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MEMORANDUM

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TO: Docket Control  
Arizona Corporation Commission

FROM: Steve Olea  
Acting Director  
Utilities Division

Date: August 20, 2001

RE: ARIZONA WATER COMPANY - APPLICATION FOR AN EXTENSION  
OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY (CC&N)  
TO PROVIDE WATER SERVICE IN GILA COUNTY, ARIZONA  
(DOCKET NO. W-01445A-01-0546)

Attached is the Staff Report for the above referenced application. Staff is recommending approval of the application following a hearing.

Originator: Jim Fisher

Attachment: Original and Eleven Copies

Arizona Corporation Commission

**DOCKETED**

AUG 31 2001

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STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

ARIZONA WATER COMPANY APPLICATION FOR AN EXTENSION OF ITS  
CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICE  
IN GILA COUNTY, ARIZONA

DOCKET NO. W-01445A-01-0546

AUGUST 2001

## STAFF ACKNOWLEDGEMENT

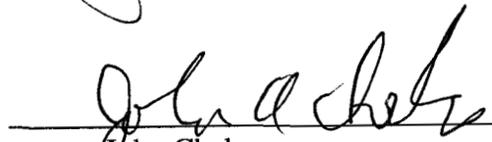
The Staff members designated below contributed elements of this Staff Report.

Contributing Staff:



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Jim Fisher  
Executive Consultant II



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Utilities Engineer

**TABLE OF CONTENTS**

**PAGE**

Introduction..... 1

Background..... 1

Capacity and ADEQ, ADWR Compliance..... 2

Staff Analysis..... 2

Recommendations..... 2

## **Introduction**

On July 10, 2001, Arizona Water Company ("AWC") filed an Application for an Extension of its Certificate of Convenience and Necessity ("CC&N") to portions of Gila County, for water services with the Arizona Corporation Commission ("ACC").

## **Background**

AWC is an Arizona corporation, authorized by the ACC to provide water service through authorized CC&Ns within portions of Gila, Navajo, Cochise, Maricopa, Pima, Yavapai, Coconino and Pinal counties, Arizona. The ACC initially authorized AWC a CC&N in 1955.

By this application AWC seeks to serve an additional eight sections adjacent to its existing service area for the Town of Miami in Gila County. AWC constructed production and transmission facilities to enhance services to its Miami customers. Subsequently, AWC was being requested by property owners to extend service to properties adjacent to AWC transmission facilities.

Currently, AWC provides water service to approximately 49 customers in the proposed extension area. AWC estimates that over the next five years 100 additional customers will require service from the extension area.

AWC owns and operates the facilities currently being used to serve these 49 customers, and will use the facilities to serve future customers. AWC is financially capable to construct, operate and maintain the facilities necessary to provide service to the extension area.

AWC will continue to charges its currently authorized rates and charges for its Miami system to the proposed extension area.

AWC is in compliance with the ACC's filing requirements and current on its property taxes.

AWC holds a Gila County franchise for a portion of the extension area. AWC will apply to the Gila County Board of Supervisors to amend its franchise to include the remaining portions of the extension area.

### **Capacity and ADEQ, ADWR Compliance**

Staff has reviewed the AWC application with associated information provided by the Company. Based on this information, AWC has adequate production and storage facilities to serve its existing customers and any additional customers that are anticipated in the new area.

The Arizona Department of Environmental Quality ("ADEQ") has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

### **Staff Analysis**

AWC is requesting eight sections of land to be included in its CC&N. AWC holds the CC&N on the south of proposed extension territory, and has substantial facilities traversing the length of the requested territory. The applicant is presently serving 49 customers in the requested area, and no other utility is seeking to serve any portion of the requested area. AWC is in compliance with ADEQ and ACC requirements. The Company is meeting a need for service and has demonstrated that it is a fit and proper company to serve the proposed extension area.

### **Recommendations**

Staff recommends that the ACC grant approval of AWC's application to extend the CC&N consistent with the legal description provided.

Staff further recommends that the ACC require AWC to charge its existing rates and charges in the extension area.

Staff further recommends the ACC require AWC to file the associated County franchise agreement within 365 days of the effective date of the ACC Decision on this application.