0000035633

31EX
S-1

Transcript Exhibit(s)

WS-01845A-05-0543

RECEIVED

2005 DEC -7 P 4: 15

AZ CORP COMMISSION
DOCUMENT CONTROL

FILE COPY

LEGAL

RECEIVED

2005 NOV -1 A 10: 37

AZ CORP COMMISSION
DOCUMENT CONTROL

MEMORANDUM

TO: Docket Control
Arizona Corporation Commission

FROM: Ernest G. Johnson
Director
Utilities Division

Date: November 1, 2005

RE: STAFF REPORT FOR THE APPLICATION OF LYN LEE WATER COMPANY, INC. FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY DOCKET NO. W-01854A-05-0543

Attached is the Staff Report for Lyn Lee Water Company, Inc. for an extension of its existing Certificate of Convenience and Necessity for water service. Staff recommends approval with compliance requirements.

EGJ:LAJ:red

Originator: Linda A. Jaress

Attachment: Original and 13 Copies

RECEIVED

2005 DEC -7 P 4: 15

AZ CORP COMMISSION
DOCUMENT CONTROL

RECEIVED

NOV 01 2005

LEGAL DIV.
ARIZ. CORPORATION COMMISSION

EXHIBIT
S1
admitted

Service List for: Lyn Lee Water Company, Inc.
Docket No. W-01854A-05-0543

Mrs. Margaret E. Boring
Lyn Lee Water Company
2321 Catalpa
Tucson, Arizona 85742-9444

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

LYN LEE WATER COMPANY, INC.
DOCKET NO. W-01854A-05-0543

APPLICATION FOR EXTENSION
OF EXISTING CERTIFICATE OF
CONVENIENCEAND NECESSITY

NOVEMBER 1, 2005

STAFF ACKNOWLEDGMENT

The Staff Report for Lyn Lee Water Company, Inc., Docket No. W-01854A-05-0543, was prepared by the Staff members listed below. Linda Jaress reviewed and analyzed the application. Del Smith performed the engineering and technical analysis.

Linda A. Jaress
Executive Consultant III

Del Smith
Engineering Supervisor

EXECUTIVE SUMMARY
LYN LEE WATER COMPANY, INC.
DOCKET NO.W-01854A-05-0543

On July 28, 2005, Lyn Lee Water Company, Inc. ("Lyn Lee" or "the Company") filed an application for an extension of its Certificates of Convenience and Necessity ("CC&N") to provide water services in portions of Pima County, Arizona. Lyn Lee serves approximately 42 customers and is located three miles west of I-10 on the Trico-Marana Road near the Town of Marana in Pima County. The owner of the Company, Mrs. Boring, was recently informed that 30 of her customers are located outside of the Company's certificated area. Upon learning of this situation, Mrs. Boring filed this application to add one-half of one square mile to the Company's service territory.

Arizona Department of Environmental Quality ("ADEQ") Compliance reported that this system has major deficiencies with regard to its Monitoring and Reporting Status and therefore ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

According to Mrs. Boring, there are no pending requests for service within the proposed extension area. The thirty customers being served are located in only one-quarter section of the half-section requested by the Company. Staff recommends that the request for the full half-section be denied but that an extension into the quarter section where customers are being served be approved.

Staff recommends approval of the one-quarter section CC&N extension with the following compliance requirements and conditions:

1. Staff recommends that within 180 days from the date of the order in this proceeding, Lyn Lee file documentation in the docket that it is in full compliance with the requirements of ADEQ and that ADEQ has determined that the system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

2. The order should pre-authorize Staff to file a request for an Order to Show Cause why sanctions should not be imposed on Lyn Lee if Lyn Lee has not complied with Recommendation 1 in the time specified.

3. Staff recommends that the Company file a Curtailment Plan Tariff, in the form attached, with Docket Control within 45 days of the effective date of the order issued in this proceeding for review and certification by Staff.

4. Staff recommends that the Company be ordered to repair or replace the well meter, whichever is more cost effective. Evidence showing that the required work has been completed should be docketed within 180 days of the effective date of the order issued in this proceeding.

5. Staff recommends that Lyn Lee be required to file a copy of its franchise agreement with the appropriate governmental entity in Docket Control within 365 days of the decision in this matter.

6. If the Company has not complied with recommendations numbers 3, 4 and 5 in the time required, Staff recommends that after due process, the decision approving the extension be null and void.

TABLE OF CONTENTS

Page

INTRODUCTION 1

SYSTEM CAPACITY 1

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY COMPLIANCE 1

ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE 2

ACC COMPLIANCE 2

OTHER ISSUES 2

MUNICIPAL FRANCHISE 2

SERVICE TERRITORY 2

RECOMMENDATIONS 3

ATTACHMENT(S)

ENGINEERING REPORT ..... A

ENGINEERING MAP ..... B

Introduction

On July 28, 2005, Lyn Lee Water Company, Inc. ("Lyn Lee" or "the Company") filed an application for an extension of its Certificates of Convenience and Necessity ("CC&N") to provide water services in portions of Pima County, Arizona. Lyn Lee serves approximately 42 customers and is located three miles west of I-10 on the Trico-Marana Road near the Town of Marana in Pima County. The owner of the Company, Ms. Margaret E. Boring, was recently informed that 30 of her customers are located outside of the Company's certificated area. Upon learning of this situation, Mrs. Boring filed this application to add one-half of one square mile to the Company's service territory. Attached as Exhibit 1 is a map illustrating the Company's current CC&N and the requested extension.

System Capacity

Lyn Lee's system is comprised of two wells with a maximum total production capacity of 230 gal/min, one 5,000 gallon pressure tank, and a distribution system serving 42 connections. Staff concludes that the Company has adequate capacity to serve its existing customer base. Attached as Exhibit 1 is Staff's Engineering Report which describes the system in more detail.

Arizona Department of Environmental Quality Compliance

Arizona Department of Environmental Quality ("ADEQ") Compliance reported that this system has major deficiencies with regard to its Monitoring and Reporting Status and therefore ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. Staff recommends that an order approving the extension include a requirement that Lyn Lee reach full compliance with ADEQ's monitoring and reporting requirements and deliver water that meets water quality standards required by A.A.C. Title 18, Chapter 4. The Company should file documents demonstrating such compliance within 180 days from the effective date of the order issued in this proceeding.

Lyn Lee's noncompliance with ADEQ is related to non-submittal of the results of water testing for lead and copper for several months. Staff is concerned about Lyn Lee's lack of compliance with these regulations that promote safe and healthful water. Therefore, Staff requests that the Commission pre-authorize Staff to file a request for an Order to Show Cause why sanctions should not be imposed on Lyn Lee if Lyn Lee does not provide the documents requested within the stated timeframe.

The data on arsenic concentration in the Lyn Lee water system shows compliance with the new arsenic standard of 10 micrograms per liter that becomes effective January 23, 2006.

Arizona Department of Water Resources ("ADWR") Compliance

Lyn Lee is within the Tucson Active Management Area ("Tucson AMA"). Because the Company supplies less than 250 acre-feet of water per year for non-irrigation use, it is considered a "small provider" and is not subject to the gallons per capita per day limit or to conservation rules, and is only required to monitor and report water use. ADWR indicated that Lyn Lee is in compliance with its monitoring and reporting requirements.

ACC Compliance

The Utilities Division Compliance Section reports no outstanding compliance issues with this Company.

Other Issues

A Curtailment Plan Tariff is an effective tool for a water company to use to manage its resources during periods of shortages. The Company does not have this type of tariff. Staff recommends that that the Company file a Curtailment Plan Tariff in the form of the attached. This tariff shall be docketed as within 45 days of the effective date of the order issued in this proceeding for review and certification by Staff.

In response to a Staff request, the Company was unable to provide the quantity of water pumped during 2004 because the well meter was inoperative. The Company has been estimating well production based on pump run time. This is not a very accurate method, because the discharge from the well pump will vary with the water system pressure. The water system is within the Tucson AMA and must monitor and report flows. The water company should be able to accurately measure water pumped versus water sold, in order to track leaks, and other unbilled water. Therefore, Staff recommends that within six months of the date of the order issued in this proceeding, the Company repair or replace the well meter whichever is more cost effective and file evidence in the docket that the required work has been completed.

Municipal Franchise

Every applicant for a CC&N and/or CC&N extension is required to submit to the Commission evidence showing that the applicant has received the required consent, franchise or permit from the proper authority. The owner of Lyn Lee has represented that she is in the process of obtaining a county franchise for the Company. Staff recommends that Lyn Lee be required to file a copy of its franchise agreement with the appropriate governmental entity in Docket Control within 365 days of the decision in this matter.

Service Territory

According to Mrs. Boring, there are no pending requests for service within the proposed extension area. The thirty customers being served are located in only one-quarter section of the

half-section requested by the Company. Staff recommends that the request for the full half-section be denied but that an extension into the quarter section where customers are being served by approved.

Recommendations

Staff recommends approval of the one-quarter section CC&N extension with the following compliance requirements and conditions:

1. Staff recommends that within 180 days from the date of the order in this proceeding, Lyn Lee file documentation in the docket that it is in full compliance with the requirements of ADEQ and that ADEQ has determined that the system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

2. The order should pre-authorize Staff to file a request for an Order to Show Cause why sanctions should not be imposed on Lyn Lee if Lyn Lee has not complied with Recommendation 1 in the time specified.

3. Staff recommends that the Company file a Curtailment Plan Tariff, in the form attached, with Docket Control within 45 days of the effective date of the order issued in this proceeding for review and certification by Staff.

4. Staff recommends that the Company be ordered to repair or replace the well meter, whichever is more cost effective. Evidence showing that the required work has been completed should be docketed within 180 days of the effective date of the order issued in this proceeding.

5. Staff recommends that Lyn Lee be required to file a copy of its franchise agreement with the appropriate governmental entity in Docket Control within 365 days of the decision in this matter.

6. If the Company has not complied with recommendations numbers 3, 4 and 5 in the time required, Staff recommends that after due process, the decision approving the extension be null and void.

MEMORANDUM

DATE: October 25, 2005

TO: Linda Jaress

FROM: Del Smith

RE: Lyn-Lee Water Company Application for an Extension of Certificate of Convenience and Necessity (Docket No. W- 01854A-05-0543)

Introduction

Lyn-Lee Water Company ("Lyn-Lee" or "the Company") has applied to extend its Certificate of Convenience and Necessity ("CC&N"). If approved the Application would add a one-half square mile area to the Company's existing CC&N which includes an area roughly three-quarters of a square mile in size. Lyn-Lee is located approximately three miles west of I-10 on the Trico-Marana Road near the Town of Marana in Pima County.

The proposed extension area includes the southern-half of Section 19 in Township 11 South, Range 11 East. According to the Company the southwest quarter of Section 19 has been served by the Company since at least the early 1970s. The Company has approximately 30 existing customers in this area. The owner of Lyn-Lee, Margaret Boring, has told Staff that she is not aware of any specific development plans in the requested extension area and that she filed this Application because she is primarily interested in updating the CC&N so it includes the entire area the Company is serving. Since there are apparently no pending requests for service in the southeast quarter of Section 19, Staff recommends that the extension area be amended to exclude this area.

System Capacity

Lyn-Lee has in existence two wells with a maximum total production capacity of 230 gal/min, one 5000 gallon pressure tank, and a distribution system serving 42 connections.[1] The Company has been losing customers since the mid 1990s.[2] The Company did not provide any data which would indicate how many, if any, new connections might be added to the system over the next five years. Staff

---

[1] Information provided by the Company in response to Staff's informal data request received September 29, 2005.

[2] Based on Commission annual report data for the period 1996 thru 2004 and comments made by the Company in discussions with Staff.

concludes that the Company has adequate capacity to serve its existing customer base.[3]

Arizona Department of Environmental Quality ("ADEQ") Compliance

ADEQ regulates the Lyn-Lee water system under ADEQ Public Water System I.D. # 10-007. ADEQ reported that this system has major deficiencies with regard to its Monitoring and Reporting Status and therefore ADEQ **cannot** determine if this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.[4] Staff recommends that Lyn-Lee file documents demonstrating that it is in full compliance with ADEQ monitoring and reporting requirements and is delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4 within 180 days of the effective date of the order issued in this proceeding. These documents shall be filed as a compliance item in the current docket of record for this application (Docket No. W-01854A-05-0543).

The data available on arsenic concentration in the Lyn-Lee water system shows compliance with the new arsenic standard of 10 micrograms per liter that becomes effective January 23, 2006.

Arizona Department of Water Resources ("ADWR") Compliance

Lyn-Lee is within the Tucson Active Management Area ("Tucson AMA"). Since the Company supplies less than 250 acre-feet of water per year for non-irrigation use, it is considered a "small provider" and is not subject to the gallons per capita per day ("GPCD") limit and conservation rules, and is only required to monitor and report water use. ADWR indicated that Lyn-Lee is in compliance with its monitoring and reporting requirements.[5]

ACC Compliance

A check with the Utilities Division Compliance Section showed no outstanding compliance issues.[6]

Other Issues

A Curtailment Plan Tariff is an effective tool to allow a water company to manage its resources during periods of shortages due to pump breakdowns, droughts, or

[3] Capacity calculations were based on Water Use Data information provided in response to Staff's informal data request received September 29, 2005.
[4] ADEQ Drinking Water Compliance Status Report dated 9-30-05.
[5] ADWR compliance status as of September 26, 2005.
[6] ACC compliance status check dated October 18, 2005.

other unforeseeable events. Since the Company does not have this type of tariff, this proceeding provides an opportune time to prepare and file such a tariff. Staff recommends that that the Company file a Curtailment Plan Tariff in the form of the attached. This tariff shall be filed as a compliance item in this docket within 45 days of the effective date of the order issued in this proceeding for review and certification by Staff.

The Company was unable to provide the quantity of water pumped during 2004 as requested by Staff because the well meter was inoperative. The Company has been estimating well production based on pump run time. This is not a very accurate method, because the discharge from the well pump will vary with the water system pressure. The water system is within the Tucson AMA and must monitor and report flows. Also, the water company should be able to accurately measure water pumped versus water sold, in order to track leaks, and other "non-account" water. Therefore, Staff recommends that the Company repair or replace the well meter, whichever is more cost effective. Staff further recommends that evidence showing that the required work has been completed be filed as a compliance item in this docket within 180 days of the effective date of the order issued in this proceeding.

Conclusions

1. Staff concludes that the Company has adequate capacity to serve its existing customer base.

2. The data available on arsenic concentration in the Lyn-Lee water system shows compliance with the new arsenic standard of 10 micrograms per liter that becomes effective January 23, 2006.

3. Lyn-Lee is in compliance with ADWR monitoring and reporting requirements.

4. A check with the Utilities Division Compliance Section showed no outstanding compliance issues.

Recommendations

1. Since there are apparently no pending requests for service in the southeast quarter of Section 19, Staff recommends that the extension area be amended to exclude this area.

2. Staff recommends that Lyn-Lee file documents demonstrating that it is in full compliance with ADEQ monitoring and reporting requirements and is delivering water that meets water quality standards required by Arizona

Administrative Code, Title 18, Chapter 4 within 180 days of the effective date of the order issued in this proceeding. These documents shall be filed as a compliance item in the current docket of record for this application (Docket No. W-01854A-05-0543).

3. Staff recommends that that the Company file a Curtailment Plan Tariff in the form of the attached. This tariff shall be filed as a compliance item in this docket within 45 days of the effective date of the order issued in this proceeding for review and certification by Staff.

4. Staff recommends that the Company repair or replace the well meter, whichever is more cost effective. Staff further recommends that evidence showing that the required work has been completed be filed as a compliance item in this docket within 180 days of the effective date of the order issued in this proceeding.

MEMORANDUM

TO: Linda Jaress
Executive Consultant III
Utilities Division

FROM: Barb Wells
Information Technology Specialist
Utilities Division

THRU: Del Smith
Engineering Supervisor
Utilities Division

DATE: October 18, 2005

RE: **LYN LEE WATER COMPANY (DOCKET NO. W-01854A-05-0543)**

The area requested by Lyn Lee for an extension 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.

:bsw

Attachments

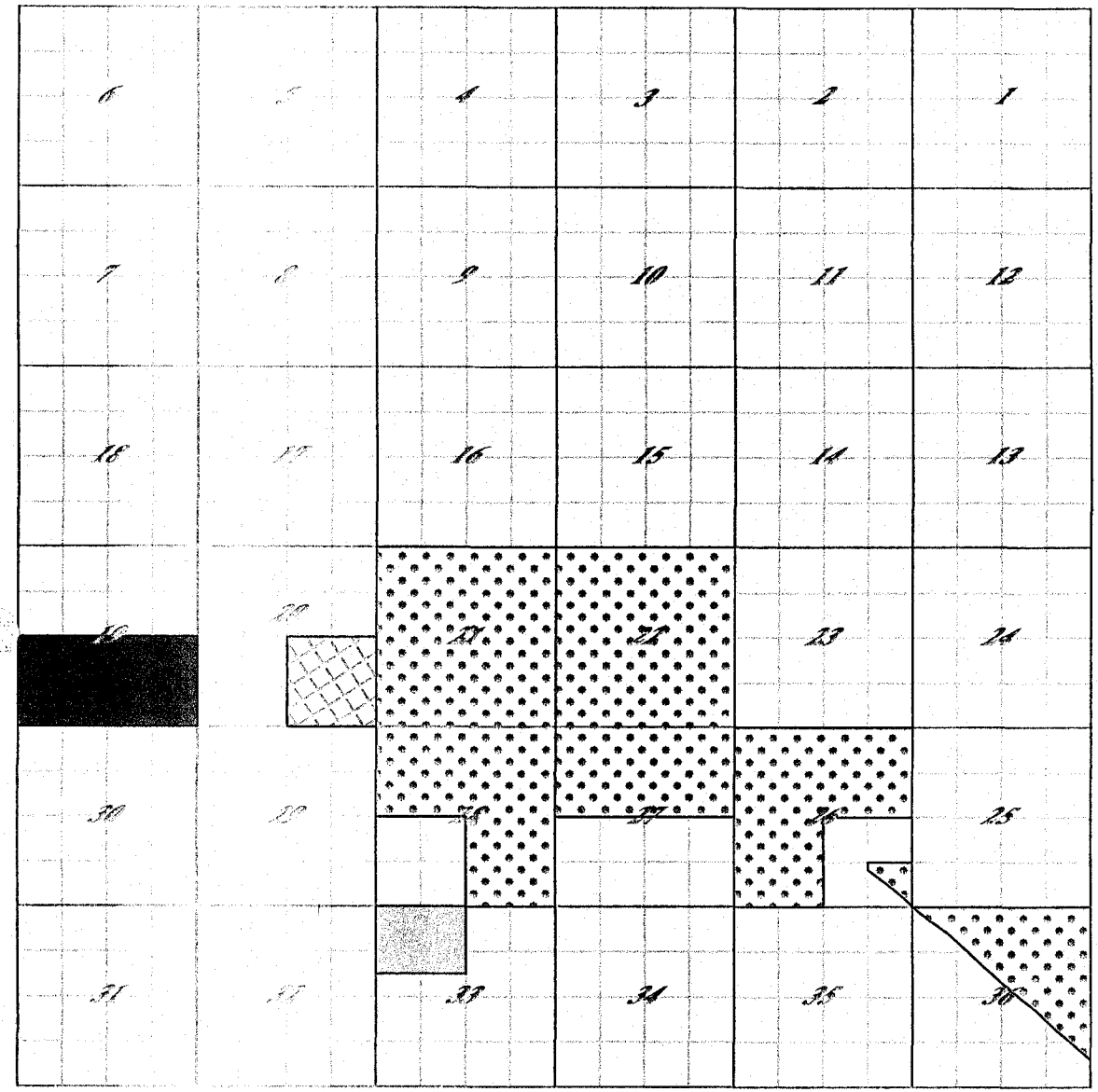
cc: Docket Control
Ms. Margaret E. Boring
Ms. Deb Person (Hand Carried)
File

Map No. 2

COUNTY: *Pima*

RANGE **11 East**

TOWNSHIP **11 South**



(1)
Cortaro Water Users Association

(4)
Cortaro-Marana Irrigation District

(4)
Town of Marana (Nonjurisdictional)

Lyn Lee Water Company
Docket No. W-01854A-05-0543
Application for Extension

TR11S11E 29 OCT 1992

ORIGINAL NEW APPLICATION

0000024283

Lyn Lee Water Co.
2321 W. Catalpa Way
Tucson, AZ – 85742
(520) 297-2020

RECEIVED
JUL 27 2005
ARIZONA CORP. COMM.
TUCSON, AZ

July 18, 2005

Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007-2927 W-01854A-05-0543

Attached is an application by Lyn Lee Water Co. Inc. for an extension of the Certificate of Convenience & Necessity. The purpose of this application is to correct the CC&N service area records for the Lyn Lee Water Co.

In 1972 my husband and I purchased a water company in the Marana area from Clyde Berry. We named the water company Lyn Lee Water Company, Inc. This water company serviced an area that Mr. Berry was developing, as well as several additional connections on its periphery.

I recently discovered that the C C & N records at the Corporation Commission do not include the entire area that I have been serving since 1972. Apparently the attorneys or someone failed to include the southern half of Section 19, Township 11S, Range 11E. {This area is approximately circumscribed by Trico-Marana Rd/Grier Rd (N/S) and Luckett Rd/Wentz Rd (W/E).}

The Lyn Lee Water Company's entire service area includes approximately 65 hook-ups (*not all are presently in use*). At least 30 of these hook-ups are scattered within the southern half of Section 19, Township 11S, Range 11E,

The balance of the services is located within the area properly recorded with the Corporation Commission (namely parts of Section 24, Township 11S, Range 10E).

I would appreciate very much if you would advise me how I can correct the records to properly reflect the entire service area that has been served by the Lyn Lee Water Co. since 1972. There has been very little or no new development in the area since 1972.

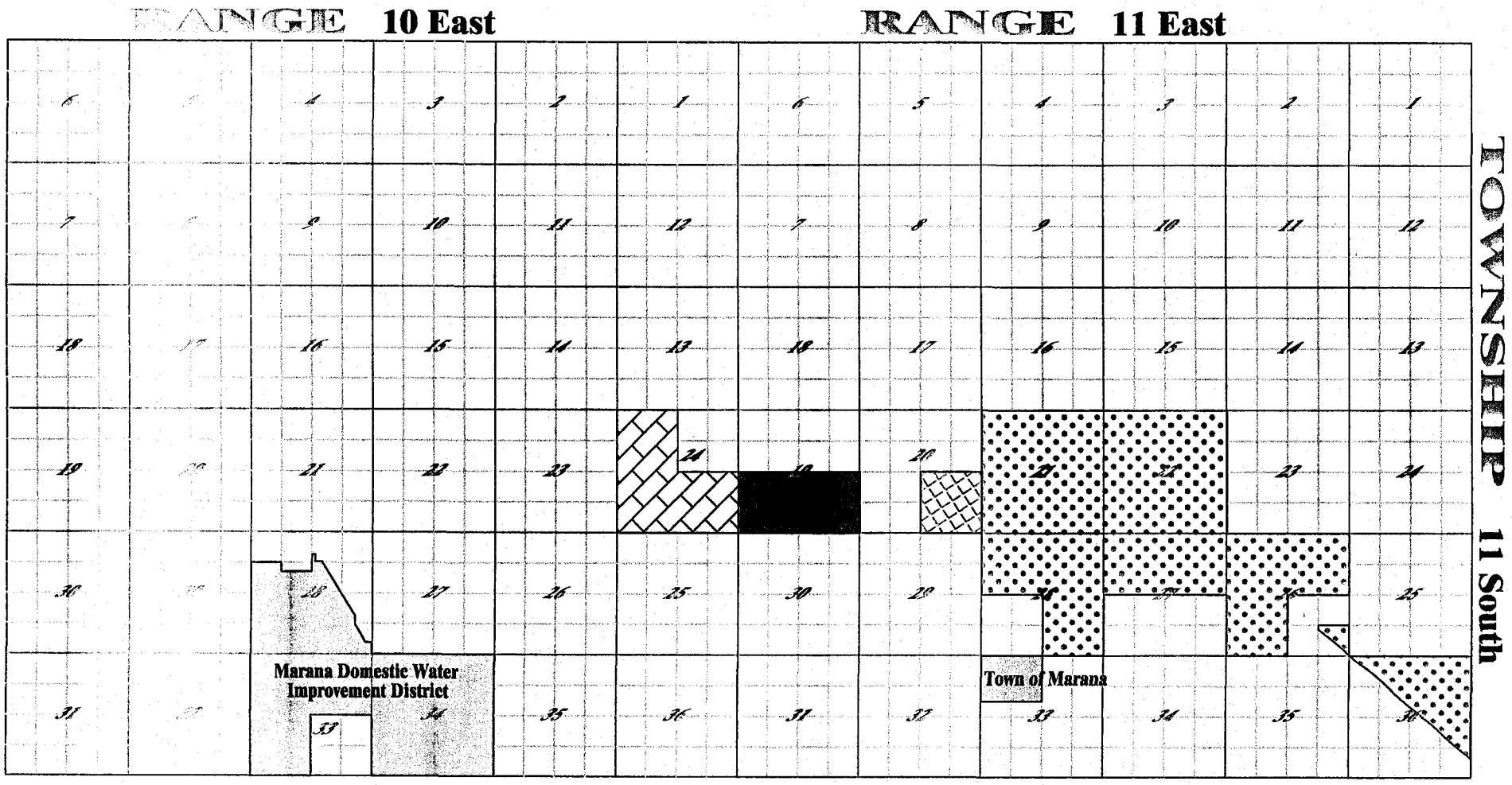
Thank you for your assistance.

Margaret E. Boring

Margaret E. Boring
Lyn Lee Water Co.
2321 W. Catalpa
Tucson AZ 85742-9444
(520) 297-2020

RECEIVED
2005 JUL 28 P 2:54
AZ CORP COMMISSION
DOCUMENT CONTROL

COUNTY: *Pima*



W-1854
Lyn-Lee Water Company

Lyn Lee Water Company
Docket No. W-01854A-05-0543
Application for Extension

(1)
Cortaro Water Users Association

(4)
Cortaro-Marana Irrigation District