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WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER



ARIZONA CORPORATION COMMISSION

2001 NOV -8 A 10: 43

DATE: November 8, 2001

AZ CORP COMMISSION
DOCUMENT CONTROL

DOCKET NOS: W-03994A-01-0134 and W-03122A-01-0134

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Philip J. Dion III. The recommendation has been filed in the form of an Order on:

WICK WATER, L.L.C. and CDC WICKENBURG
(SALE OF ASSETS/TRANSFER OF CC&N)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00 p.m.** on or before:

NOVEMBER 19, 2001

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

NOVEMBER 27 AND 28, 2001

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250.

Arizona Corporation Commission
DOCKETED
NOV 08 2001

BRIAN C. McNEIL
EXECUTIVE SECRETARY

DOCKETED BY

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL
CHAIRMAN
3 JIM IRVIN
COMMISSIONER
4 MARC SPITZER
COMMISSIONER
5

6 IN THE MATTER OF THE APPLICATION OF
WICK WATER, L.L.C. FOR APPROVAL OF THE
7 SALE OF ASSETS AND TRANSFER OF ITS
CERTIFICATE OF CONVENIENCE AND
8 NECESSITY TO CDC WICKENBURG WATER,
L.L.C.

DOCKET NO. W-03994A-01-0134
DOCKET NO. W-03122A-01-0134

DECISION NO. _____

OPINION AND ORDER

9 DATE OF HEARING: September 10, 2001
10 PLACE OF HEARING: Phoenix, Arizona
11 ADMINISTRATIVE LAW JUDGE: Philip J. Dion III
12 APPEARANCES: Mr. Steve Wene, MOYES STOREY, on behalf of CDC
13 Wickenburg Water, L.L.C. and;
14 Ms. Janice Alward, Assistant Chief Counsel, Legal
15 Division, on behalf of the Utilities Division of the
Arizona Corporation Commission.

16 **BY THE COMMISSION:**

17 Having considered the entire record herein and being fully advised in the premises, the
18 Commission finds, concludes and orders that:

19 **FINDINGS OF FACT**

20 1. On February 15, 2001, Wick Water, L.L.C. ("Wick Water") and CDC Wickenburg
21 Water, L.L.C. ("CDC Wickenburg") filed a joint application with the Arizona Corporation
22 Commission ("Commission") seeking authority for Wick Water to sell and transfer its assets and
23 Certificate of Convenience and Necessity ("Certificate") to CDC Wickenburg.

24 2. Pursuant to a Procedural Order issued July 20, 2001, notice of the hearing was sent by
25 certified mail to Wick Water's only water user, Childhelp U.S.A.

26 3. Wick Water filed proof of notice on August 10, 2001. No requests for intervention,
27 nor letters opposing the application were received.

28 4. Wick Water provides public water service to one water user in Arizona.

1 5. Wick Water and CDC Wickenburg are subsidiaries of HMB Partners, Inc. (“HMB”),
2 which is a real estate investment and development company headquartered in Denver, Colorado.

3 6. HMB also owns the Wickenburg Ranch property, which is located within Wick
4 Water’s service territory.

5 7. Wickenburg Ranch, L.L.C., also owned by HMB, is the project development and
6 ownership entity that will manage the Wickenburg Ranch property. The Wickenburg Ranch
7 development is a planned, mixed-use community being developed in Yavapai County.

8 8. Since HMB intends to develop the Wickenburg Ranch property, it has drilled
9 additional test and production wells to demonstrate the physical availability of sufficient water
10 sources. On March 14, 2001, Wick Water submitted a letter from the Arizona Department of Water
11 Resources (“ADWR”) that indicated Wick Water had demonstrated an adequate water supply.

12 9. According to Wick Water’s 2000 annual report, its listed plant facilities consist of five
13 wells, two currently equipped with well pumps. No gallons of water were reported sold. Wick Water
14 also listed the plant-in-service at an original cost of \$23,780.

15 10. Wick Water states its assets include one 500,000-gallon storage tank, two 70,000-
16 gallon pressure tanks, five wells and 16,000 feet of four-inch distribution mains.

17 11. In Decision No. 59646 (May 15, 1996), the Commission approved the transfer of
18 Yavapai Hills Water Company’s (“Yavapai”) Certificate to Wick Water. Yavapai was issued a
19 Certificate in Decision No. 42961 (November 22, 1972) to provide water service to a planned
20 development near Wickenburg, Yavapai County, Arizona.

21 12. Decision No. 59646 required Wick Water to file a proposed tariff 90 days prior to
22 serving any customer.

23 13. Wick Water has granted its only water user, Childhelp, U.S.A, a license to use and
24 operate the water equipment, free of charge.

25 14. Staff conducted a review and found that no tariff was filed as required by the prior
26 Commission Decision. However, since Staff believes that since Childhelp, U.S.A. was never a
27 customer, Wick Water did not need to file a tariff as ordered in Decision No. 59646.

28 15. Childhelp, U.S.A. works with abused children, and it anticipates it will eventually

1 have 80 participants in its rehabilitation, educational, and recreational programs.

2 16. Once new customers request service from CDC Wickenburg, the license with
3 Childhelp, U.S.A. will terminate and CDC Wickenburg will begin providing water service to
4 Childhelp, U.S.A. and other customers desiring water service, either under the tariff ordered herein or
5 under a Commission approved special contract.

6 17. The Commission in Decision No. 42961 (November 22, 1972) authorized Yavapai to
7 charge a \$6 monthly minimum, with 2,000 gallons included in the minimum. It also authorized
8 Yavapai to charge \$1 per 1,000 gallons for any amounts used over the monthly minimum of 2,000
9 gallons.

10 18. Staff has discussed the currently authorized rates and charges with Wick Water and
11 CDC Wickenburg's representative and was assured that CDC Wickenburg would provide service
12 under those rates and charges until such time as the Commission authorizes new rates and charges.
13 Staff recommended that the Commission require CDC Wickenburg to provide service under the
14 existing rates and charges until such a time as they obtain approval for new tariff rates and charges.

15 19. Staff recommends that the Commission approve the proposed transfer of the
16 Certificate and sale of assets from Wick Water to CDC Wickenburg.

17 **CONCLUSIONS OF LAW**

18 1. Wick Water is a public service corporation within the meaning of Article XV of the
19 Arizona Constitution and pursuant to A.R.S. § 40-201.

20 2. The Commission has jurisdiction over Wick Water and over the subject matter of the
21 application pursuant to A.R.S. §§ 40-252 and 40-285(A).

22 3. The transfer of Wick Water's Certificate of Convenience and Necessity and water
23 assets in Arizona to CDC Wickenburg is in the public interest.

24 4. Staff's recommendations in Findings of Fact No. 18 and 19 are reasonable and shall be
25 adopted.

26 **ORDER**

27 IT IS THEREFORE ORDERED that the joint application of Wick Water, L.L.C. and CDC
28 Wickenburg, be and hereby is, granted.

1 IT IS FURTHER ORDERED that Wick Water, L.L.C. be, and hereby is, authorized to
2 transfer all of its water assets and Certificate of Convenience and Necessity to CDC Wickenburg
3 Water, L.L.C.

4 IT IS FURTHER ORDERED that Wick Water, L.L.C. shall file, within 15 days of the close
5 of escrow, an affidavit verifying that the sale has been consummated.

6 IT IS FURTHER ORDERED that once CDC Wickenburg Water L.L.C. begins to provide
7 service, it shall do so under the rates approved in Commission Decision No. 42961.

8 IT IS FURTHER ORDERED that CDC Wickenburg shall file a tariff conforming with the
9 previously approved rates set in Decision No. 42961 either 120 days from the effective date of this
10 Decision or 30 days prior to serving any new customer, whichever occurs first.

11 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

12 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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14
15 CHAIRMAN

COMMISSIONER

COMMISSIONER

16
17 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
18 Secretary of the Arizona Corporation Commission, have
19 hereunto set my hand and caused the official seal of the
20 Commission to be affixed at the Capitol, in the City of Phoenix,
21 this ____ day of _____, 2001.

22 _____
BRIAN C. McNEIL
EXECUTIVE SECRETARY

23 DISSENT _____

24 PJD:mlj

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SERVICE LIST FOR:

WICK WATER, L.L.C. and CDC WICKENBURG
WATER, L.L.C.

DOCKET NOS.

W-03994A-01-0134 and W-03122A-01-0134

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