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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF WOODRUFF WATER COMPANY, INC. FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICE IN PINAL COUNTY, ARIZONA.	DOCKET NO. W-04264A-04-0438 DOCKET NO. SW-04265A-04-0439
IN THE MATTER OF THE APPLICATION OF WOODRUFF UTILITY COMPANY, INC. FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE SEWER SERVICE IN PINAL COUNTY, ARIZONA.	DOCKET NO. W-01445A-04-0755 **ARIZONA WATER COMPANY'S EXCEPTIONS TO RECOMMENDED OPINION AND ORDER**
IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, TO EXTEND ITS EXISTING CERTIFICATES OF CONVENIENCE AND NECESSITY AT CASA GRANDE AND COOLIDGE, PINAL COUNTY, ARIZONA.	

Pursuant to the December 13, 2005 notice from Executive Director Brian C. McNeil and subsequent procedural order, Arizona Water Company hereby files its exceptions to the Recommended Opinion and Order of Administrative Law Judge Marc E. Stern issued on December 13, 2005.

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Arizona Water Company believes that the proposed findings and conclusions are well-founded and well-supported in fact and law, given the thoroughness of the record and positions presented by the parties. Even so, Arizona Water Company invites the Commission to take the opportunity to affirm its policies and procedures to avoid the proliferation of non-viable water systems. Additionally, Arizona Water Company submits a few minor non-substantive exceptions designed to clarify and correct the Recommended Opinion and Order before it is adopted by the Commission. Nevertheless, the result in this thoroughly considered matter is appropriate and correct, and the Recommended Order should be forthwith granted by the Commission.

1. Findings of Fact, ¶ 38, p.10, l. 28: "quality" should be "quantity."

2. Findings of Fact ¶¶ 69, 70 and 114: These proposed findings relate to Commission Decision No. 62993 (November 3, 2000), which approved Staff recommendations for avoiding the proliferation of non-viable water systems by requiring that:

> The application for a new CC&N must show that an existing water company cannot or will not serve the area being applied for. This showing must be made by submitting service rejection letters from all of the "A" size water companies in the state (there are 3) and at least five of the "B" size companies (there are 20). The five B size companies contacted should include the B size companies that are geographically closest to the applicant. The application must also be accompanied by service rejection letters from all existing water companies within five miles of the area being requested. In addition, the rejection letters must be accompanied by the corresponding request for service that was made to each of the existing water companies by the applicant.

Decision No. 62993, Finding of Fact No. 8a (November 3, 2000). This Finding of Fact was approved in the Decision: "THEREFORE, IT IS ORDERED that the Commission approve Staff's recommendations in the above findings of fact." Decision No. 62993, ordering paragraph number one, page 12.

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In adopting the Recommended Opinion and Order, the Commission should also take the opportunity to affirm that this decision in this case is fully consistent with the general policy principles which the Commission approved in Decision No. 62993, which favor water service being provided to new territory by existing Class A water companies (like Arizona Water Company in this case) that are geographically closest to that territory.

Accordingly, the Commission should include the following as part of its final order:

> This decision is fully consistent with the policy principles set forth in Finding of Fact No. 8 approved by the Commission in Decision No. 62993, dated November 3, 2000.

3. Proposed Findings of Fact ¶¶ 82 and 102 (p. 17, l. 4 and p. 19, l. 22): The new minimum arsenic standard is 10 ppb, not 5 ppb.

4. Proposed Findings of Fact ¶ 109 (p. 20, l. 13): The word "initially" should be added in between "should" and "fund", in order to properly describe the financing methods proposed by Arizona Water Company.

DATED this 9th day of January, 2006.

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