

ORIGINAL



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MEMORANDUM

Arizona Corporation Commission
DOCKETED

30

MAY 18 2005

DOCKETED BY	<i>KS</i>
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TO: Docket Control
Arizona Corporation Commission

FROM: Ernest G. Johnson
for Director
Utilities Division

Date: May 18, 2005

RE: SOUTHLAND SANITATION COMPANY – APPLICATION FOR DELETION OF A PORTION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY (“CC&N”) IN COCHISE COUNTY, ARIZONA. DOCKET NO. SW-02390A-05-0097

Attached is the Staff Report for Southland Sanitation Company application for Deletion of a Portion of its Certificate of Convenience and Necessity. Staff recommends approval with conditions.

EGJ:JEF:red

Originator: Jim Fisher

Attachment: Original and Thirteen Copies

RECEIVED
 2005 MAY 18 P 12:45
 AZ CORP COMMISSION
 DOCUMENT CONTROL

Service List for: Southland Sanitation Company
Docket No. SW-02390A-05-0097

Mr. Andrew Romo, President
Southland Sanitation Company
2730 East Broadway, No. 135
Tucson, Arizona 85716

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

SOUTHLAND SANITATION COMPANY

APPLICATION FOR DELETION OF A PORTION
OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY

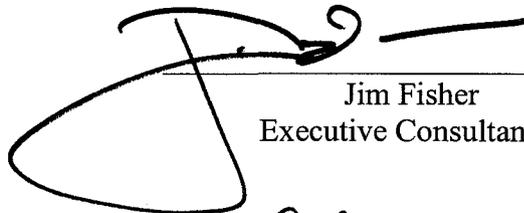
DOCKET NO. SW-02390A-05-0097

MAY 2005

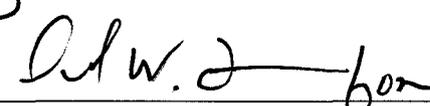
STAFF ACKNOWLEDGEMENT

The Staff Report for Southland Sanitation Company Docket No. SW-02390A-05-0097 was the responsibility of the Staff members listed below. Jim Fisher was responsible for the review and analysis of the Company's application. Dorothy Hains was responsible for the engineering and technical analysis.

Contributing Staff:



Jim Fisher
Executive Consultant II



Dorothy Hains
Utilities Engineer

**EXECUTIVE SUMMARY
SOUTHLAND SANITATION COMPANY
DOCKET NO. SW-02390A-05-0097**

On February 14, 2005, Southland Sanitation Company, ("Southland" or "Company") filed an application with the Arizona Corporation Commission ("Commission") requesting to delete a portion of its Certificate of Convenience and Necessity ("CC&N") in association with annexation of the property by the City of Sierra Vista ("City").

Southland is an Arizona C corporation authorized to provide wastewater service to certain portions of Cochise County pursuant to authority granted by the Commission in Decision No. 52546, (October 22, 1981). Southland is currently certificated to provide service in approximately 880 acres.

By this application, Southland is requesting Commission authorization for deletion of approximately 111 acres of its current CC&N. Southland has requested this portion of the CC&N be deleted to enable the City to serve the parcel. On January 27, 2005, the City approved annexation of the deletion property. Deletion by Southland will enable the City and the developer to ensure residential wastewater service is properly planned and provided to the future customers by the municipality.

According to the Company no current customers are located within, or receiving service in, the requested deletion parcel. The Company has not received any customer deposits for service in the deletion area as there are no customers affected by the application.

Approval of the application will result in bifurcation of Southland's CC&N, resulting in a non-contiguous 70 acre parcel separate from the main service area. Staff is concerned that future service by Southland could result in redundant facilities within utility easements, and be considered uneconomic in comparison to service by the City in the adjacent property. Staff believes the non-contiguous 70 acre parcel may be served by the City in a more systematic and cost effective manner.

Staff recommends that the Commission approve Southland Sanitation Company's request to delete a portion of its certificate of convenience and necessity subject to the following conditions:

1. That Southland Sanitation Company be required to use its best efforts to work with the City of Sierra Vista to obtain an agreement to transfer the remaining service area in Section 19 to the City of Sierra Vista.
2. That Southland Sanitation Company be required to file, by December 31, 2006, to transfer the remaining service area in Section 19 to the City of Sierra Vista or a detailed explanation discussing why such a filing could not be accomplished.
3. That Southland Sanitation Company be required to file, by December 31, 2005, documentation showing that it is in compliance with ADEQ requirements.

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Introduction

On February 14, 2005, Southland Sanitation Company, ("Southland" or "Company") filed an application with the Arizona Corporation Commission ("Commission") requesting to delete a portion of its Certificate of Convenience and Necessity ("CC&N") in association with annexation of the property by the City of Sierra Vista ("City").

Background

Southland is an Arizona C corporation authorized to provide wastewater service to certain portions of Cochise County pursuant to authority granted by the Commission in Decision No. 52546, (October 22, 1981). The Company is located adjacent to and within portions of the City of Sierra Vista, in Cochise County. Southland is currently certificated to provide service in approximately 880 acres.

According to the Company's last Annual Report (April 2005) to the Commission, the Company is serving approximately 295 customers. Southland reports utility plant of \$203,097. The Company also reports receiving annual revenue of \$62,663, with associated expenses of \$52,093, interest expenses of \$13,006, resulting in a \$2,408 operating loss.

Application

Southland's CC&N encompasses approximately one and a half square miles located in portions of Sections 20, 29, 30, and 19 of Township 22 South of Range 21 East.

By this Application Southland is requesting Commission authorization for deletion of approximately 111 acres of its current CC&N. The requested deletion area is located in the northeast quarter of Section 19.

Southland has requested this portion of the CC&N be deleted to enable the City to serve the parcel. The parcel is to be developed by D.R. Horton Homes for residential use. On January 27, 2005, the City approved annexation of the deletion property. Deletion by Southland will enable the City and the developer to ensure residential wastewater service is properly planned and provided to the future customers by the municipality.

According to the Company no current customers are located within, or receiving service in, the requested deletion parcel. The Company has not received any customer deposits for service in the deletion area as there are no customers affected by the application.

Approval of the application will result in bifurcation of Southland's CC&N. By deleting the 111 acres from the CC&N approximately 70 acres in Section 19 will become non-contiguous to the majority of the CC&N. Staff understands that Southland does not currently serve any customers in the future non-contiguous portion of the CC&N.

Staff is concerned that future service by Southland could result in redundant facilities within utility easements. Service may also be considered uneconomic in comparison to service by the City in the adjacent property. Staff believes the non-contiguous 70 acre parcel may be served by the City in a more systematic and cost effective manner.

Staff believes the Company should work with the City to obtain an agreement to ensure the non-contiguous area is served by the City. Staff believes that Southland should file to delete the non-contiguous 70 acres of its CC&N in Section 19.

Wastewater System

Southland owns and operates a lagoon system of two aerated ponds. This system is capable of treating a maximum wastewater flow of 67,000 gallons per day ("gpd"). At present, the Company treats a daily average wastewater flow of 30,000 gpd from approximately 300 existing customers.

Arizona Department of Environmental Quality ("ADEQ") Compliance

Staff received a compliance status report from ADEQ dated April 7, 2005, in which ADEQ stated that the Company is not in compliance. There is a pending Notice of Violation ("NOV") regarding testing and monitoring issued on December 17, 2004. ADEQ has informed Staff that the Company and ADEQ are working to solve the issues.

Staff also received a compliance status report from ADEQ dated March 11, 2005, in which ADEQ also stated that the City of Sierra Vista Wastewater Treatment Plant is in total compliance.

Staff recommends that the Company be required to file with Docket Control under this same docket number, by December 31, 2005, documentation showing that it is in compliance with ADEQ requirements.

Arizona Corporation Commission ("ACC") Compliance

According to the Utilities Division Compliance Section, a check of the compliance database indicates that there are no current delinquencies for Southland.

Recommendations

Staff recommends that the Commission approve Southland Sanitation Company's request to delete a portion of its certificate of convenience and necessity subject to the following conditions:

1. That Southland Sanitation Company be required to use its best efforts to work with the City to obtain an agreement to transfer the remaining service area in Section 19 to the City of Sierra Vista.

2. That Southland Sanitation Company be required to file, by December 31, 2006, to transfer the remaining service area in Section 19 to the City of Sierra Vista or a detailed explanation discussing why such a filing could not be accomplished.

3. That Southland Sanitation Company be required to file, by December 31, 2005, documentation showing that it is in compliance with ADEQ requirements.

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: February 25, 2005

RE: **SOUTHLAND SANITATION COMPANY (DOCKET NO. SW-02390A-05-0097)**

The area requested by Southland for a partial deletion of wastewater service has been plotted with no complications using the legal description provided with the application (a copy of which is attached).

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

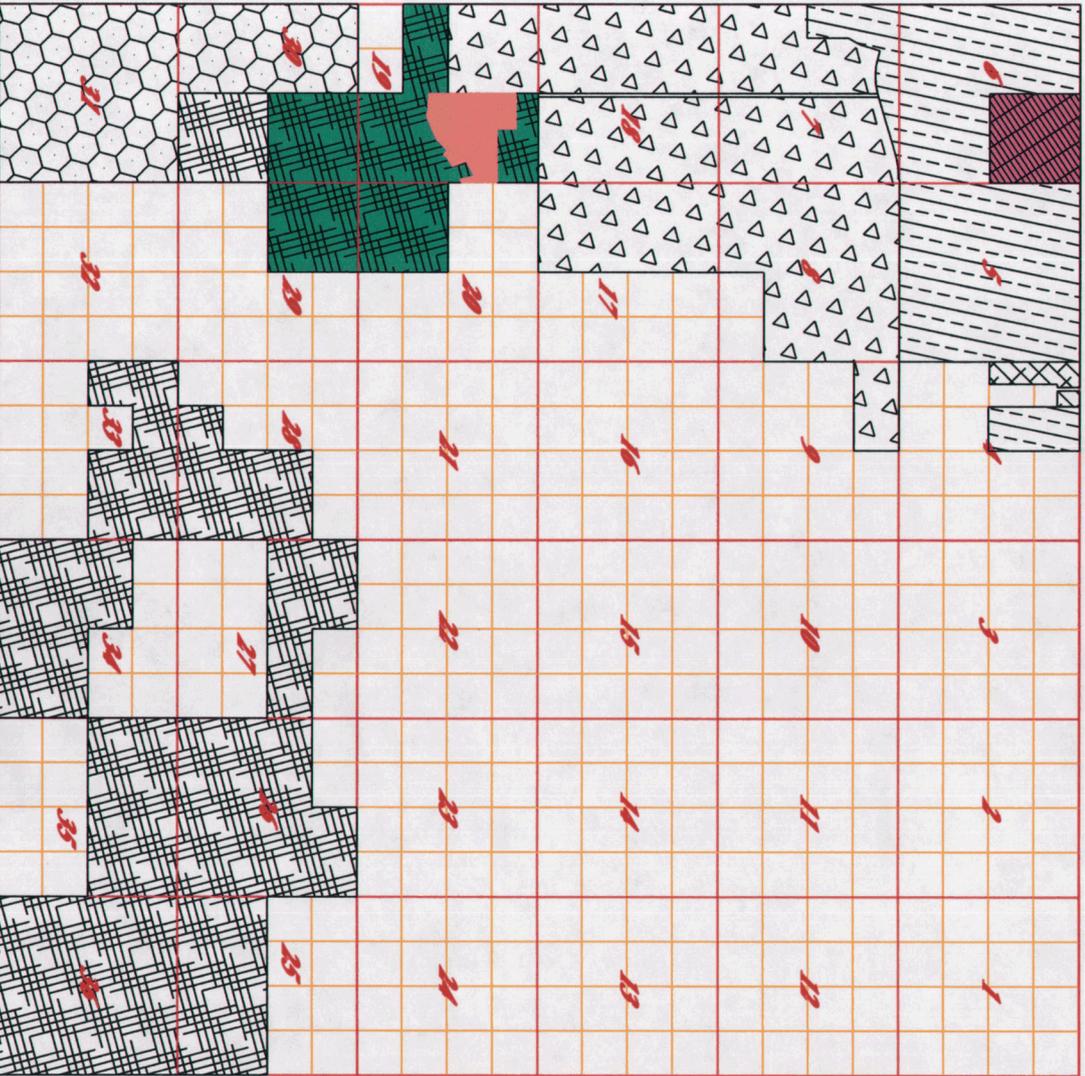
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Attachments

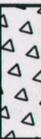
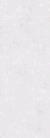
cc: Docket Control
Mr. Sidney Mendelsohn, Jr.
Ms. Deb Person (Hand Carried)
File

COUNTY: Cochise

RANGE 21 East



TOWNSHIP 22 South

-  W-1445 (3)
-  Arizona Water Company (Sierra Vista)
-  W-2465 (6)
-  Bella Vista Water Company, Inc.
-  W-2672 (1)
-  Sewer
-  Cloud Nine Water Company, Inc.
-  W-1906 (2)
-  East Slope Water Company
-  W-2208 (2)
-  Pueblo del Sol Water Company
-  W-2062 (2)
-  Southland Utilities Company, Inc.
-  Sewer
-  SW-2390 (1)
-  Southland Sanitation, Inc.
-  Southland Sanitation, Inc.
-  Docket No. SW-2390-05-097
-  Application for Partial Deletion

Bruce Small Surveys, Inc.

3040 N. Conestoga Ave.
Tucson AZ 85749-9332
e-mail: bruce.small@cox.net
voice: (520) 444-7186
FAX: (520) 760-8346

January 21, 2005

Description of Golden Acres Drive Parcel.

A part of the Northeast quarter and Southeast quarter of Section 19, Township 22 South, Range 21 East, Gila and Salt River Meridian, Cochise County, Arizona, described as follows:

BEGINNING at the nail and disk 8028 in a concrete post monumenting the Southwest corner of said Northeast quarter as shown on Record of Survey Book 1 at Page 12, Cochise County Recorder's Office;

THENCE N 00°03'19" W along the West line of said Northeast quarter a distance of 1,985.40 feet to a found PK nail in the concrete base for a fence post;

THENCE S 89°36'40" E 330.19 feet to a found ACP 16525;

THENCE S 89°50'15" E 661.29 feet to a found nail and disk 11845 in the concrete base for a fence post at the Southwest corner of the land described in Docket 1742 at Page 387;

THENCE continue S 89°50'15" E 60.06 feet to the East line of said land;

THENCE S 00°02'15" E along the Southerly prolongation of the East line of said land a distance of 548.42 feet to a found 1/2" iron rod capped 29869;

THENCE S 89°44'43" E 1,590.71 feet to the East line of said Northeast quarter, passing through a found 1/2" iron rod capped 28737, which is 0.13' West of the East line;

THENCE S 00°02'20" E along said East line a distance of 1,035.77 feet to a set ACP 12122;

THENCE S 59°50'58" W 124.36 feet to a set ACP 12122 at the Southeast corner of the land described in Docket 1728 at Page 215;

THENCE N 11°14'22" W along the East line of said land a distance of 423.60 feet to a set ACP 12122 at the Northeast corner of said land;

THENCE S 64°01'48" W along the North line of said land a distance of 495.89 feet to a set ACP 12122 at the Northwest corner of said land;

THENCE S 20°42'26" E along the West line of said land a distance of 442.89 feet to a set ACP 12122 at the Southwest corner of said land;

THENCE S 59°50'58" W 358.79 feet to a set ACP 12122;

THENCE S 00°13'13" E 49.87 feet to a found 3/4" iron rod with added tag 12122 on the North line of the plat of GOLDEN ACRES MOBILE HOME PARK UNIT 2, as recorded in Book 9 of Maps and Plats at Page 22, Cochise County Recorder's Office;

THENCE S 14°32'17" W along said North line a distance of 25.13 feet to a found bent 3/4" iron rod with added tag 12122, being a point on the arc of a non-tangent curve concave to the West, a radial line of said curve through said point having a bearing of S 75°45'07" E;

THENCE Southerly along said North line, along the arc of said curve, to the right, having a radius of 332.44 feet, with a chord of S 14°25'12" W 1.99 feet, and a central angle of 00°20'37" for an arc distance of 1.99 feet to a found bent 3/4" iron rod with added tag 12122 on a non-tangent line;

THENCE N 72°38'59" W along said North line a distance of 101.48 feet to a set ACP 12122 on a corner of said plat;

THENCE N 42°43'27" W along said North line a distance of 100.00 feet to a set ACP 12122;

THENCE S 47°17'17" W along said North line a distance of 486.20 feet to a set ACP 12122;

THENCE S 67°29'37" W along said North line a distance of 705.68 feet and passing through a 1/2" iron rod capped 1780, which is 0.19 Northeasterly of the North line of Golden Acres Drive as shown on the plat of GOLDEN ACRES MOBILE HOME PARK, as recorded in Book 7 of Maps and Plats at Page 15, being a point on the arc of a non-tangent curve concave to the South, a radial line of said curve through said point having a bearing of N 13°35'00" E;

THENCE Westerly along said North line, along the arc of said curve, to the left, having a radius of 1,984.86 feet, with a chord of N 83°07'47" W 464.05 feet, and a central angle of 13°25'34" for an arc distance of 465.11 feet to set ACP 12122 at a point of tangency;

THENCE N 89°50'34" W along said North line a distance of 210.00 feet to a set ACP 12122 on the West line of said Southwest quarter;

THENCE N 00°03'30" W along said West line a distance of 585.00 feet to the POINT OF BEGINNING.

Containing 111.5504 acres or 4,859,135 square feet, more or less.

MEMORANDUM

DATE April 27, 2005

TO: Jim Fisher
Executive Consultant I

FROM: Dorothy Hains *DH*
Utilities Engineer *Don*

RE: **Wastewater CC&N Deletion for Southland Sanitation Co.
Docket No. SW-02390A-05-0097**

Introduction

The Southland Sanitation Co. ("Southland" or "Company") has submitted an application to delete approximately one-quarter of a square mile from its Certificate of Convenience and Necessity (CC&N). Southland Utilities Company, Inc., sister company of Southland, provides water service in the same CC&N area. Southland's CC&N area is located near the City of Sierra Vista in Cochise County. Southland currently provides wastewater service to an area that is approximately one and one-half square miles in size. The requested deletion area is within the existing CC&N area. According to the Company, there are no existing wastewater customers in the requested deletion area. The requested deletion area will be provided wastewater service by the City of Sierra Vista ("City").

System

Southland owns and operates a lagoon system of two aerated ponds. This system is capable of treating a maximum wastewater flow of 67,000 gallons per day ("gpd"). At present, the Company treats a daily average wastewater flow of 30,000 gpd from approximately 300 existing customers.

If the proposed service area is deleted, Southland's CC&N will be split. The northern portion will be a small area (an area approximately one sixteenth square mile in size) separate from Southland's existing system (see attached map and legal description in Exhibits 1 & 2). This area will be isolated due to the proposed deletion. It will be costly for Southland to serve this "islanded" area if demand for the Company's service ever occurs. At the present time Southland is not serving any customers in the area. The Company has informed Staff that it will seek an easement agreement from DR Horton Company (DR Horton is developing the deletion area that will be served by the City). This easement would allow the Company to build a sewer line through the deletion area and serve future customers to the north. Staff believes that it would be much more

cost effective for the City to serve the area in question since it will already be providing service in the adjacent area to the south.

Therefore, Staff recommends that the Company be ordered to work with the City to obtain an agreement to transfer the service area described in Exhibit 2 to the City. Staff further recommends that the Commission request that the City work with Southland on said agreement and that the City serve the area described in Exhibit 2. Staff further recommends that the Company file to transfer the area described in Exhibit 2 to the City by December 31, 2006. This application should include the City's agreement to provide wastewater service in the transfer area.

Arizona Department of Environmental Quality (ADEQ) Compliance

Staff received a compliance status report from ADEQ dated April 7, 2005, in which ADEQ stated that the Company is not in compliance. There is a pending Notice of Violation that was issued on December 17, 2004. Staff also received a compliance status report from ADEQ dated March 11, 2005, in which ADEQ also stated that the City of Sierra Vista Wastewater Treatment Plant is in total compliance. Staff recommends that the Company be required to file with Docket Control under this same docket number, by December 31, 2005, documentation showing that it is in compliance with ADEQ requirements.

Arizona Corporation Commission (ACC) Compliance

According to the Utilities Division Compliance Section, Southland has no outstanding ACC compliance issues.

Summary

I. Conclusions

1. Southland has no outstanding ACC compliance issues.
2. The City of Sierra Vista wastewater system is in total compliance with ADEQ regulations.
3. The Southland wastewater system is currently in non-compliance with ADEQ requirements.

II. Recommendations

1. Staff recommends that the Company be ordered to work with the City to obtain an agreement to transfer the service area described in Exhibit 2 to the City. Staff further recommends that the Commission request that the

City work with Southland on said agreement and that the City serve the area described in Exhibit 2. Staff further recommends that the Company file, by December 31, 2006 to transfer the area described in Exhibit 2 to the City. This application should include the City's agreement to provide wastewater service in the transfer area.

2. Staff recommends that the Company be required to file with Docket Control under this same docket number, by December 31, 2005, documentation showing that it is in compliance with ADEQ requirements.

Attachments

Exhibit 1. Map of Area North of Golden Acres Drive Parcel

Exhibit 2. Legal Description of Area North of Golden Acres Drive Parcel

Exhibit 1. Area North of Golden Acres Drive Parcel



Exhibit 2. Legal Description of Area North of Golden Acres Drive Parcel

SOUTHLAND SANITATION, INC.

DOCKET NO. SW-02390A-05-0097

**LEGAL DESCRIPTION OF AREA NORTH OF GOLDEN ACRES DRIVE
PARCEL**

A part of Northeast Quarter of Section 19, Township 22 South, Range 21 East, of the Gila and Salt River Base and Meridian, Cochise County, Arizona, described as follows:

BEGINNING at the Northwest Corner of Said Northeast Quarter;

THENCE South 00 degrees 10 minutes 04 seconds West a distance of 654.60 feet;

THENCE South 89 degrees 45 minutes 59 seconds East a distance of 1051.54 feet;

THENCE South 00 degrees 02 minutes 15 seconds East a distance of 548.42 feet;

THENCE South 89 degrees 44 minutes 43 seconds East a distance of 1590.04 feet;

THENCE North a distance of 1214.38 feet;

THENCE West a distance of 2640.00 feet to the POINT OF BEGINNING.