

NEW APPLICATION



0000039157

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AZ CORP COMMISSION
DOCUMENT CONTROL

1 William A. Mundell
Commissioner - Chairman
2 Jim Irvin
Commissioner
3 Marc Spitzer
Commissioner

W-01445A-01-0496

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION) DOCKET NO. W-01445A-01-_____
OF ARIZONA WATER COMPANY, AN)
ARIZONA CORPORATION, TO EXTEND)
ITS EXISTING CERTIFICATE OF) APPLICATION TO EXTEND
CONVENIENCE AND NECESSITY AT) EXISTING CERTIFICATE OF
SUPERIOR, PINAL COUNTY, ARIZONA) CONVENIENCE AND NECESSITY TO
INCLUDE ADDITIONAL TERRITORY

ARIZONA WATER COMPANY, an Arizona corporation, ("AWC") through its undersigned counsel, presents the following Application to extend its existing certificate of convenience and necessity for its Superior system. This Application is based on the following:

1. AWC presently holds certificates of convenience and necessity issued to it by this Commission in various decisions beginning in 1955 for the purpose of providing water service in the Town of Superior and the surrounding area in Pinal County.

2. The area that AWC seeks to add to its certificated area is described in Exhibit #1, which is attached hereto and incorporated by reference herein. Much of the surrounding area is certificated to and served by AWC. AWC owns and operates a twelve-inch waterline located within the area described in Exhibit #1, and certain other water system facilities through which it currently serves four customers.

3. AWC estimates that the total number of customers that may be served in the area described in Exhibit #1 will be approximately fifteen within the ensuing five years following the date of the filing of this Application.

1 4. AWC is financially able to construct, operate, and maintain the facilities necessary
2 to provide service to the area described in Exhibit #1. A current financial statement for AWC is
3 attached hereto as Exhibit #2 and incorporated by reference herein.

4 5. Public convenience and necessity will be served by having AWC extend its
5 certificate of convenience and necessity to include the area described in Exhibit #1.

6 6. A map showing the adjacent portion of AWC's present certificated area and the
7 proposed additional territory is attached hereto as Exhibit #3 and incorporated by reference
8 herein.

9 7. AWC has received the necessary Pinal County franchise for the area for which it is
10 proposing to extend its certificate of convenience and necessity. A copy of the county franchise
11 is attached hereto as Exhibit #4 and incorporated by reference herein.

12 8. AWC's by-laws do not require a corporate resolution on behalf of AWC in
13 conjunction with this Application.

14 9. A list of the owners of all of the property described in Exhibit #1 is attached hereto
15 as Exhibit #5. Each property owner will be mailed the public notice attached hereto as
16 Exhibit #6.

17 10. AWC proposes to continue to utilize its currently authorized rates and charges for
18 its Superior system for service to the area described in Exhibit #1. AWC will continue to charge
19 these rates until the rates are changed by the Commission.

20 WHEREFORE, AWC respectfully requests that the Commission hold a hearing on this
21 Application, and following which enter an order, or, in the alternative, that it enter an order
22 without the necessity of a hearing, which order shall provide for the following relief:

23 1. Issuing to AWC a certificate of convenience and necessity for the area described in
24 Exhibit #1 hereto.

25 2. Granting such other further and general relief as appropriate in the premises.

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RESPECTFULLY SUBMITTED this 14th day of JUNE 2001.

ARIZONA WATER COMPANY

By: Robert W. Geake
Robert W. Geake
Vice President and General Counsel
ARIZONA WATER COMPANY
Post Office Box 29006
Phoenix, Arizona 85038-9006

Original and ten (10) copies of the foregoing filed the 14th day of JUNE 2001 with:

Docket Control Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

A copy of the foregoing was mailed this 14th day of JUNE 2001 to:

Christopher Kempley, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Deborah Scott
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

By: R. W. Geake

EXHIBIT 1

PARCEL 1

Sections 32, 33, 34, 35, & 36 of Township 1 South, Range 11 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

PARCEL 2

Sections 31, 32, & 33 of Township 1 South, Range 12 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

PARCEL 3

Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 17, & 18 of Township 2 South, Range 11 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

PARCEL 4

Sections 5, 6, 7, & 8 of Township 2 South, Range 12 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

ARIZONA WATER COMPANY
Comparative Balance Sheet
at March 31, 2001

	<u>ASSETS</u>		Increase (Decrease)
	March 31, 2001	March 31, 2000	
UTILITY PLANT			
Gross Utility Plant	\$ 170,781,571	\$ 154,146,292	\$ 16,635,279
Less Accumulated Depreciation	40,898,400	37,443,708	3,454,692
Net Utility Plant	129,883,171	116,702,584	13,180,587
CURRENT ASSETS			
Cash on Hand and in Banks	277,861	825,716	(547,855)
Investments and Special Deposits	3,111	3,111	0
Accounts Receivable	2,270,218	2,520,814	(250,596)
Materials and Supplies	263,312	293,480	(30,168)
Other	395,626	411,329	(15,703)
Total Current Assets	3,210,128	4,054,450	(844,322)
DEFERRED DEBITS	4,418,321	3,905,315	513,006
TOTAL	\$ 137,511,620	\$ 124,662,349	\$ 12,849,271
	<u>LIABILITIES</u>		
CAPITALIZATION			
Common Stock	\$ 2,700,000	\$ 2,700,000	\$ 0
Capital Surplus	2,654,647	2,654,647	0
Retained Earnings	42,418,210	39,708,821	2,709,389
Common Stock Equity	47,772,857	45,063,468	2,709,389
Long-Term Debt	9,082,082	9,543,872	(461,790)
Total Capitalization	56,854,939	54,607,340	2,247,599
CURRENT LIABILITIES			
Notes Payable	13,366,000	10,930,000	2,436,000
Accounts Payable	1,692,565	1,478,151	214,414
Accrued Expenses	1,471,783	2,340,365	(868,582)
Other	329,219	307,023	22,196
Total Current Liabilities	16,859,567	15,055,539	1,804,028
DEFERRED CREDITS			
Advances for Construction	28,224,168	23,363,126	4,861,042
Contributions in Aid of Construction	18,244,744	17,359,999	884,745
Deferred Income Tax	10,337,088	9,894,744	442,344
Other	6,991,114	4,381,601	2,609,513
Total Deferred Credits	63,797,114	54,999,470	8,797,644
TOTAL	\$ 137,511,620	\$ 124,662,349	\$ 12,849,271

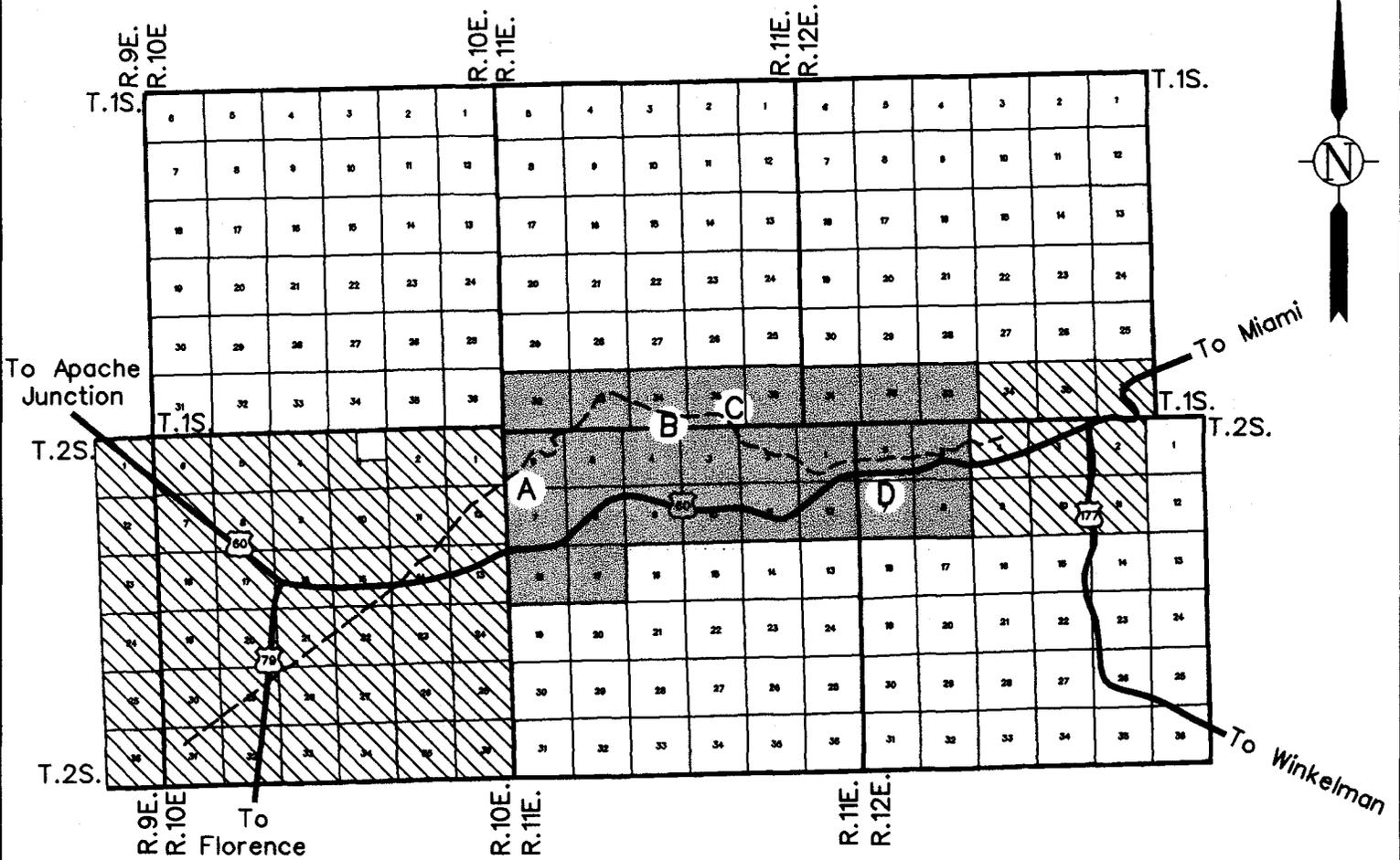
EXHIBIT #2

ARIZONA WATER COMPANY
Comparative Statement of Income
March 31, 2001

	<u>12 MONTHS TO DATE</u>		<u>MARCH</u>		<u>3 Months to Date</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
OPERATING REVENUE	\$ 32,147,238	\$ 30,306,125	\$ 2,198,860	\$ 2,352,573	\$ 6,630,245	\$ 6,894,353
OPERATING EXPENSES						
Operation and Maintenance	14,641,119	13,533,798	1,169,775	1,105,871	3,427,476	3,193,017
Depreciation	3,575,527	3,277,494	318,167	294,436	954,969	883,812
Taxes Other Than Income Taxes	4,752,788	4,519,381	362,876	368,343	1,097,344	1,102,304
Income Taxes	2,360,990	2,639,368	33,913	190,353	228,055	549,695
Total Operating Expenses	<u>25,330,424</u>	<u>23,970,041</u>	<u>1,884,731</u>	<u>1,959,003</u>	<u>5,707,844</u>	<u>5,728,828</u>
OPERATING INCOME	<u>6,816,814</u>	<u>6,336,084</u>	<u>314,129</u>	<u>393,570</u>	<u>922,401</u>	<u>1,165,525</u>
OTHER (INCOME) AND DEDUCTIONS						
Other (Income) - Net	(24,648)	(126,423)	(3,680)	(16,856)	4,011	(61,442)
Interest on Long-Term Debt	851,482	894,185	69,534	73,092	209,076	219,751
Other Interest and Amortization	521,191	348,145	55,915	42,807	163,507	125,033
Total Other (Income) and Deductions	<u>1,348,025</u>	<u>1,115,907</u>	<u>121,769</u>	<u>99,043</u>	<u>376,594</u>	<u>283,342</u>
NET INCOME	<u>5,468,789</u>	<u>5,220,177</u>	<u>\$ 192,360</u>	<u>\$ 294,527</u>	<u>\$ 545,807</u>	<u>\$ 882,183</u>
Regular Common Dividends	2,759,400	2,686,500				
Special Common Dividend	0	2,000,700				
INCOME RETAINED	<u>\$ 2,709,389</u>	<u>\$ 532,977</u>				
Active Services	62,293	59,781				

MARCH 2001

EXHIBIT #3



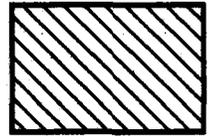
Existing Customers Along Pipeline

- A - Ruiz Ranch
- B - Hewitt Station
- C - Pinal County
- D - Boyce Thompson Arboretum

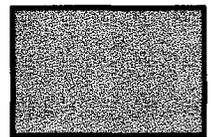
Existing Twelve-Inch Waterline



Existing Arizona Water Company Certificate of Convenience & Necessity



Proposed C.C.&N. Extension



ARIZONA WATER COMPANY		
DESCRIPTION: ARIZONA WATER COMPANY CERTIFICATE OF CONVENIENCE & NECESSITY EXTENSION		
LOCATION: FLORENCE JUNCTION - SUPERIOR AREA		
DATE: 05.16.2001	SCALE: 1"-3 Miles	DRAWN BY: CB

1268-263

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 it appearing by the affidavit of Florence Reminder 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

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 destruction of the street, the Grantee shall coordinate its construction and replacement

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 Mathieson,

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 James H. ...
Chairman

ATTEST:

Charles A. Green
Clerk of Board of Supervisors

SUPERIOR

Tonto National Forest
2324 East McDowell Road
Phoenix, Arizona 85008

Arizona State Land Department
1616 West Adams
Phoenix, Arizona 85007

Boyce Thompson Arboretum State Park
37615 East Highway 60
Superior, Arizona 85273

104-21-01A
104-21-01B
W.H. Jr. & Helen G. Martin
P.O. Box D
Superior, Arizona 85273

104-21-03A
Joseph D. Oliver
14202 South 35th Place
Phoenix, Arizona 85044

104-21-03B
Robert P. Oliver
P.O. Box 576
Superior, Arizona 85273

104-21-03C
Richard C. & Cheryl F. Matthews
P.O. Box 323
Superior, Arizona 85273

104-21-03D
Robert A. & Susan Rose
P.O. Box 425
Superior, Arizona 85273

104-21-03F
Albert L. & William G. Jeffrey
P.O. Box 274
Superior, Arizona 85273

104-21-03G
Don C. Hamrick
P.O. Box P
Superior, Arizona 85273

104-21-04A
Mark A. Guzman
P.O. Box 543
Globe, Arizona 85502

SUPERIOR

104-21-04B
Gene & Edith Berry
P.O. Box 134
Superior, Arizona 85273

104-33-002
Charles G. & Judith P. Cubel
P.O. Box 278
Superior, Arizona 85273

104-33-015
104-35-02C
Shawn M. & Bitsy J. Wilson
P.O. Box 495
Superior, Arizona 85273

104-34-002
104-35-001
James C. & Phyllis Herron
P.O. Box H
Superior, Arizona 85273

105-01-001
Arizona State Board Of Regents
2020 North Central Avenue
Phoenix, Arizona 85004

105-01-02A
105-01-02B
Town Of Superior
734 West Main Street
Superior, Arizona 85273

105-13-001
Richard C. & Tina R. Rose
38645 Highway 60
Superior, Arizona 85273

105-13-002
Carolyn E. Rose
P.O. Box 444
Superior, Arizona 85273

105-13-004
105-13-009
Daniel D. & Gloria J. Avendano
P.O. Box 254
Superior, Arizona 85273

105-13-008
Mickey E. Green
Mary Toner
P.O. Box 924
Claypool, Arizona 85532

SUPERIOR

105-13-12A
Shirley L. Prescott
9078 North Malpais Road
Winkelman, Arizona 85292

105-14-01B
Olin E. & Kathleen M. Castleberry
4127 West Puget Avenue
Phoenix, Arizona 85051

105-14-005
105-14-010
105-14-011
105-14-013
Harborlite Corporation
P.O. Box 960
Superior, Arizona 85273

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

June 19, 2001

«Name»

«Address1»

«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 is in the process of filing 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. Arizona Water Company will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property. 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, 20 North Magma Avenue, Superior, Arizona.

The Commission will hold a hearing on this matter. As a property owner you may have the right to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless you request it.

If you have any questions or concerns about this application, have any objections 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.

JAMES R. LIVINGSTON
President

E-MAIL: mail@azwater.com

EXHIBIT #6