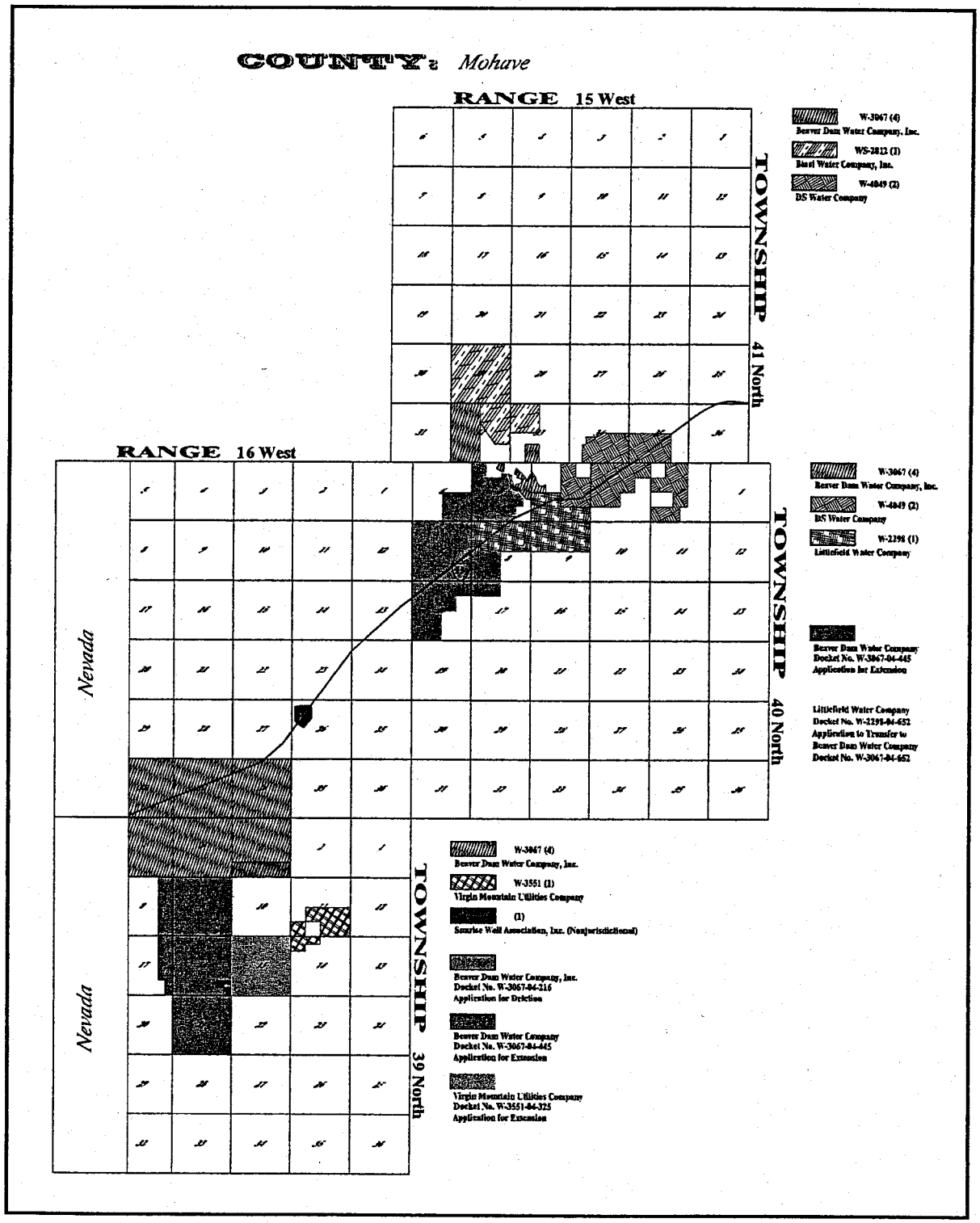
3. Staff recommends that the Beaver Dam submit to the Utilities Division Manager of Compliance a copy of the Certificate of Approval to Construct for the Shadow Ridge Subdivision project when received by Beaver Dam.

4. The arsenic level of the Shadow Ridge Subdivision project's well source is unknown at this time. If this new source has an arsenic level exceeding the new arsenic MCL, any treatment cost associated with meeting the new standard should be the responsibility of the developer and addressed in the MXA.

5. Staff recommends that Beaver Dam file with the Utilities Division Manager of Compliance copies of the developers' Certificate of Assured Water Supply for the requested area, where applicable or when required by statute.

6. Staff recommends approval of the attached curtailment tariffs in this proceeding.

Figure 1. Certificated and Requested Areas



Budget

Beaver Dam Water Co / Line Extension / Littlefield Water Co

2,282 Feet-8 Inch PVC Class 160 / Installed	$ 20,387.00
8 Inch-Accessories (Elbows, Trust Blocks & etc.)	3,787.00
495 Feet 12-Inch diameter steel casing	9,425.00
500 Feet 12-Inch vertical bore (Interstate I-15)	124,450.00
515 Feet 8-Inch HDPE pipe CL160 Installed	7,666.00
6,623 10-Inch PVC Class 160 / Installed	83,780.00
10-Inch accessories (Elbows, Trust Block, & etc.)	2,841.00
4663 Feet 6-Inch PVC class 160/Installed	64,116.00
6-Inch accessories (Elbows, Trust Blocks & etc.)	4,978.00
Connection to Littlefield	1,450.00
1 6-Inch Pressure Reducing Station	9,500.00
1 4-Inch Altitude Valve	8,150.00
8 6-Inch FLXMJ Resilient Seat Gate Valve	7,160.00
7 8-Inch FLXMJ Resilient Seat Gate Valve	7,525.00
200 Feet Asphalt Patch Roadway	4,500.00
Engineering	31,283.00
Contingency	20,000.00
Total Project Costs	**$ 410,998.00**

Project Name: Shadow Ridge Subdivision 1

Engineer's Estimate

Project No. DH 13.01.98
Date: 5/27/04
By: _____
Checked By: _____

No.	Item	Quantity	Unit	Price	Amount
	WELL, TANK AND PUMP HOUSE				
1	12" Dia. Well, Perforated Casing, Gravel Pack, Grouted	1	Ea.	$ 30,000.00	$ 30,000.00
2	Pump House Complete, 12' x 20' includes all piping above and below ground	1	Ea.	$ 32,000.00	$ 32,000.00
3	Pump Panel Complete with alarms, safety protection wiring	1	Ea.	$ 3,400.00	$ 3,400.00
4	300 gpm submercible pump compete with hook-ups	1	Ea.	$ 5,900.00	$ 5,900.00
5	6" Chain Link Fence, gatess, shelvage	800	Lin. Ft.	$ 15.00	$ 12,000.00
6	500,000 Gal. Steel Water Tank, complete with inlets, outlets, drains, hatches,	1	Ea.	$ 150,000.00	$ 150,000.00
7	Water Tank Foundation, concrete ring, 12" wide x 24" deep	1	Ea.	$ 4,500.00	$ 4,500.00
8					$ 237,800.00

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Project Name: Shadow Ridge Subdivision 2

ENGINEER'S ESTIMATE

Project No. Dh 13.01.98
Date: 5/27/04
By: R.E.W.
Checked By: _____

No.	Item	Quantity	Unit	Price	Amount
	60 ACRE PARCEL				
1	8" Sanitary Sewer Line ASTM 3034 SDR 35	10770	Lin Ft.	$ 12.00	$ ~~129,240.00~~
2	48" Concrete Manholes complete with base	44	Ea.	$ 1,750.00	$ ~~77,000.00~~
3	4" PVC Wye, Solvent Weld or Saddle	231	Ea.	$ 500.00	$ ~~115,500.00~~
4	4' PVC Sewer Pipe ASTM 3034 SDR 35	5775	Lin Ft.	$ 7.10	$ ~~41,002.50~~
5	6" C-900 PVC Water Line	7520	Lin Ft.	$ 10.00	$ 75,200.00
6	8" C-900 PVC Water Line	4148	Lin Ft.	$ 11.60	$ 48,116.80
7	10" C-900 PVC Water Line	2631	Lin Ft.	$ 13.40	$ 35,255.40
8	10" Gate Valves w/ Valve Box and Cover	2	Ea.	$ 600.00	$ 1,200.00
9	8" Gate Valves w/Valve Box and Cover	8	Ea.	$ 500.00	$ 4,000.00
10	6" Gate Valves w/Valve Box and Cover	20	Ea.	$ 400.00	$ 8,000.00
11	6" Standard Fire Hydrants	17	Ea.	$ 1,600.00	$ 27,200.00
12	3/4" Single Water Service and Meter	237	Ea.	$ 180.00	$ 42,660.00
13	2" Blow-off Valve Assembly	6	Ea.	$ 415.00	$ 2,490.00
14	6" 45 deg Elbow	5	Ea.	$ 150.00	$ 750.00
15	6" 22 1/2 deg. Elbow	6	Ea.	$ 150.00	$ 900.00
16	6" 11 1/4 deg. Elbow	9	Ea.	$ 150.00	$ 1,350.00
17	8" 45 deg Elbow	1	Ea.	$ 200.00	$ 200.00
18	8" 22 1/2 deg Elbow	2	Ea.	$ 200.00	$ 400.00
19	8" 11 1/4 deg Elbow	1	Ea.	$ 200.00	$ 200.00
20	8" x 6" Tee	10	Ea.	$ 200.00	$ 2,000.00
21	8" x 8" Tee	2	Ea.	$ 200.00	$ 400.00
22	6" x 6" Tee	3	Ea.	$ 200.00	$ 600.00
23	10" x 8" Tee	2	Ea.	$ 250.00	$ 500.00
24	10" x 6" Tee	3	Ea.	$ 250.00	$ 750.00
			TOTAL WATER		$ ~~614,014.70~~ 252,172.

p. 7
15 04 02:57p

Project Name: Shadow Ridge Subdivision 3 | ENGINEER'S ESTIMATE | Project No. DH 13.01.98 | Date: 5/27/04

By: R.E.W.

Checked By:

No.	Item	Quantity	Unit	Price	Amount	
	40 ACRE PARCEL					
1 ✓	8" Sanitary Sewer Line ASTM 3034 SDR 35	7200	Lin Ft.	$ 12.00	$ ~~86,400.00~~	NA
2 ✓	48" Concrete Manholes complete with base	29	Ea.	$ 1,760.00	$ ~~50,760.00~~	NA
3 ✓	4" PVC Wye, Solvent Weld or Saddle	160	Ea.	$ 500.00	$ ~~80,000.00~~	NA
4 ✓	4' PVC Sewer Pipe ASTM 3034 SDR 35	4000	Lin Ft.	$ 7.10	$ ~~28,400.00~~	NA
5	6" C-900 PVC Water Line	7530	Lin Ft.	$ 10.00	$ 75,300.00	
6	8" C-900 PVC Water Line	2850	Lin Ft.	$ 11.60	$ 33,060.00	
7	10" C-900 PVC Water Line (to tank and well house)	3925	Lin Ft.	$ 13.40	$ 52,595.00	
8	10" Gate Valves w/ Valve Box and Cover	2	Ea.	$ 600.00	$ 1,200.00	
9	8" Gate Valves w/Valve Box and Cover	4	Ea.	$ 500.00	$ 2,000.00	
10	6" Gate Valves w/Valve Box and Cover	30	Ea.	$ 400.00	$ 12,000.00	
11	6" Standard Fire Hydrants	9	Ea.	$ 1,600.00	$ 14,400.00	
12	3/4" Single Water Service and Meter	151	Ea.	$ 180.00	$ 27,180.00	
13	2" Blow-off Valve Assembly	4	Ea.	$ 415.00	$ 1,660.00	
14	6" 22 1/2 deg. Elbow	14	Ea.	$ 150.00	$ 2,100.00	
15	6" 11 1/4 deg. Elbow	2	Ea.	$ 150.00	$ 300.00	
16	8" 90 deg Elbow	1	Ea.	$ 200.00	$ 200.00	
17	10" x 6" Tee	1	Ea.	$ 200.00	$ 200.00	
18	10" xz 8" Tee	2	Ea.	$ 200.00	$ 400.00	
19	6" Tee	8	Ea.	$ 150.00	$ 1,200.00	
20	6" x 6" Cross	6	Ea.	$ 300.00	$ 1,800.00	
21	8" x 6" Tee	9	Ea.	$ 200.00	$ 1,800.00	
				TOTAL WATER	$ ~~472,045.00~~	227,395.

15 04 02:57p

Utility: Beaver Dam Water Company
Docket No.: W-03067A-04-0445, et al.
Phone No.: 928-347-5000

Decision No.: ____
Effective: _____

CURTAILMENT PLAN FOR BEAVER DAM WATER COMPANY

(Template 063004)

ADEQ Public Water System Nos: 08-006 and 08-311

Beaver Dam Water Company ("Company") is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

Stage 2 Exists When:

a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and

b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

Stage 3 Exists When:

a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and

b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.

2. Beginning with Stage 3, Company shall post at least **2 signs per system** showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.

3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

Stage 4 Exists When:

a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and

b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of drip or misting systems of any kind is prohibited
- The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall be served water only upon request
- Any other water intensive activity is prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

2. Company shall post at least **2 signs per system** showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.

3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply within two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Utility: Beaver Dam Water Company
Docket No.: W-03067A-04-0445, et al.
Phone No.: 928-347-5000

Tariff Sheet: 1 of 3
Decision No.: _____
Effective: _____

CURTAILMENT PLAN FOR BEAVER DAM WATER COMPANY

(Template 063004)

Consecutive Water System

ADEQ Public Water System No: 08-093

Beaver Dam Water Company ("Company") is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

Company's water supplier **Virgin Valley Water District** ("Supplier") is able to provide 100 percent of the Company's water demand.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

Stage 2 Exists When:

a. The Supplier cannot supply more than 80 percent of the Company's daily average demand and,

b. Supplier has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Supplier will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

Stage 3 Exists When:

a. The Supplier cannot supply more than 50 percent of the Company's daily average demand and,

b. Supplier has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Supplier will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, the Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

Notice Requirements:

1. The Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.

2. Beginning with Stage 3, the Company shall post at least **2** signs showing the curtailment stage. Signs shall be posted at noticeable locations, like entrance to major subdivisions served by the Company.

3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Stage 4 Exists When:

a. The supplier cannot supply more than 25 percent of the Company's daily average demand and,

b. Supplier has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Supplier will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, the Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of drip or misting systems of any kind is prohibited
- The filling of any swimming pools, spas, fountains, or ornamental ponds is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall serve water only upon request
- Any other water intensive activity shall be prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

Notice Requirements:

1. The Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both.

2. The Company shall have posted at least 2 signs showing the curtailment stage. Signs shall be posted at noticeable locations, like the entrance to the major subdivisions served by the Company.

3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission ("Commission") at least 12 hours prior to entering Stage 4.

Customers who fail to comply with the above referenced restrictions will be given written notice to end all outdoor use. Failure to comply within two (2) working days of receipt of the notice will result in temporary loss of service until agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees.

If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Under Stage 4, the Company must rely on emergency hauling or must otherwise provide emergency drinking water for its customers.

ATTACHMENT C

MEMORANDUM

TO: Jim Fisher
Executive Consultant
Utilities Division

FROM: J. H. Johnson
Public Utilities Analyst III
Financial and Regulatory Analysis Section, Utilities Division

DATE: November 30, 2004

RE: BEAVER DAM WATER COMPANY
DOCKET NO. W-03067A-04-0444

Introduction

Beaver Dam Water Company ("Beaver Dam" or "Company") filed an application on June 15, 2004, for a financing authorization with the Arizona Corporation Commission requesting authorization to borrow $170,703 from the Water Infrastructure Finance Authority of Arizona ("WIFA").

Beaver Dam is currently 46th on the WIFA funding list.

The Company also filed an application on June 15, 2004, for an expansion of its Certificate of Convenience and Necessity ("CC&N") in Docket No. W-03067A-04-0445.

On September 9, 2004, the Company filed on behalf of Littlefield Water Company ("Littlefield") a Sale of Assets and transfer of CC&N application for Littlefield, W-02298A-04-0652 and W-03067A-04-0652 (sale/transfer of Littlefield).

Beaver Dam also filed a letter requesting to consolidate the financing (04-0444) and the CC&N extension (04-0445) applications. Beaver Dam also requested to amend its CC&N extension application (04-0445) to include an additional 2.5 square miles (approximate) of area.

On September 16, 2004, Staff filed a response to all four docket numbers, stating that they should be consolidated.

A Procedural Order was issued by the Administrative Law Judge on September 17, 2004, consolidating the four dockets for purposes of hearing.

Notice

Notice of a Financing application was published in the *Spectrum* on June 26, 2004. The *Spectrum* (St. George, Washington County, Utah) is a newspaper of general circulation in the area served and area to be served. The affidavit of publication is attached along with a copy of the Notice.

Background

Beaver Dam was formed in 1986 as a for-profit Arizona perpetual corporation. The Company served 227 customers as of May 2004, utilizing three storage tanks of 60,000/50,000/40,000 gallon capacity. Three wells are utilized as the source of water with two of them producing 140 gallons per minute and the third 100 gallons per minute.

Purpose of Financing

The financing requested in the amount of $170,703 is part of a total project of $410,998 which includes; new water lines, transmission under I-15, connection to the present 40 Littlefield Water System customers, engineering costs, and contingency reserves. The difference not being financed will be funded from line extension agreements with three developers. Funds will be used to make needed improvements to the present system, to add consumers in new areas to be certificated, and to provide security arrangements for the facilities. A complete list of the improvements contemplated is contained in the Staff Engineering Report which will be sent separately by the Staff Engineer.

Description of Proposed Financing

The proposed financing consists of a 6 percent per annum, 20-year fully amortizing loan from WIFA.

Financial Analysis

The Company proposed and Staff recommended $170,703 loan matures 20 years from the date of the note. The annual servicing requirements for principal and interest is $14,675.

Staff's financial analysis is based on financial statements for the twelve month fiscal year ended December 31, 2003. The attached Financial Analysis Schedule JHJ–1 presents selected financial information from the Company's financial statements and pro forma information reflecting issuance of the proposed $170,703 loan at 6.0 percent per annum. Financial Analysis Schedule JHJ-1 also presents operating income, debt service coverage ratio ("DSC"), times interest earned ratio ("TIER") and capital structure.

Schedule JHJ-1 shows that issuance of the proposed $170,703 loan would result in a capital structure composed of 1.4 percent short-term debt, 51.7 percent long-term debt, and 46.9 percent equity.

The Company's operating income for the twelve month period ended December 31, 2003 was $44,525. Operating income and non-cash expenses of $24,918 combined to provide the Company with cash flow from operations of $69,443 to repay interest and principal on debt. The Company had no outstanding debt at the end of the period and TIER and DSC for that period are 361.61 and 557.81, respectively.

Schedule JHJ-1, Column B, reflects the pro forma effect of issuing the entire proposed debt. TIER and DSC are changed to reflect the new proposed debt and are 4.48 and 4.79, respectively.

DSC represents the number of times internally generated cash will cover required principal and interest payments on long-term debt. A DSC ratio greater than 1.0 indicates that operating cash flow is sufficient to cover debt obligations. A DSC less than 1.0 means that debt service obligations cannot be met by cash generated from operations and that another source of funds is needed to avoid default.

TIER represents the number of times earnings will cover interest expense on long-term debt. A TIER ratio greater than 1.0 means that operating income is greater than interest expense.

Compliance

There are no compliance issues with Beaver Dam Water Company.

Staff Conclusions and Recommendations

Staff concludes that the proposed uses of funds are appropriate and that authorization to incur $170,703 of debt for those purposes is lawful, within the corporate powers of the applicant, compatible with the public interest, compatible with sound financial practices, and will not impair its ability to provide public service.

Staff recommends granting authorization to borrow an amount not to exceed $170,703 under the terms and conditions and for the purposes described in the application.

Staff recommends that the Company file a curtailment tariff and a cross connection/backflow tariff as soon as possible, but no later than forty-five days after the effective date of the final Decision and Order in this matter. The tariffs shall be docketed as compliance items under this docket number for the review and certification of the Utilities Division Director. The tariffs shall further generally conform to the sample tariffs found on the Commission's web site at www.cc.state.az.us. Staff recognizes that the Company may need to make minor modifications according to their specific management, operational, and design requirements as necessary and appropriate.

Beaver Dam Water Company
Docket No. W-03067A-04-0444
Application For Financing

Schedule JHJ-1

FINANCIAL ANALYSIS

Selected Financial Data
Including Immediate Effects of the Proposed Debt

		[A] *12/31/2003*		[B] *Pro Forma*	
1	Operating Income	$ 44,525		$ 44,525	
2	Depreciation & Amort.	24,918		24,918	
3	Income Tax Expense	1,399		1,399	
4					
5	Interest Expense	127		10,245	
6	Repayment of Principal	0		4,557	
7					
8					
9	**TIER**				
10	[1+3] ÷ [5]	361.61		4.48	
11	**DSC**				
12	[1+2+3] ÷ [5+6]	557.81		4.79	
13					
14					
15					
16					
17					
18	Short-term Debt	$0	0.0%	$4,557	1.4%
19					
20	Long-term Debt	$0	0.0%	$170,703	51.7%
21					
22	Common Equity	$155,092	100.0%	$155,092	46.9%
23					
24	Total Capital	$155,092	100.0%	$330,352	100.0%
25					
26					
27					

Figure 1. Certificated and Requested Areas

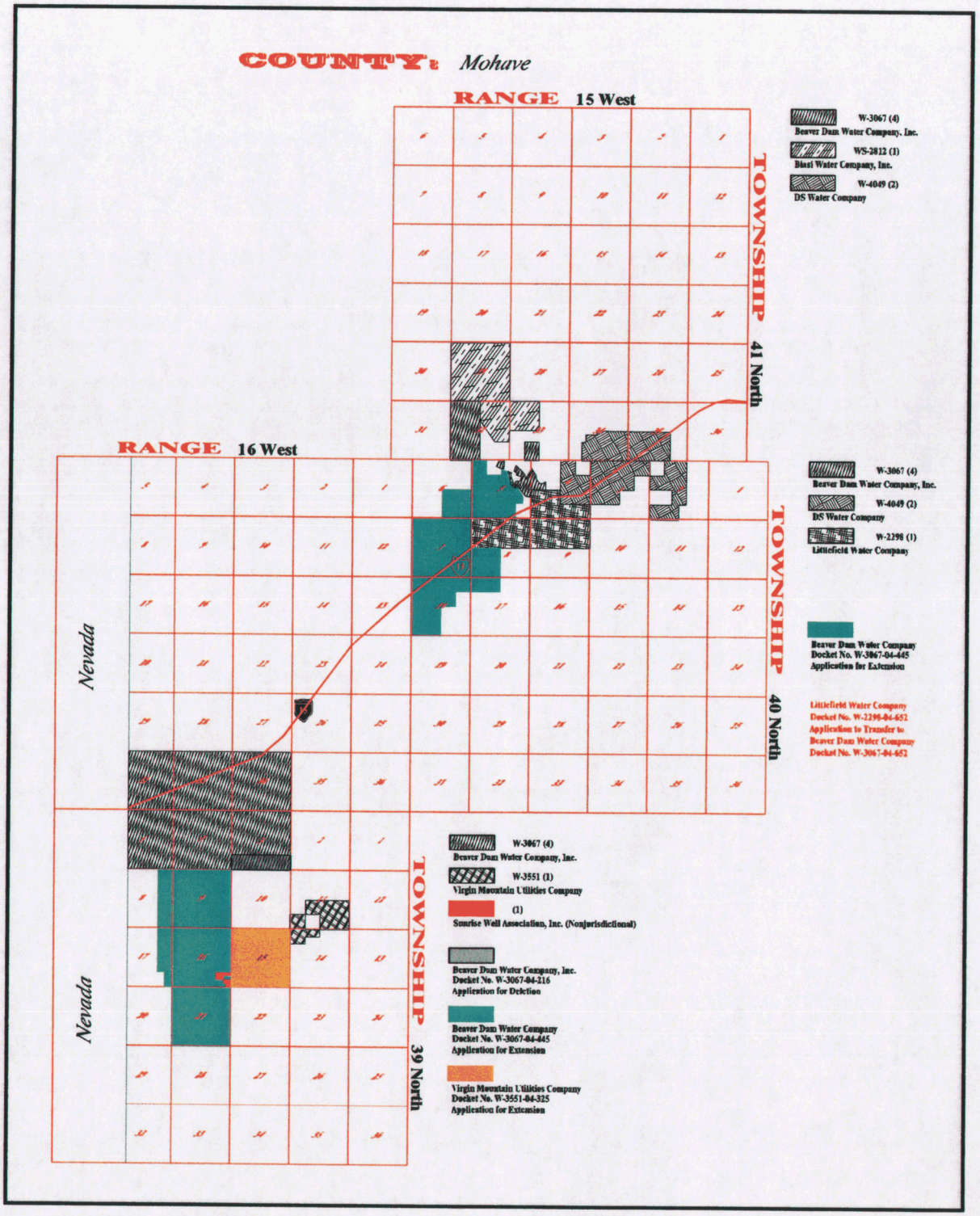

EXHIBIT
S-2
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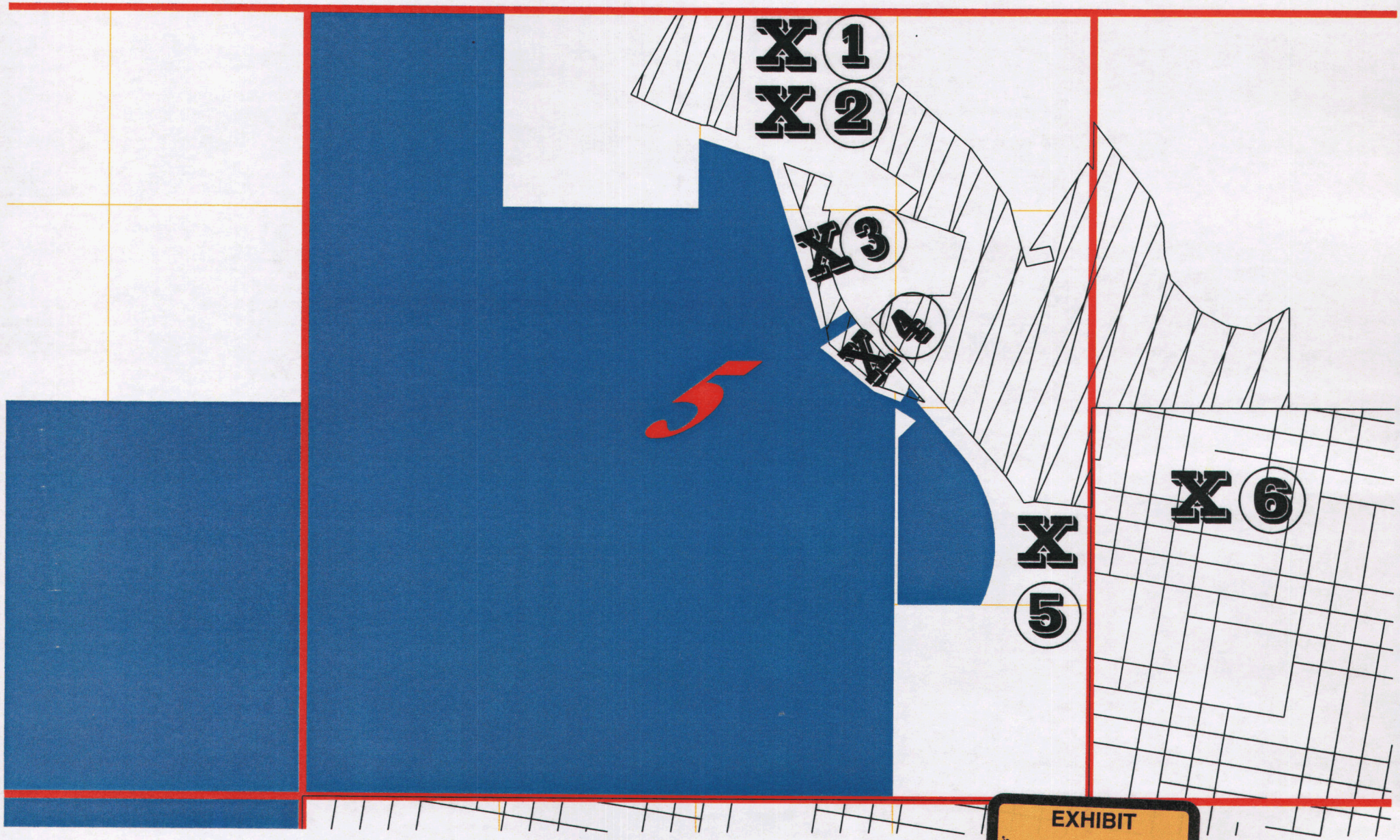

EXHIBIT

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S-3

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