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MEMORANDUM

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FROM: Ernest G. Johnson  
Director  
Utilities Division

DATE: December 9, 2005

RE: Docket No. W-03067A-04-0216 Beaver Dam Water Company  
Docket No. W<sub>5</sub>-04247A-04-0604 Sunrise Utilities, LLC

2005 DEC -9 P 4: 53

AZ CORP COMMISSION  
DOCUMENT CONTROL

On October 25, 2005, the Arizona Corporation Commission ("Commission") entered Decision No. 68247, approving the deletion of a portion of the service area of Beaver Dam Water Company and approving the application of Sunrise Utilities, LLC ("Sunrise" or "the Company") for a Certificate of Convenience and Necessity for the operation of water and wastewater facilities in an area including portions of Beaver Dam's former service territory. The parcels of land encompassing Sunrises' service territory were listed in Exhibit B to the Decision.

On November 22, 2005, Sunrise filed a letter in the docket requesting a revision of one of the conditions adopted by the order and a revision of the service territory description included on Exhibit B. On November 23, 2005, the Hearing Division issued a Procedural Order which ordered Utilities Division Staff ("Staff") to "file a response to Sunrises request by December 9, 2005."

Several times during this proceeding, Sunrise amended its application to change the legal description of the service area requested. Staff has reviewed this additional request to revise the legal description. In the interest of precision and the maintenance of accurate records by the Company and the Commission, Staff has no objection to the revision of the legal description as requested.

Sunrise also requested a two-year extension of the requirement to file a copy of ADEQ's Approval to Construct arsenic treatment facilities by October 31, 2005, "if necessary". The Decision ordered this document to be filed only six days after the Decision was issued. A reading of the transcript reveals that Sunrise requested this extension during the hearing but Staff did not address the request. Sunrise requests the additional time to first, determine if it needs arsenic removal and second, to determine what plant it will require if necessary.

Staff has no objection to extending the compliance date for filing the Approval to Construct if arsenic remediation is necessary. However, Staff recommends that the extension be limited to one year from the date of the Decision rather than the two-year extension requested. Staff believes that a one-year extension is more reasonable than a two-year extension because the

determination of the level of arsenic in Sunrises water is vital to the planning, operations and success of the water division.

The Company has apparently experienced great difficulty in precisely determining its requested service territory and indicates that it is two years away from building arsenic removal plant if it is needed. Staff believes these are indications that the Company may not be sufficiently prepared to go forward with its plans to provide water and wastewater service. Thus, Staff believes that if Sunrise meets the recommended one year extension, that will serve as an indication that the Company is fulfilling a bona fide need for service.

EGJ:LAJ:red

Originated by: Linda Jaress