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1 COMMISSIONERS

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2005 OCT -4 P 1: 29
AZ CORP COMMISSION
DOCUMENT CONTROL

6 BEFORE THE ARIZONA CORPORATION COMMISSION

7	IN THE MATTER OF THE APPLICATION)	DOCKET NO. W-01445A-05-
8	OF ARIZONA WATER COMPANY, AN)	W-01445A-05-0701
9	ARIZONA CORPORATION, TO EXTEND)	
10	ITS EXISTING CERTIFICATE OF)	APPLICATION TO EXTEND
11	CONVENIENCE AND NECESSITY FOR)	EXISTING CERTIFICATE OF
	ITS SUPERSTITION SYSTEM, PINAL)	CONVENIENCE AND NECESSITY TO
	COUNTY, ARIZONA)	INCLUDE ADDITIONAL TERRITORY

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ARIZONA WATER COMPANY, an Arizona corporation, ("AWC") through its undersigned counsel, presents the following Application to extend its existing Certificate of Convenience and Necessity ("CC&N") for its Superstition system. This Application is based on the following:

1. AWC presently holds CC&Ns issued to it by the Arizona Corporation Commission (the "Commission") in various decisions beginning in 1955 for the purpose of providing water service in the City of Apache Junction, the Town of Superior and the surrounding area in Pinal County. The Apache Junction and Superior service areas now comprise AWC's Superstition System.

2. The area that AWC seeks to add to its CC&N is described in Exhibit 1 hereto. The area described in Exhibit 1 is adjacent to area already certificated to and served by AWC. Echo Holdings, LLC ("Echo"), the owner of the property described in Exhibit 1, has submitted a written request to AWC to provide water service to its property and apply to the Commission for authority to include its property within AWC's

1 CC&N. A copy of the letter from Echo is attached as Exhibit 2 hereto. AWC presently
2 owns and operates water system facilities in the vicinity of the area described in Exhibit
3 1 that are used to serve customers in the area, and will be used to provide service to
4 future customers.

5 3. AWC estimates the total number of customers to be served in the area
6 described in Exhibit 1 will be approximately fifty (50) within five years following the date
7 of the filing of this Application.

8 4. A map showing AWC's present CC&N and the territory to be added by this
9 Application is attached as Exhibit 3 hereto.

10 5. A Property Owners List for the property described in Exhibit 1 is attached
11 as Exhibit 4 hereto. The property owner will be mailed the public notice attached as
12 Exhibit 5 hereto.

13 6. AWC is financially able to construct, operate, and maintain the facilities
14 necessary to provide service to the area described in Exhibit 1. AWC's current financial
15 statement is attached as Exhibit 6 hereto.

16 7. AWC has a Pinal County franchise for the area for which it is proposing to
17 extend its CC&N. A copy of the franchise is attached as Exhibit 7 hereto.

18 8. AWC's By-Laws do not require a corporate resolution on behalf of AWC in
19 conjunction with this Application.

20 9. Public convenience and necessity will be served by having AWC extend
21 its CC&N to include the area described in Exhibit 1.

22 10. AWC proposes to utilize its currently authorized rates and charges for its
23 Superior system for service to the area described in Exhibit 1. AWC will continue to
24 charge these rates until the Commission changes the rates.

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1 A copy of the foregoing was mailed this 4th day of October 2005 to:

2 Christopher Kempley, Chief Counsel
3 Legal Division
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 Ernest G. Johnson
8 Director, Utilities Division
9 Arizona Corporation Commission
10 1200 West Washington Street
11 Phoenix, Arizona 85007

12 By: *Ronald W. Becher*

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Exhibit 1

CC&N This Application

All of Section 20, Township 2 South, Range 11 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

Exhibit 2

April 28, 2005

Mike Whitehead
Vice President, Engineering
Arizona Water Company
P.O. Box 29006
Phoenix, Arizona 85038-9006

Re: Extension Of CC&N for *Superstition Views*, Pinal County, Az.

Dear Mr. Whitehead,

Ecco Holdings, LLC requests that Arizona Water Company file an application for approval to extend its Certificate of Convenience and Necessity in or near Florence Junction, Pinal County, Arizona with the Arizona Corporation Commission to include an overall area of 640 acres, which is more accurately described in Attachment 'A' and depicted on the map as Attachment 'B', both attached hereto. I/we understand that the application is subject to the execution of a Master Water System Facilities Agreement. Please notify us when you have been issued a Procedural Order on this extension.

Sincerely,



Eric Capranica

Ecco Holdings LLC

Exhibit 2

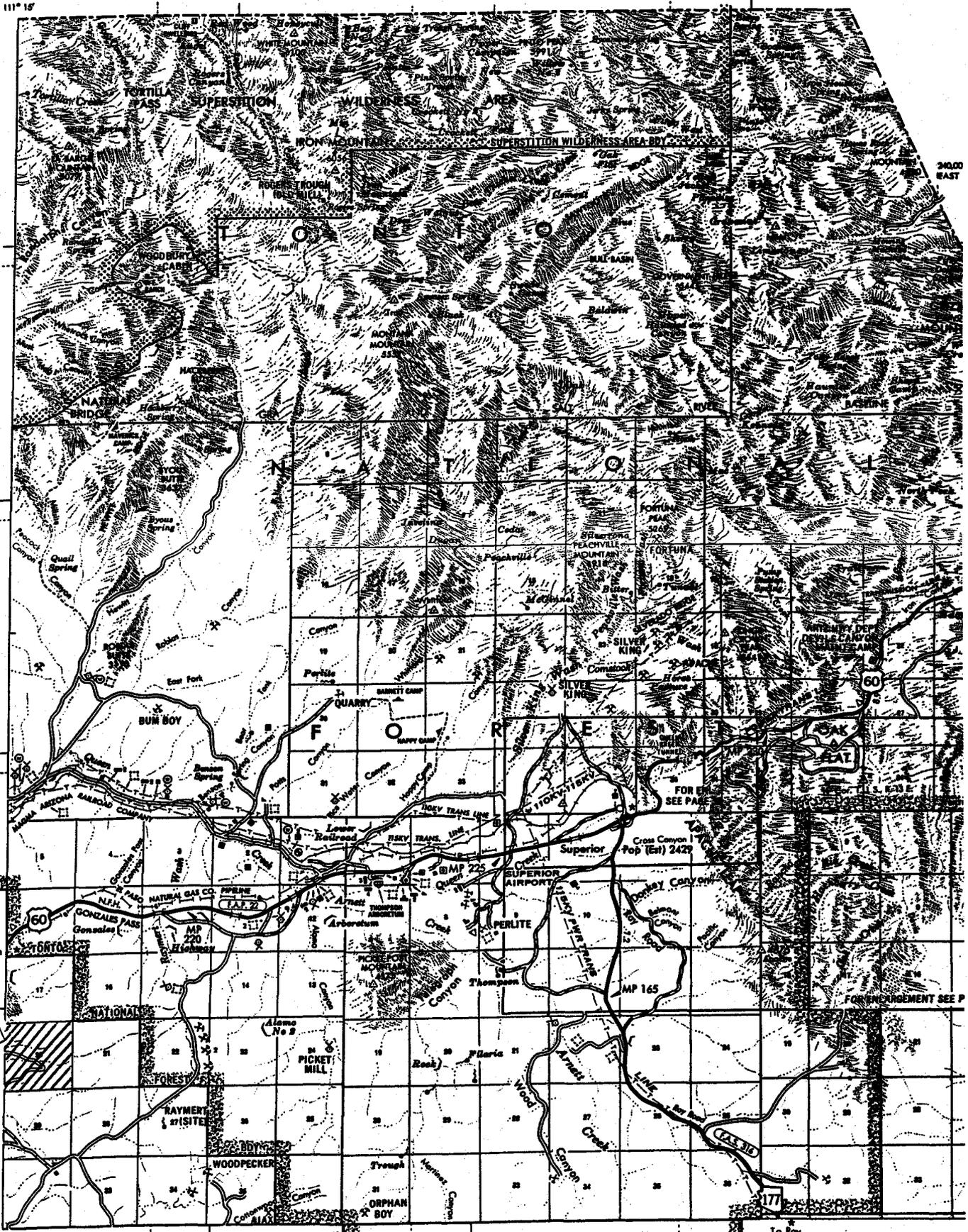
ATTACHMENT 'A'

All of Section 20, Township 2 South, Range 11 East of the Gila
and Salt River Base and Meridian, Pinal County, Arizona.

ATTACHMENT 'B'

180,000 FEET EAST ZONE 720,000 FEET CENTRAL ZONE

220,000 FEET EAST ZONE 740,000 FEET CENTRAL ZONE



T. 1 N.
880,000 FEET CENTRAL ZONE
880,000 FEET EAST ZONE

840,000 FEET CENTRAL ZONE
840,000 FEET EAST ZONE

840,000 FEET CENTRAL ZONE
840,000 FEET EAST ZONE

To Florence section

SUBJECT

T. 2 S.

111° 15'

180,000 FEET EAST ZONE 720,000 FEET CENTRAL ZONE

200,000 FEET EAST ZONE 740,000 FEET CENTRAL ZONE

MATCH LINE TO SHEET 5

220,000 FEET EAST ZONE 740,000 FEET CENTRAL ZONE

240,000 FEET EAST ZONE

R. 11 E.

R. 12 E.

R. 13

Exhibit 4

Property Owners List

104-33-020
FLORENCE 640, LLC
8800 NORTH GAINES CENTER DRIVE
#255
SCOTTSDALE, ARIZONA 85258

EXHIBIT 5

ARIZONA WATER COMPANY

3805 N. BLACK CANYON HIGHWAY, PHOENIX, ARIZONA 85015-5351 • P.O. BOX 29006, PHOENIX, ARIZONA 85038-9006
PHONE: (602) 240-6860 • FAX: (602) 240-6878 • WWW.AZWATER.COM

[Date]

«PropertyOwner»

«Address1»

«Address2»

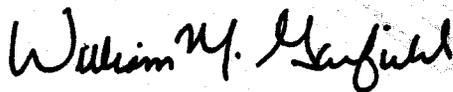
«City» «State» «PostalCode»

PINAL COUNTY ASSESSOR'S PARCEL NO.: «ParcelNumber»

**PUBLIC NOTICE OF AN APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND
NECESSITY BY ARIZONA WATER COMPANY**

Arizona Water Company has filed with the Arizona Corporation Commission ("Commission") an application for authority to provide water utility service to an area in which records indicate that you are a property owner. If the application is granted, Arizona Water Company would be the provider of water utility service to the proposed area. The Commission will require Arizona Water Company to provide this service under rates and charges and terms and conditions established by the Commission. The application is available for inspection during regular business hours at the offices of the Commission at 1200 West Washington Street, Phoenix, Arizona and at Arizona Water Company, 2380 West Southern Avenue, Apache Junction, Arizona.

If you have questions or concerns about this application, have any objection to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Arizona Corporation Commission at 1200 West Washington St., Phoenix, Arizona 85007 or call 1-800-222-7000.



WILLIAM M. GARFIELD
President

PROUDLY SERVING ARIZONA FOR 50 YEARS • 1955 – 2005
E-MAIL: mail@azwater.com

Exhibit 6

ARIZONA WATER COMPANY
Comparative Balance Sheet
at May 31, 2005

ASSETS

	May 31, 2005	May 31, 2004	Increase (Decrease)
UTILITY PLANT			
Gross Utility Plant	\$ 234,676,963	\$ 213,367,843	\$ 21,309,120
Less Accumulated Depreciation	58,540,167	53,816,941	4,723,226
Net Utility Plant	176,136,796	159,550,902	16,585,894
CURRENT ASSETS			
Cash on Hand and in Banks	751,070	807,963	(56,893)
Investments and Special Deposits	2,703	2,703	0
Accounts Receivable	2,714,472	2,797,833	(83,361)
Materials and Supplies	238,557	245,928	(7,371)
Other	592,705	560,906	31,799
Total Current Assets	4,299,507	4,415,333	(115,826)
DEFERRED DEBITS			
	6,480,459	5,823,597	656,862
TOTAL	\$ 186,916,762	\$ 169,789,832	\$ 17,126,930

LIABILITIES

CAPITALIZATION			
Common Stock	\$ 2,700,000	\$ 2,700,000	\$ 0
Capital Surplus	9,087,347	8,970,847	116,700
Retained Earnings	54,268,454	48,853,993	5,414,461
Common Stock Equity	66,055,801	60,524,840	5,531,161
Long-Term Debt	21,800,000	22,200,000	(400,000)
Total Capitalization	87,855,801	82,724,840	5,131,161
CURRENT LIABILITIES			
Notes Payable	3,000,000	800,000	2,200,000
Accounts Payable	2,680,772	2,330,134	350,638
Accrued Expenses	1,963,330	1,845,122	118,208
Other	630,915	509,278	121,637
Total Current Liabilities	8,275,017	5,484,534	2,790,483
DEFERRED CREDITS			
Advances for Construction	43,213,455	38,678,467	4,534,988
Contributions in Aid of Construction	23,320,517	22,209,048	1,111,469
Deferred Income Tax	17,743,430	15,212,940	2,530,490
Other	6,508,542	5,280,203	1,228,339
Total Deferred Credits	90,785,944	81,580,658	9,205,286
TOTAL	\$ 186,916,762	\$ 169,789,832	\$ 17,126,930

Exhibit 6

ARIZONA WATER COMPANY
Comparative Statement of Income
May 31, 2005

	12 MONTHS TO DATE			MAY			5 Months to Date		
	2005	2004	2005	2004	2005	2004	2005	2004	
OPERATING REVENUE	\$ 40,593,992	\$ 38,330,273	\$ 3,503,847	\$ 3,449,110	\$ 14,893,785	\$ 14,326,682			
OPERATING EXPENSES									
Operation and Maintenance	19,072,848	18,159,853	1,916,554	1,827,237	7,914,593	7,470,024			
Depreciation	5,060,229	4,582,661	445,981	398,648	2,218,545	2,016,776			
Taxes Other Than Income Taxes	5,747,795	5,498,247	513,679	501,108	2,291,430	2,218,501			
Income Taxes	3,467,373	3,002,811	188,743	154,704	804,138	810,017			
Total Operating Expenses	33,348,245	31,243,572	3,064,957	2,881,697	13,228,706	12,515,318			
OPERATING INCOME	7,245,747	7,086,701	438,890	567,413	1,665,079	1,811,364			
OTHER (INCOME) AND DEDUCTIONS									
Other (Income) - Net	(3,754,720)	(199,601)	(36,755)	968	(192,345)	(160,121)			
Interest on Long-Term Debt	1,833,966	1,870,966	152,316	155,400	761,583	777,000			
Other Interest and Amortization	(52,260)	(27,653)	2,779	(6,966)	2,716	(38,980)			
Total Other (Income) and Deductions	(1,973,014)	1,643,712	118,340	149,402	571,954	577,899			
INCOME	9,218,761	5,442,989	\$ 320,550	\$ 418,011	\$ 1,093,125	\$ 1,233,465			
Regular Common Dividends	3,804,300	3,518,100							
INCOME RETAINED	\$ 5,414,461	\$ 1,924,889							
Active Services	74,686	70,981							

MAY 2005

1268-263

APR 1985
COPY

FRANCHISE

BE IT RESOLVED by the Board of Supervisors, County of Pinal, State of Arizona:

THAT WHEREAS, Arizona Water Company, an Arizona corporation, has duly filed and presented its application that it be granted the right, privilege and franchise to construct, maintain and operate upon, over, along, across and under the present and future streets, avenues, alleys, highways, bridges, public roads and other public places in the County of Pinal, State of Arizona, water lines, plant and system, including mains, laterals, pumps, manholes, meters, regulator stations and related equipment, facilities and appurtenances, for the purpose of supplying water for all purposes in the County of Pinal, State of Arizona, for a period of twenty-five (25) years; and

WHEREAS, upon the filing of said application, the Board of Supervisors ordered that public notice of the intention of said Board to make such grant be given by publishing a notice in the Florence Reminder & Blade-Tribune newspaper of general circulation published in the City of Casa Grande, County of Pinal, State of Arizona, stating that at 10:00 o'clock A.M. on the 4th day of February, 1985, at the Courthouse in the City of Florence, County of Pinal, State of Arizona, was set for the time and place for the consideration of the granting of said right, privilege, and franchise; and

WHEREAS, said application coming on regularly for hearing on the 4th day of February, 1985, and its appearing by the affidavit of Florence Ramirez of said newspaper that due and legal notice of said time and place set for the consideration of such action has been published for at least once a week for three weeks prior to the date set for said hearing;

NOW, THEREFORE,

SECTION 1. There is hereby granted to Arizona Water Company, a corporation organized and existing under and by virtue of the laws of the State of Arizona, its successors and assigns (hereinafter called "Grantee"), the right, privilege and franchise to construct, maintain and operate upon, over, along, across and under the present and future streets, avenues, alleys, highways, bridges, public roads and other public places in the County of Pinal, State of Arizona, water lines, plant and system, including mains, laterals, pumps, manholes, meters, regulator stations and related equipment, facilities and appurtenances, for the purpose of supplying water for all

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purposes in the County of Pinal, State of Arizona. Grantee's Application for Franchise is made a part hereof by reference thereto.

SECTION 2. All facilities to be constructed pursuant to this franchise shall be constructed and maintained in accordance with established practices with respect to such streets, avenues, alleys, highways, bridges and public places of the County of Pinal. Prior to such construction, a map showing the location of such facilities shall be submitted to such persons as may be designated by said Board of Supervisors.

SECTION 3. In the event that any lines or related facilities installed or constructed pursuant to this franchise shall at any time be found to interfere unduly with vehicular and pedestrian traffic over such streets, avenues, alleys, highways, bridges, public roads and other public places the Grantee hereby agrees that it will, at its own expense, and within a reasonable time after notice thereof by said Board of Supervisors, remove or relocate said lines, or related facilities so as to minimize said interference. In all other instances the costs incurred in relocating any lines or facilities shall be borne by and added to the cost of the public or private improvement causing or resulting in such relocation.

SECTION 4. In the event that said Board of Supervisors, acting on behalf of the County of Pinal, takes action to dispose of unnecessary public roadways in accordance with the provisions of Arizona Revised Statutes §28-1901, et seq., said Board of Supervisors agrees to recognize and preserve each of the Grantee's prior rights of way or easements and rights under this franchise which are affected thereby, as they existed prior to such disposition, by including specific and appropriate language for that purpose in any legal instrument utilized for the purpose of accomplishing such disposition.

SECTION 5. In case of any disturbance of pavement, sidewalk, driveway or other surfacing, planting or ground cover resulting from Grantee's action pursuant to this franchise, Grantee shall, in a manner entirely satisfactory to said Board of Supervisors and the department having appropriate jurisdiction, replace and restore the paving, sidewalk, driveway, surfacing, planting or ground cover of any street, alley or other public way or place so disturbed in as good condition as it was prior to said disturbance. All such work shall be completed with due diligence.

Further, to avoid duplication of effort and untimely construction of the street, the Grantee shall coordinate its construction and replacement

1268-365

plans pursuant to this franchise with said department having appropriate jurisdiction.

SECTION 6. The Grantee shall save the County of Pinal harmless from expenses, claims and liability arising by reason of the exercise of this franchise by Grantee.

SECTION 7. The right, privilege and franchise hereby granted shall continue and exist for a period of twenty-five (25) years from the effective date hereof, and upon approval by said Board of Supervisors and acceptance by the Grantee, this franchise shall be deemed effective as of the date of approval of this Application.

SECTION 8. The right, privilege and franchise hereby granted shall inure to the benefit of, and be binding upon the Grantee, its successors and assigns.

SECTION 9. All resolutions and parts of resolutions in conflict with the provisions hereof are hereby repealed to the extent applicable to a franchised public service corporation.

SECTION 10. If any section, paragraph, subdivision, clause, phrase or provision of this resolution shall be adjudged invalid or unconstitutional, the same shall not affect the validity of this resolution as a whole or any part of the provisions hereof other than the part so adjudged to be invalid and unconstitutional.

SECTION 11. Upon the expiration of this franchise, if the Grantee shall not have acquired an extension or renewal thereof and accepted the same, it may continue operating its facilities and system within the County of Pinal until a new franchise can be effected with the County of Pinal.

Upon motion by Supervisor Machison

seconded by Supervisor Weatherly

the foregoing Resolution granting a Franchise to Arizona Water Company in the County of Pinal, State of Arizona, was duly passed and adopted by the Board of Supervisors, County of Pinal, State of Arizona, at a regular session of said Board held on the 4th day of February, 1985.

1268-266



PINAL COUNTY BOARD OF SUPERVISORS

By *[Signature]*
Chairman

ATTEST:

[Signature]
CLERK OF BOARD OF SUPERVISORS