

OPEN MEETING ITEM



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ORIGINAL



COMMISSIONERS
JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

ARIZONA CORPORATION COMMISSION

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2005 OCT -4 P 3:40

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: October 4, 2005
DOCKET NO: W-03067A-04-0216 and WS-04247A-04-0604

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Marc E. Stern. The recommendation has been filed in the form of an Opinion and Order on:

BEAVER DAM WATER COMPANY and SUNRISE UTILITIES, LLC
(CC&N DELETION/ISSUANCE OF CC&N)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00 p.m.** on or before:

OCTOBER 13, 2005

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for Open Meeting to be held on:

OCTOBER 18 AND 19, 2005

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.


BRIAN C. McNEIL
EXECUTIVE DIRECTOR

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 JEFF HATCH-MILLER, Chairman
4 WILLIAM A. MUNDELL
5 MARC SPITZER
6 MIKE GLEASON
7 KRISTIN K. MAYES

8 IN THE MATTER OF THE APPLICATION OF
9 BEAVER DAM WATER COMPANY FOR
10 DELETION OF A PORTION OF ITS
11 CERTIFICATE OF CONVENIENCE AND
12 NECESSITY IN MOHAVE COUNTY, ARIZONA.

DOCKET NO. W-03067A-04-0216

13 IN THE MATTER OF THE APPLICATION OF
14 SUNRISE UTILITIES, L.L.C. FOR A
15 CERTIFICATE OF CONVENIENCE AND
16 NECESSITY TO PROVIDE WATER AND
17 WASTEWATER SERVICE IN MOHAVE
18 COUNTY, ARIZONA.

DOCKET NO. WS-04247A-04-0604

DECISION NO. _____

OPINION AND ORDER

13 DATE OF HEARING: April 26, 2005
14 PLACE OF HEARING: Phoenix, Arizona
15 ADMINISTRATIVE LAW JUDGE: Marc E. Stern
16 APPEARANCES: Mr. Richard L. Sallquist, SALLQUIST &
17 DRUMMOND, on behalf of Sunrise Utilities, L.L.C.;
18 and
19 Mr. Timothy J. Sabo, Staff Attorney, Legal Division, on
20 behalf of the Utilities Division of the Arizona
21 Corporation Commission.

22 **BY THE COMMISSION:**

23 On March 23, 2004, Beaver Dam Water Company ("BDWC") filed with the Arizona
24 Corporation Commission ("Commission") an application requesting the deletion of a small portion of
25 its certificated service area in Mohave County, Arizona. Concurrently with BDWC's filing, Sunrise
26 Utilities, L.L.C. ("Sunrise") filed an application for a Certificate of Convenience and Necessity
27 ("Certificate") with the Commission to provide public water and wastewater utility service to various
28 parts of Mohave County, Arizona, in Docket No. WS-04247A-04-0217 which included the area
which BDWC had requested be deleted in its application.

1 On July 16, 2004, the Commission issued Decision No. 67122, an Administrative Closure,
2 due to deficiencies in Sunrise's application in Docket No. WS-04247A-04-0217. Action on BDWC's
3 application was suspended pending Sunrise filing a new application.

4 On August 17, 2004, Sunrise filed a second application for a Certificate with the Commission
5 to provide public water and wastewater utility service to various parts of Mohave County, Arizona,
6 which included the area included in BDWC's application for deletion. The second Sunrise
7 application was assigned Docket No. WS-04247A-04-0604 in this proceeding.

8 On September 15, 2004, the Commission's Utilities Division ("Staff") issued a notice of
9 deficiency to Sunrise that its second application for a Certificate had not met the sufficiency
10 requirements of A.A.C. R14-2-411(C).

11 On January 18, 2005, Staff issued a notice that Sunrise's second application had met the
12 sufficiency requirements of A.A.C. R14-2-411(C).

13 On January 21, 2005, pursuant to A.A.C. R14-3-101, the Commission issued a Procedural
14 Order which scheduled a hearing on Sunrise's second application on April 26, 2005. However, at
15 that time, no action was taken on BDWC's application for a deletion.

16 On April 20, 2005, BDWC and Sunrise each filed a Motion to Consolidate the above-
17 captioned proceedings. Staff did not oppose the consolidation.

18 On April 26, 2005, a full public hearing was held before a duly authorized Administrative
19 Law Judge of the Commission at its offices in Phoenix, Arizona. Applicant and Staff were present
20 with counsel. BDWC did not enter an appearance. Absent any objections, it was determined that the
21 above-captioned proceedings should be consolidated for purposes of hearing. However, because it
22 became apparent that BDWC had not provided public notice of its application for a deletion, it
23 became necessary to hold the record open while notice was given. After the date public notice was
24 given to property owners in the area sought to be deleted by BDWC, the record was held open for an
25 additional 30 days to provide time for Staff to review whether any objections were made to the
26 application by BDWC. After these matters were addressed, the case was taken under advisement
27 pending further action by the parties.

28 On April 29, 2005, by Procedural Order, the proceeding was consolidated and BDWC and/or

1 Sunrise were ordered to provide public notice in a form approved by Staff of BDWC's application for
2 a deletion of a portion of its Certificate. It was further ordered that the time frame be suspended for a
3 period of 30 days after certification of said notification, in order to permit Staff an opportunity to
4 review any objections filed to the proposed deletion by BDWC.

5 As of June 2, 2005, certification of notice had not been filed and upon further review of the
6 proceedings, Sunrise had not yet late-filed an exhibit in the form of an additional request for service
7 for a 40-acre parcel to be included in the area for which it is seeking a Certificate, as agreed during
8 the hearing.

9 On June 3, 2005, the Commission, by Procedural Order, ordered the following: that Sunrise
10 and/or BDWC provide public notice and file certification of publication of same; that Sunrise file a
11 late-filed exhibit consisting of requests for water and wastewater service together with the respective
12 legal descriptions for the requested areas; that upon Sunrise filing the aforementioned late-filed
13 exhibit, Staff review same and file verification that the requested areas for service correlate with the
14 respective legal descriptions; and that the time frame be suspended until further Order.

15 Subsequent to the Commission's June 3, 2005, Procedural Order, Sunrise filed certification
16 that public notice of BDWC's application for a deletion had been mailed to all property owners in the
17 area sought to be deleted by BDWC. In response thereto, no protests have been received by the
18 Commission.

19 On June 24 and July 8, 2005, Sunrise, through late-filed exhibits, provided copies of all
20 requests for water and wastewater service together with the legal descriptions for the respective areas
21 for which service had been requested.

22 On July 14, 2005, by Procedural Order, Staff was ordered to review and verify not later than
23 July 29, 2005, that Sunrise had filed copies of requests for water and wastewater service which
24 correlated with the recently filed legal descriptions that were included in the area sought to be
25 certificated in the Sunrise application.

26 On July 29, 2005, Staff filed a memorandum confirming that it had reviewed and verified the
27 requests for service with the legal descriptions of the respective parcels, but further indicated that
28 Sunrise was requesting certain parcels be certificated for which it had not received requests for

1 service and were included in an exhibit during the proceeding. After receipt of this filing, the case
2 was taken under advisement pending submission of a Recommended Opinion and Order to the
3 Commission.

4 On September 2, 2005, Sunrise filed a revised late-filed exhibit, which included four
5 additional parcels owned by two property owners and corrected the amount of acreage owned by
6 another property owner.

7 On September 6, 2005, by Procedural Order, Staff was ordered to review and verify not later
8 than September 21, 2005, that Sunrise had filed copies of requests for water and wastewater service
9 which correlated with the recently filed legal descriptions that were included in the area sought to be
10 certificated in the Sunrise application.

11 On September 21, 2005, Staff filed a follow-up memorandum confirming that it had reviewed
12 and verified the requests for service with the legal descriptions of the respective parcels. Staff
13 confirmed that all requests for service are within Sunrise's requested service area.

14 * * * * *

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

17 **FINDINGS OF FACT**

18 1. Pursuant to authority granted by the Commission, BDWC is an Arizona corporation
19 which provides water to various parts of Mohave County, Arizona.

20 2. On March 23, 2004, BDWC filed an application requesting the deletion of a small
21 portion (160 acres) from its certificated service area in Mohave County, Arizona which is more fully
22 described in Exhibit A which is attached hereto and incorporated by reference. This parcel is located
23 in an area which is south of the Virgin River and was certificated to BDWC in Decision No. 64662
24 (March 25, 2002).

25 3. Sunrise is an Arizona limited liability company that was formed to provide public
26 water and wastewater service in various parts of Mohave County, Arizona.

27 4. On August 17, 2004, Sunrise filed an application to provide public water and
28 wastewater treatment service to various parts of Mohave County, Arizona, which is described more

1 fully in Exhibit B attached hereto and incorporated by reference.¹ This area includes the area sought
2 to be deleted by BDWC.

3 5. The areas sought to be certificated by Sunrise for both water and wastewater service
4 are owned by six different property owners. One of these property owners is a member/owner of
5 Sunrise.

6 6. According to Sunrise's application as subsequently amended, it is seeking a Certificate
7 to provide water and wastewater service to 285 acres of land and for wastewater service alone, to 420
8 acres of land.

9 7. A portion of the area sought to be certificated by Sunrise for the provision of
10 wastewater service alone includes an area certificated to Virgin Mountain Utilities Company ("Virgin
11 Mountain") for water service only, but which presently has no existing customers in its certificated
12 service area. According to Mr. George Timinskas, Sunrise's managing member/owner², Mohave
13 County recently changed its development regulations and now requires public wastewater service for
14 "urban development areas" instead of septic service as was permitted in subdivisions previously.

15 8. On February 23, 2005, Sunrise filed certification that it had provided public notice of
16 its application and the hearing had been given in accordance with the Commission's Procedural
17 Order.

18 9. Pursuant to agreement of the parties and the Commission's Procedural Order dated
19 April 29, 2005, Sunrise, on June 2, 2005, by certified mail, provided notice of BDWC's application
20 for a deletion in a form approved by Staff. In response thereto, no protests or comments were
21 received from any of the three property owners of the 160 acres sought to be deleted by BDWC.³

22
23 ¹ The areas which Sunrise is seeking to be certificated to provide both water and wastewater treatment service do
24 not entirely coincide and in both cases include areas for which service has not been requested. The areas do not coincide
because a portion of the area sought for wastewater service is already provided with water service by Virgin Mountain
Utilities Company.

25 ² Mr. Timinskas, Sunrise's managing member, has been a registered professional engineer in a number of states
26 for the past 35 years and has extensive experience in the design, maintenance and operation of water and wastewater
utility systems. He designed Sunrise's system and is preparing to become a certified operator in Arizona for both the
water and wastewater treatment systems.

27 ³ One 80 acre parcel is owned by a Mesquite, Nevada limited liability company, a 40 acre parcel is owned by the
28 Bureau of Land Management and another 40 acre parcel is owned by Arvada Ranch Properties, LLC ("ARP") which has
requested water and wastewater service from Sunrise to develop a 32 unit subdivision with the remaining portion to be
used as the site for Sunrise's wastewater treatment facilities.

1 10. BDWC, according to its application, is seeking to delete the area described in Exhibit
2 A because it is located a substantial distance from the closest water facility owned by BDWC and it is
3 located across a very deep gorge with the Virgin River at the bottom. The distance and physical
4 barrier make water service by BDWC to the area described in Exhibit A very difficult, if not
5 impossible, or extraordinarily expensive. BDWC is aware that Sunrise is willing to serve the deletion
6 area with both water and wastewater service when requested.

7 11. There are no other municipal or other public water or wastewater treatment companies
8 authorized to provide service in the areas described in Exhibit B.

9 12. In order to provide water service to the areas described in Exhibit B, Sunrise plans to
10 initially develop two wells which will produce up to 300 gallons per minute ("GPM") of water each
11 and a storage tank which will hold 150,000 gallons of water along with the necessary booster pumps
12 and distribution system to serve projected development. Sunrise projects that approximately 600
13 primarily residential customers will request service during its first five years of operations.
14 Additionally, developers in the area have drilled approximately eight other wells which are capped
15 and ready for connection and the extension of the water system as development takes place.

16 13. Sunrise's managing member/owner indicated that as further development takes place
17 and Sunrise's certificated service area expands, it is expected that developers will transfer their
18 ownership rights in certain of the capped wells in exchange for either an equity interest in Sunrise or
19 pursuant to the terms of main extension agreements to be approved by the Commission.

20 14. According to recent lab tests, the water from the two wells which Sunrise plans to
21 develop initially both contain water which slightly exceeds the new federal standards for arsenic
22 effective January 23, 2006. The Company will retest this water and if treatment is necessary, will
23 install, at a cost of approximately \$100,000, the necessary treatment facilities to filter out the arsenic
24 when its backbone plant is built.

25 15. Sunrise still must obtain approval from the Arizona Department of Environment
26 Quality ("ADEQ") for the construction of any proposed arsenic treatment facilities if they are found
27 necessary.

28 16. Sunrise has not yet secured a franchise from Mohave County for the areas for which it

1 is seeking a Certificate and has not yet secured a Certificate of Approval to Construct ("CAC") from
2 ADEQ. Additionally, Sunrise has not yet secured a Letter of Adequate Water Supply ("LAWS")
3 which is issued by the Arizona Department of Water Resources ("ADWR") to the developers in the
4 areas sought to be certificated herein.

5 17. Sunrise has not yet filed copies of its curtailment plan tariff or cross connection/back
6 flow tariff. During the hearing, Sunrise's managing member indicated that the Company is in
7 agreement with Staff's recommendations with respect to its proposed public water utility, including
8 Staff's proposed rates and charges, with the exception that Sunrise be granted an additional 365 days
9 for filing copies of any compliance documents required to be secured from ADEQ due to anticipated
10 delays in securing them.

11 18. Because Mohave County has designated the area in which Sunrise will be operating as
12 an "urban development area", developers and property owners will be unable to utilize septic systems
13 for wastewater treatment unless previously approved. As a result, Sunrise, since it is owned by
14 several members who are developers, is developing a public wastewater treatment system to provide
15 service to the areas sought to be certificated in Exhibit B.

16 19. The request by Sunrise to provide public wastewater service includes a total area of
17 525 acres which includes most of the area certificated to Virgin Mountain for water service.

18 20. Since Mohave County began prohibiting the use of septic systems in what are or will
19 become "urban development areas", development in Virgin Mountain's certificated service area for
20 water service has been delayed by the fact that there has not previously been a public wastewater
21 utility to provide wastewater service.

22 21. As development takes place within the areas sought to be certificated by Sunrise, Mr.
23 Timinskas anticipates that four to five residences per acre will be served by the utility.

24 22. The wastewater treatment plant which will be initially developed by Sunrise will be a
25 tertiary treatment Marwood plant with a capacity of 150,000 gallons per day and, since it is a
26 denitrifying plant, it will produce Class A effluent which can be used for multiple purposes.

27 23. Sunrise plans to construct its wastewater facility on an 8-acre parcel which is part of
28 the 40 acre parcel presently owned by Arvada located in Section 3, Township 39N, Range 16W

1 GSRB&M, Mohave County, Arizona which is to be deleted from Beaver Dam's certificated service
2 area. The remaining 32 acres will be developed as a residential subdivision by Arvada.

3 24. ADEQ has not yet approved the proposed on-site wastewater treatment and disposal
4 system planned by Sunrise.

5 25. Mr. Timinskas indicated that Sunrise's owners are prepared to subsidize the system
6 during its initial years of operation if revenues fall short of expectations. However, based on pro
7 forma estimates for both the water and wastewater facilities, it appears that by the third year of
8 operations both systems will produce some net operating income.

9 26. During the proceeding, Mr. Timinskas stipulated to Staff's recommendations in the
10 Staff Report for both the water and wastewater treatment systems including Staff's proposed initial
11 rates and charges as set forth in Schedules REL-W-2 and REL-WW2 to the Staff Report which are
12 more fully described in Exhibit C attached hereto and incorporated herein by reference.

13 27. Mr. Timinskas took exception to only those portions of the Staff Report which require
14 Sunrise to secure and file documentation concerning arsenic treatment data by October 31, 2005, and
15 other ADEQ compliance documentation due within 365 days of a Decision in this proceeding. By
16 way of excepting, Mr. Timinskas requested that Sunrise be given up to two years from the date of any
17 Decision in this matter in which to file copies of required ADEQ documentation.

18 28. While testifying, Mr. Timinskas indicated that he would like to ultimately acquire
19 complete ownership of Sunrise.

20 29. During the proceeding, Mr. Timinskas acknowledged that Sunrise, since it has not
21 previously operated a utility, would be willing to post a performance bond, if required by the
22 Commission, in order for it to be certificated to provide water and wastewater service.

23 30. Following written notice to the affected property owners, none have protested the
24 deletion of the area described in Exhibit A, and Staff is recommending approval of BDWC's
25 application for this deletion from its Certificate.

26 31. Staff is recommending approval of Sunrise's application for a Certificate to provide
27 water and wastewater service for only the areas as described in Exhibit B which requested service
28 and the authorization of Staff's initial rates and charges as set forth in Schedules REL-W-2 and REL-

1 WW-2, as set forth in Exhibit C attached hereto. Staff also recommends the denial of any hook-up
2 fees. Additionally, Staff is recommending that the Commission condition the issuance of a
3 Certificate upon the following:

4 Water System

- 5 1. that the Commission find the fair value of the property devoted to water
6 service by Sunrise is \$348,324 as shown on Schedule REL-W-1 attached to
7 the Staff Report;
- 8 2. that the Commission authorize Staff's recommended water rates and
9 charges for Sunrise as shown at Exhibit C on Schedule REL-W-2;
- 10 3. that the Commission order Sunrise to file, within 30 days of the effective
11 date of this Decision, with Docket Control, a tariff consistent with the
12 water rates and charges authorized hereinafter by the Commission;
- 13 4. that the Commission order Sunrise to file, within 365 days of the effective
14 date of this Decision, with Docket Control, a copy of its Mohave County
15 franchise for its water facilities;
- 16 5. that the Commission order Sunrise to file, within 365 days of the effective
17 date of this Decision, with Docket Control, a backflow prevention tariff
18 and a curtailment tariff;
- 19 6. that the Commission order Sunrise to file, within 365 days of the effective
20 date of this Decision, with Docket Control, a copy of the ADEQ Approval
21 to Construct its public water facilities;
- 22 7. that the Commission order Sunrise to file, by October 31, 2005, with
23 Docket Control, a copy of the ADEQ Approval to Construct its arsenic
24 treatment facilities, if necessary;
- 25 8. that the Commission order that Sunrise to file, within 365 days of the
26 effective date of this Decision, with Docket Control, a copy of the
27 developers' Letter(s) of Adequate Water Supply, stating that there is an
28 adequate water supply, where applicable or when required by statute;

- 1 9. that the Commission order Sunrise to maintain its books and records in
2 accordance with the National Association of Regulatory Utility
3 Commissioners ("NARUC") Uniform System of Accounts for Water
4 Utilities;
- 5 10. that the Commission order Sunrise to notify the Director of the Utilities
6 Division within 30 days of initiating water service to its first customer in
7 the proposed service area;
- 8 11. that the Commission order Sunrise to file, not later than three months
9 following the fifth anniversary of the effective date of this Decision, with
10 Docket Control, a rate application for its water utility; and
- 11 12. that the Commission authorize Sunrise to use the depreciation rates for its
12 water utility as recommended in the Staff Report and at its attached
13 Engineering Memorandum at Table One.

14 Wastewater System

- 15 13. that the Commission find the fair value of the property devoted to
16 wastewater service by Sunrise is \$723,281 as shown on Schedule REL-
17 WW-1 attached to the Staff Report;
- 18 14. that the Commission authorize Staff's recommended wastewater rates and
19 charges for Sunrise as shown at Exhibit C on Schedule REL-WW-2;
- 20 15. that the Commission order Sunrise to file, within 30 days of the effective
21 date of this Decision; with Docket Control, a tariff consistent with the
22 wastewater rates and charges authorized hereinafter by the Commission;
- 23 16. that the Commission order Sunrise to file, within 365 days of the effective
24 date of this Decision, with Docket Control a copy of its Mohave County
25 franchise agreement for wastewater service;
- 26 17. that the Commission order Sunrise to file, within 365 days of the effective
27 date of this Decision, with Docket Control, a copy of the Letter of Intent
28 and/or the Aquifer Protection Permit to be issued by ADEQ;

1 18. that the Commission order Sunrise to file, not later than three months
2 following the fifth anniversary of the effective date of this Decision, with
3 Docket Control, a rate application for its wastewater utility;

4 19. that the Commission require Sunrise to maintain its books and records in
5 accordance with the NARUC Uniform System of Accounts for Wastewater
6 Utilities;

7 20. that the Commission order Sunrise to notify the Director of the Utilities
8 Division within 30 days of initiating wastewater service to its first
9 customer in the proposed service area; and

10 21. that the Commission authorize Sunrise to use the depreciation rates for its
11 wastewater utility as recommended in the Staff Report and at its attached
12 Engineering Memorandum at Table Two.

13 32. Staff further recommends that the Commission's Decision granting this Certificate to
14 Sunrise be null and void without further Order by the Commission if Sunrise fails to meet conditions
15 3, 4, 5, 6, 7, 8, 15, 16 and 17 within the times specified.

16 33. Under the circumstances herein, we believe that Sunrise's application should be
17 approved as recommended for only those areas requesting service with Staff's initial rates and
18 charges as agreed by Sunrise and set forth in Exhibit C. We find that any proposed hook-up fees by
19 Sunrise should be denied, and we further find that Staff's additional recommendations should be
20 adopted and complied with by Sunrise in a timely fashion or the Certificate authorized hereinafter
21 shall be null and void.

22 34. Since there is no evidence in the record that reveals that Sunrise has any prior
23 experience in successfully operating a public utility, a performance bond in the amount of \$60,000
24 should be posted prior to serving its first water and/or wastewater customer to insure that Sunrise will
25 be able to continue operations for a reasonable period if outside financial support is necessary, and
26 unavailable from the owners of the utility.

27 35. Because an allowance for the property tax expense of BDWC and Sunrise is included
28 in each Company's rates and will be collected from its customers, the Commission seeks assurances

1 from each Company that any taxes collected from ratepayers have been remitted to the appropriate
 2 taxing authority. It has come to the Commission's attention that a number of water companies have
 3 been unwilling or unable to fulfill their obligation to pay the taxes that were collected from
 4 ratepayers, some for as many as twenty years. It is reasonable, therefore, that as a preventive
 5 measure BDWC and Sunrise should annually file, as part of their annual reports, an affidavit with the
 6 Utilities Division attesting that the company is current in paying its property taxes in Arizona.

7 36. Lastly, we find that since the membership interests in Sunrise may change as
 8 development takes place in its certificated area, that it may become necessary for the utility to amend
 9 its Articles of Organization and other lawfully required business records from time to time and
 10 therefore, Sunrise should comply in all respects with A.R.S. § 29-601, et seq.⁴

11 CONCLUSIONS OF LAW

12 1. BDWC is a public service corporation within the meaning of Article XV of the
 13 Arizona Constitution and A.R.S. § 40-252, 40-281 and 40-282.

14 2. The Commission has jurisdiction over BDWC and Sunrise and the subject matter of
 15 the applications.

16 3. The public convenience and necessity require that the public would benefit from the
 17 deletion of the area described in Exhibit A.

18 4. The Commission should delete the area described in Exhibit A from BDWC's
 19 Certificate;

20 5. Notice of the applications and hearing thereon was given in accordance with the law.

21 6. Sunrise is a fit and proper entity to receive a Certificate authorizing it to construct,
 22 operate, and maintain facilities to furnish water and wastewater treatment service to the public in the
 23 areas described in Exhibit B.

24 7. The public convenience and necessity require the issuance of a Certificate to Sunrise
 25 authorizing it to provide water and wastewater treatment service to the public in the areas sought to

26 ⁴ A.R.S. §29-633(B) provides, in relevant part, that a limited liability company must amend its Articles of
 27 Organization on file with the Commission within 30 days following: 1) a change in any arrangements or facts making the
 28 Articles of Organization inaccurate; 2) a change in the persons who are members if management of the LLC is reserved to
 the members; or 3) a change in the persons who are managers or in the members who own 20 percent or greater interest in
 the capital or profits interests of the LLC, if the management of the LLC is vested in a manager or managers.

1 be certificated herein.

2 8. The rates and charges authorized hereinafter are just and reasonable.

3 9. Staff's recommendations, as set forth in Findings of Nos. 30, 31 and 32 should be
4 adopted and Sunrise should timely comply in all respects with the Orders of the Commission as
5 recommended by Staff or the Certificate authorized hereinafter shall be null and void without further
6 Order by the Commission.

7 10. As a limited liability company, Sunrise should comply with the requirements of
8 A.R.S. § 29-601, *et seq.* with respect to its operations in the future.

9 11. Sunrise should post a performance bond of \$60,000 prior to serving its first water and
10 wastewater customer.

11 **ORDER**

12 IT IS THEREFORE ORDERED that the application of Beaver Dam Water Company for a
13 deletion of all lands encompassed within its Certificate of Convenience and Necessity as described in
14 Exhibit A be, and is hereby, approved.

15 IT IS FURTHER ORDERED that the application of Sunrise Utilities, L.L.C. for a Certificate
16 of Convenience and Necessity for the operation of water and wastewater treatment facilities in the
17 areas more fully described in Exhibit B be, and is hereby, approved.

18 IT IS FURTHER ORDERED that Sunrise Utilities, L.L.C. shall charge those customers in the
19 areas more fully described in Exhibit B Staff's recommended rates and charges as set forth in Exhibit
20 C until further Order of the Commission.

21 IT IS FURTHER ORDERED that the approval of Sunrise Utilities, L.L.C.'s application for
22 Certificate of Convenience and Necessity shall be expressly contingent upon Sunrise Utilities,
23 L.L.C.'s filing with Docket Control in this docket, at least 15 days before it first provides service to
24 any customer, a copy of a form of performance bond in the amount of \$60,000 to ensure Sunrise
25 Utilities, L.L.C. shall meet its obligations arising under its Certificate. The performance bond shall be
26 maintained and copies of same filed annually on the anniversary date of the initial filing until further
27 Order of the Commission or ten years have passed, whichever is sooner, at which time the bonding
28 requirement may be terminated upon Sunrise Utilities, L.L.C.'s application for same.

1 IT IS FURTHER ORDERED that Sunrise Utilities, L.L.C. shall comply in all respects with
2 Findings of Fact No. 30, 31 and 32 and Conclusion of Law No. 9 above.

3 IT IS FURTHER ORDERED that the Certificate of Convenience and Necessity granted to
4 Sunrise Utilities, L.L.C. for the areas described in Exhibit B shall be null and void without further
5 Order by the Commission if Sunrise Utilities, L.L.C. fails to meet the conditions numbered 3, 4, 5, 6,
6 7, 8, 15, 16, 17 and 18 as set forth in Findings of Fact No. 31 above.

7 IT IS FURTHER ORDERED that Beaver Dam Water Company shall annually file as part of
8 its annual report, an affidavit with the Utilities Division attesting that the Company is current in
9 paying its property taxes in Arizona.

10 IT IS FURTHER ORDERED that Sunrise Utilities, L.L.C. shall annually file as part of its
11 annual report, an affidavit with the Utilities Division attesting that the Company is current in paying
12 its property taxes in Arizona.

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1 IT IS FURTHER ORDERED that Sunrise shall comply in all respects with the requirements
2 of A.R.S. § 29-601, *et seq.* in its operations as a limited liability company.

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

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

5
6 CHAIRMAN

COMMISSIONER

7
8
9 COMMISSIONER

COMMISSIONER

COMMISSIONER

10
11 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
12 Director of the Arizona Corporation Commission, have
13 hereunto set my hand and caused the official seal of the
14 Commission to be affixed at the Capitol, in the City of Phoenix,
15 this ____ day of _____, 2005.

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17 _____
18 BRIAN C. McNEIL
19 EXECUTIVE DIRECTOR

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SERVICE LIST FOR: BEAVER DAM WATER COMPANY/SUNRISE UTILITIES, L.L.C.

DOCKET NOS.: W-03067A-04-0216 and WS-04247A-04-0604

Beaver Dam Water Company
P.O. Box 550
Beaver Dam, AZ 86432

Richard Sallquist
SALLQUIST, DRUMMOND & O'CONNOR
4500 S. Lakeshore Drive, Ste. 339
Tempe, AZ 85282
Attorneys for Sunrise Utilities, L.L.C.

Christopher Kempley, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Ernest Johnson, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Certificate of Convenience and Necessity Deletion Application
Docket No. W-03067-04-0216

DELETION AREA

Section 3 of 16W 39N

S2 of SW4	80 acres
S2 of SE4	<u>80 acres</u>
Total	160 acres

All in Township 16W, Range 39N, G&SRB&M, Mohave County, Arizona

90033-00000.34

Sunrise Utilities, LLC
Request for Service Letter Legal Descriptions
for Parcels included on Exhibit A-5

Docket No. WS-04247A-04-0904 &
Docket No. W-03067A-04-0216

Letter No.	Owner	Area	Section	Acreage
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Water and Wastewater

1	Arvada	SE4 SE4	3	40
2	D.F. Rall	W2 SE4	10	80
3	D. Rall	N2 NW4 NW4 (1)	11	15
4	D.F. Rall	N2 NW4 NW4 (1)	11	20
		NW4 SW4	11	40
5	Hellberg	NE4 NW4	11	40
		SW4 SW4 NE4	11	10
6	Black	SE4 NW4	11	40

Wastewater Only

3	D. Rall	NE4 SW4	11	30
5	Hellberg	NE4 SW4	11	10
		SE4 SW4	11	20
6	Black	SE4 SW4	11	20
		N2 NE4	14	80
		SE4 NE4	14	40
		N2 NE4 SW4	14	20
7	Frehner	SE4	11	160
8	D. Rall	S2 NE4 NW4	14	20
		N2 NE4 SW4	14	20
			Total	705

All Parcels in T39N, R16W G&SRB&M, Mohave County, Arizona

(1) Please note that this parcel is jointly owned by D.F. Rall and D. Rall and was listed on both Request letters

RATE DESIGN - WATERMONTHLY USAGE CHARGE:

5/8" x 3/4" Meter	\$28.00
3/4" Meter	42.00
1" Meter	70.00
1 1/2" Meter	140.00
2" Meter	224.00
3" Meter	270.00
4" Meter	700.00
6" Meter	980.00
	1,400.00

Gallons included in minimum	0
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Usage Charges

In excess of minimum – per 1,000
gallons

From 1 to 3,000 gallons	2.50
From 3,001 to 8,000 gallons	3.75
In excess of 8,000 gallons	4.50

Construction Water

2" Hydrant Meter (per1,000 Gallons)	4.50
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RATE DESIGN – WATERService Line and Meter Installation Charges:
(Refundable pursuant to A.A.C. R14-2-405)

5/8" x 3/4" Meter	480.00
3/4" Meter	560.00
1" Meter	650.00
1 1/2" Meter	895.00
2" Meter	1,555.00
3" Meter	2,235.00
4" Meter	3,440.00
6" Meter	6,195.00

SERVICE CHARGES:

Establishment	20.00
Establishment (After Hours)	30.00
Reconnection (Delinquent)	20.00
Reconnection (After Hours)	30.00
NSF Check	20.00
Meter Re-Read (If Correct)	5.00
Meter Test (If Correct) Flat fee charge, no other costs included	10.00
Deferred Payment (per month)	1.50%
Deposit	*
Deposit Interest	6.00%
Re-Establishment (within 12 months)	**
Late Payment Charge (per month)	1.50%

* Per Commission rule A.A.C. R-14-2-403(B).

** Months off system times the monthly minimum per Commission rule
A.A.C. R14-2-403(D).

RATE DESIGN – WASTEWATERMONTHLY USAGE CHARGE:

All Residential Sales	28.00
All Commercial Sales	50.00

Effluent Sales:

All Sizes – on a per 1,000 gallon basis	.62
All Sizes – on a per acre foot basis	200.00

SERVICE CHARGES:

Establishment	20.00
Reconnection (Delinquent)	20.00
NSF Check	20.00
Deferred Payment (per month)	1.50%
Deposit	*
Deposit Interest	6.00%
Re-establishment (within 12 months)	**
Late Payment (per month)	1.50%

* Per Commission rule A.A.C. R-14-2-603(B).

** Months off system times the monthly minimum per Commission rule A.A.C. R14-2-603(D).