

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER



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BRIAN C. McNEIL
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION

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DATE: July 30, 2002
DOCKET NO: W-0084A-02-0314

AZ CORP COMMISSION
DOCUMENT CONTROL

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Marc E. Stern. The recommendation has been filed in the form of an Order on:

ST. DAVID WATER ASSOCIATION
(CC&N CANCELLATION) (SALE OF ASSETS)

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:

AUGUST 8, 2002

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:

AUGUST 20 AND 21, 2002

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

Arizona Corporation Commission

DOCKETED

JUL 30 2002

DOCKETED BY	CM
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BRIAN C. McNEIL
EXECUTIVE SECRETARY

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BEFORE THE ARIZONA CORPORATION COMMISSION

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

IN THE MATTER OF THE APPLICATION OF ST.
DAVID WATER ASSOCIATION FOR
APPROVAL OF THE SALE OF ASSETS AND
CANCELLATION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY.

DOCKET NO. W-02084A-02-0314

DECISION NO. _____

ORDER

BY THE COMMISSION:

On April 29, 2002, St. David Water Association ("SDWA" or "Applicant") filed with the Arizona Corporation Commission ("Commission") an application requesting the Commission's authorization for the sale of its water utility assets to the St. David Water Domestic Improvement District ("District") together with the cancellation of its Certificate of Convenience and Necessity ("Certificate").

On May 15, 2002, the Commission's Utilities Division ("Staff") filed a Sufficiency Letter indicating that SDWA's application met the sufficiency requirements of A.A.C. R14-2-411(C).

On May 31, 2002, by Procedural Order, the preparation and conduct of the proceeding was established.

On June 19, 2002, Staff filed its Staff Report recommending the approval of SDWA's application.

On June 30, 2002, SDWA provided notice of the application in the manner prescribed by law.

* * * * *

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

FINDINGS OF FACT

1. SDWA is an Arizona non-profit corporation that was certificated to provide public water service to approximately 392 customers pursuant to Decision No. 40325 (November 17, 1969)

1 in the vicinity of St. David, Cochise County, Arizona.

2 2. On March 19, 2002, the Cochise County Board of Supervisors approved a resolution
3 authorizing the formation of the District with the powers of a municipal corporation.

4 3. The District is a political subdivision that was formed pursuant to A.R.S. § 48-902, *et*
5 *seq.*

6 4. On or about April 25, 2002, SDWA entered into a purchase agreement with the
7 District whereby the District agreed to acquire Applicant's water utility assets.

8 5. On April 29, 2002, SDWA filed with the Commission an application requesting
9 approval for the sale of its water utility assets and for the cancellation of its Certificate.

10 6. On May 15, 2002, Staff filed a Sufficiency Letter indicating that SDWA's application
11 met the requirements of A.A.C. R14-2-411(C).

12 7. On June 19, 2002, Staff filed its Staff Report recommending approval of the
13 application.

14 8. On June 30, 2002, SDWA mailed notice of the proposed sale and cancellation of its
15 Certificate to its customers and in response thereto, the Commission has not received any protests
16 registering dissatisfaction with the pending transaction.

17 9. The District will assume any obligations for refunds due on existing line extension
18 agreements and will assume the liability for any refunds which may come due for security deposits
19 and meter and service line installations.

20 10. According to the Staff Report, the District will see immediate operational savings of at
21 least \$21,000 since it will not be required to pay property taxes and can use these funds for system
22 improvements.

23 11. Staff has received data from the SDWA which establishes that tests of its water are
24 well within the requirements of the Safe Drinking Water Act.

25 12. We believe that Staff's recommendation hereinabove should be adopted and that
26 SDWA should file, within 30 days of the effective date of this Decision, an affidavit verifying that
27 the sale has been completed.

28 13. At the present time, SDWA has two applications pending before the Commission, an

1 application for a rate increase in which the "time-clock rules" have been suspended in Docket No. W-
2 2084A-01-0389 and a financing application in Docket No. W-2084A-02-0636.

3 14. Upon the Commission's approval of the application herein, the issues raised by the rate
4 and financing applications will be rendered moot and those applications should be dismissed.

5 **CONCLUSIONS OF LA**

6 1. SDWA is a public service corporation within the meaning of Article XV of the
7 Arizona Constitution and A.R.S. §§ 40-281, 40-282 and 40-252.

8 2. The Commission has jurisdiction over Applicant and of the subject matter of the
9 application.

10 3. The transfer of SDWA's water utility assets to the District and the cancellation of its
11 Certificate would benefit the public interest, and therefore, the application should be approved
12 without a hearing.

13 4. SDWA's rate and financing applications in Docket Nos. W-02084A-01-0389 and W-
14 02084A-02-0636, respectively, should be dismissed upon the Commission's approval of the
15 application herein.

16 **ORDER**

17 IT IS THEREFORE ORDERED that the application of St. David Water Association be, and
18 hereby is, granted.

19 IT IS FURTHER ORDERED that St. David Water Association be, and hereby is, authorized
20 to transfer all of its water utility assets to the St. David Domestic Water Improvement District.

21 IT IS FURTHER ORDERED that Decision No. 40325 be, and hereby is, rescinded and the
22 Certificate of Convenience and Necessity granted therein be, and hereby is, cancelled.

23 IT IS FURTHER ORDERED that St. David Water Association should file, within 30 days of
24 the effective date of this Decision, an affidavit that the sale and transfer of assets has been completed.

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IT IS FURTHER ORDERED that the applications of St. David Water Association pending in Docket Nos. W-02084A-01-0389 and W-02084A-02-0636, respectively, be and are hereby, dismissed.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this ____ day of _____, 2002.

BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT _____

1 SERVICE LIST FOR:

ST. DAVID WATER ASSOCIATION

2 DOCKET NO.S

W-04107A-02-0314 and W-02084A-02-0314

3

4 Reg Garavito
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10 Ernest Johnson, Director
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