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Arizona Corporation Commission
BEFORE THE ARIZONA CORPORATION COMMISSION
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WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

MAY 16 2002

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IN THE MATTER OF THE APPLICATION OF
AMERICANA INVESTMENTS, INC. DBA
OATMAN WATER COMPANY FOR THE
TRANSFER OF ITS ASSETS AND CERTIFICATE
OF CONVENIENCE AND NECESSITY TO
OATMAN WATER COMPANY, LLC.

DOCKET NO. W-04069A-01-0932
DOCKET NO. W-01079A-01-0932

DECISION NO. 64832

OPINION AND ORDER

DATE OF HEARING: April 10, 2002
PLACE OF HEARING: Phoenix, Arizona
PRESIDING ADMINISTRATIVE
LAW JUDGE: Teena Wolfe
APPEARANCES: Mr. Stephen Anderson, President of Americana dba Oatman
and Member of Oatman LLC, on behalf of those entities; and
Mr. Timothy Sabo, Staff Attorney, Legal Division, on behalf of
the Utilities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

On November 27, 2001, Americana Investments, Inc. dba Oatman Water Company and
Oatman Water Company, LLC (collectively, "Applicants") filed with the Arizona Corporation
Commission ("Commission") an application to transfer Americana Investments, Inc. dba Oatman
Water Company's assets and its Certificate of Convenience and Necessity ("CC&N") to Oatman
Water Company, LLC.

A Procedural Order was issued on February 14, 2002, finding the application sufficient
pursuant to the requirements of A.R.S. § 41-1074(C) and setting a hearing on this matter for April 10,
2002. The Procedural Order also ordered Applicants to provide all the affected customers with notice
of the application and the hearing date, time and location. Applicants provided notice of the hearing
to each of the affected customers March 6, 2002. No requests for intervention were filed.

On March 19, 2002, the Commission's Utilities Division Staff ("Staff") filed a Staff Report in
this docket recommending approval of the application following a hearing.

1 A hearing was held as scheduled on the application on April 10, 2002 before a duly
2 authorized Administrative Law Judge of the Commission. Mr. Stephen Anderson appeared for
3 Applicants, and Staff appeared with counsel. No customers or members of the public appeared at the
4 hearing. After a full public hearing, the matter was taken under advisement pending submission of a
5 recommended Opinion and Order to the Commission.

6 * * * * *

7 Having considered the entire record herein and being fully advised in the premises, the
8 Commission finds, concludes, and orders that:

9 **FINDINGS OF FACT**

10 1. Americana Investments, Inc. dba Oatman Water Company ("Americana dba Oatman")
11 currently provides water utility service to approximately 136 customers in an area in Mohave County,
12 Arizona under authority of a CC&N granted by the Commission in Decision No. 59263 (August 30,
13 1995).

14 2. Oatman Water Company, LLC ("Oatman LLC") was formed on August 6, 2001.
15 Oatman LLC is a wholly owned subsidiary of Americana dba Oatman. Americana dba Oatman and
16 Mr. Stephen Anderson are the only members of Oatman LLC.

17 3. Both Americana dba Oatman and Oatman LLC are operated by Mr. Stephen
18 Anderson, who is president of Americana dba Oatman.

19 4. In Decision No. 63626 (May 4, 2001), the Commission granted Americana dba
20 Oatman authority to obtain financing from the Water Infrastructure Finance Authority of Arizona
21 ("WIFA") up to the amount of \$163,500 for the purpose of making capital improvements to rectify
22 the Company's lack of pumping capacity. Decision No. 63626 also authorized a rate increase to
23 provide sufficient revenue to allow Americana dba Oatman to service the WIFA loan. The rate
24 increase was made interim and subject to refund if Americana dba Oatman does not file, by June 30,
25 2002, an Approval of Construction from the Arizona Department of Environmental Quality
26 ("ADEQ").

27 5. On November 27, 2001, Americana dba Oatman and Oatman LLC filed with the
28 Commission an application to transfer Americana dba Oatman's assets and its CC&N to Oatman

1 LLC. The application stated that the transfer is part of a corporate reorganization necessary to
2 facilitate the funding of a loan.

3 6. On February 14, 2002, the Commission issued a Procedural Order in this matter
4 finding the application sufficient pursuant to the requirements of A.R.S. § 41-1074(C), setting a
5 hearing on this matter for April 10, 2002, and ordering public notice of the application and hearing.

6 7. On March 18, 2002, Americana dba Oatman filed a letter certifying that the notice to
7 the affected customers required by the February 14, 2002 Procedural Order had been accomplished.

8 8. On March 19, 2002, Staff filed a Staff Report in this docket recommending approval
9 of the application following a hearing.

10 9. At the hearing, Mr. Stephen Anderson testified that he expects the WIFA loan to be
11 funded within a month of approval of the CC&N transfer requested in this application.

12 10. Mr. Anderson testified that he timely submitted the required engineering reports to
13 ADEQ to obtain an Approval of Construction and that he is awaiting ADEQ approval.

14 11. There are no customer refunds due from Americana dba Oatman on main extension
15 agreements.

16 12. Mr. Anderson testified that the customer security deposits currently held by
17 Americana dba Oatman will be transferred to Oatman LLC, and that Oatman LLC will honor them.

18 13. On April 11, 2002, Oatman LLC submitted in this docket a copy of its Articles of
19 Organization.

20 14. At the hearing, Staff testified that on March 15, 2002, ADEQ reported to the
21 Commission that Americana dba Oatman is providing water that meets the water quality standards
22 required by Title 18, Chapter 4 of the Arizona Administrative Code.

23 15. Staff testified that it believes the requested CC&N and asset transfer is in the public
24 interest, and recommends that the Commission approve the application.

25 16. Staff recommends that Oatman LLC be required to charge the interim rates approved
26 in Decision No. 63626, subject to the same refund requirements of Decision No. 63626.

27 17. Staff recommends that Oatman LLC have the same authority to enter into a financing
28 agreement with WIFA granted to Americana dba Oatman in Decision No. 63626.

1 18. Staff's recommendations are reasonable.

2 19. On May 10, 2002, Applicants filed in this docket a request that the deadline
3 established in Decision No. 63626 for filing the ADEQ Approval of Construction be extended from
4 June 30, 2002 to October 31, 2002. In support of this request, Applicants state that Oatman LLC
5 must wait for approval of the requested CC&N transfer in order to finalize its WIFA financing, and
6 that it must obtain the WIFA funds before it can complete the construction work necessary to obtain
7 its ADEQ Approval of Construction. Applicants' request is reasonable and we will extend the
8 deadline.

9 **CONCLUSIONS OF LAW**

10 1. Americana dba Oatman and Oatman LLC are public service corporations within the
11 meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

12 2. The Commission has jurisdiction over Americana dba Oatman and Oatman LLC and
13 the subject matter of the application.

14 3. Notice has been provided as required by law.

15 4. Oatman LLC is a fit and proper entity to receive Americana dba Oatman's CC&N, and
16 the requested transfer of assets and the CC&N is in the public interest.

17 5. Staff's recommendations, as set forth in Findings of Fact No. 15, 16 and 17 should be
18 adopted except that under the circumstances, the deadline established in Decision No. 63626 for
19 Oatman LLC to file its ADEQ Approval of Construction in order to avoid the requirement that it
20 refund all interim rates collected as of that date, should be extended to allow time for Oatman LLC to
21 finalize the WIFA financing approved in that Decision and to complete the construction to be funded
22 by the WIFA loan.

23 **ORDER**

24 IT IS THEREFORE ORDERED that the application of Americana Investments, Inc. dba
25 Oatman Water Company to transfer its assets and its Certificate of Convenience and Necessity to
26 Oatman Water Company, LLC is hereby approved.

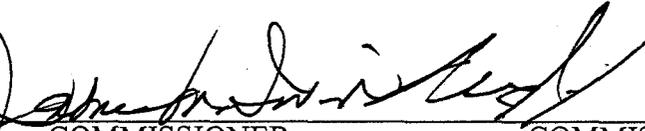
27 IT IS FURTHER ORDERED that Oatman Water Company, LLC shall charge the interim
28 rates approved in Decision No. 63626, subject to the same refund requirements set forth in Decision

1 No. 63626 except that the deadline for Oatman Water Company LLC to file the Arizona Department
2 of Environmental Quality Approval of Construction required by Decision No. 63626 is hereby
3 extended to October 31, 2002.

4 IT IS FURTHER ORDERED that the transfer of the assets and the Certificate of Convenience
5 and Necessity of Americana Investments, Inc. dba Oatman Water Company to Oatman Water
6 Company, LLC approved herein confers upon Oatman Water Company, LLC the authority to enter
7 into the financing agreement granted to Americana Investments, Inc. dba Oatman Water Company in
8 Decision No. 63626, subject to the same conditions set forth in Decision No. 63626.

9 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

10 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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13 CHAIRMAN COMMISSIONER COMMISSIONER
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15 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
16 Secretary of the Arizona Corporation Commission, have
17 hereunto set my hand and caused the official seal of the
18 Commission to be affixed at the Capitol, in the City of Phoenix,
19 this 16th day of May, 2002.

20 
BRIAN C. McNEIL
EXECUTIVE SECRETARY

21 DISSENT _____

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1 SERVICE LIST FOR: AMERICANA INVESTMENTS, INC. DBA OATMAN
2 WATER COMPANY AND OATMAN WATER COMPANY,
3 LLC

4 DOCKET NO.: W-04069A-01-0932 ET AL.

5 Stephen Anderson
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