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OPEN MEETING ITEM

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JIM IRVIN
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ARIZONA CORPORATION COMMISSION

BRIAN C. MCNEIL
Executive Secretary

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AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: September 12, 2003

DOCKET NO: W-01498A-03-0353

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 Opinion and Order on:

ROCKY LAKE WATER COMPANY
(SALE OF ASSETS/CC&N CANCELLATION)

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 thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00 p.m.** on or before:

SEPTEMBER 22, 2003

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:

SEPTEMBER 30 and October 1, 2003

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Secretary's Office at (602) 542-3931.

Arizona Corporation Commission

DOCKETED

SEP 12 2003

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BRIAN C. MCNEIL
EXECUTIVE SECRETARY

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MARC SPITZER, Chairman
JIM IRVIN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON

IN THE MATTER OF THE APPLICATION OF
ROCKY LAKE WATER COMPANY FOR
APPROVAL OF THE SALE OF ITS ASSETS AND
FOR THE CANCELLATION OF ITS
CERTIFICATE OF CONVENIENCE AND
NECESSITY.

DOCKET NO. W-01498A-03-0353

DECISION NO. _____

OPINION AND ORDER

DATE OF HEARING: September 4, 2003
PLACE OF HEARING: Phoenix, Arizona
ADMINISTRATIVE LAW JUDGE: Marc E. Stern
APPEARANCES: BRYAN CAVE, by Mr. Stanley B. Lutz, on behalf of Rocky Lake Water Company; and
Mr. Jason Gellman, Staff Attorney, Legal Division, on behalf of the Utilities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

On May 30, 2003, Rocky Lake Water Company ("Company" or "Applicant") filed with the Arizona Corporation Commission ("Commission") an application for approval of the sale and transfer of its assets and the cancellation of its Certificate of Convenience and Necessity ("Certificate") which authorizes it to serve the Company's service area ("Application"). The Application was filed because a sale of the system is pending.

On July 2, 2003, by Procedural Order, pursuant to A.R.S. § 41-1074(C), the Application herein was deemed administratively complete, and a hearing on the Application was scheduled for September 4, 2003.

On July 23, 2003, Staff filed its report on the Application.

Pursuant to the Commission's Procedural Order, the Company provided notice of the Application and hearing thereon.

1 On September 4, 2003, a full public hearing was convened before a duly authorized
2 Administrative Law Judge of the Commission. The Company and Staff appeared with counsel. At
3 the conclusion of the hearing, the matter was taken under advisement pending submission of a
4 Recommended Opinion and Order to the Commission.

5 * * * * *

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

8 **FINDINGS OF FACT**

9 1. Pursuant to authority granted by the Commission in Decision No. 39788 (December
10 20, 1968), the Company is an Arizona corporation that is certificated to provide public water service
11 to approximately 490 customers in an area located approximately six miles south of the City of
12 Safford ("City"), Graham County, Arizona.

13 2. On May 24, 2003, the Company entered into a Purchase Agreement ("Agreement")
14 with Gila Resources, Inc. ("Gila"), an Arizona non-profit corporation, which is wholly-owned by the
15 City. Pursuant to the Agreement, Gila is to buy the Company, and provide water service to
16 Applicant's service area.

17 3. On May 30, 2003, the Company filed the Application requesting approval for the sale
18 and transfer of its water utility assets to Gila and for the cancellation of its Certificate.

19 4. On July 2, 2003, by Procedural Order, the Company's application was deemed
20 administratively complete pursuant to A.R.S. § 41-1074(C).

21 5. Pursuant to the Commission's Procedural Order, the Company provided notice of the
22 proposed sale and cancellation of its Certificate to its customers by mail and publication on July 22
23 and 23, 2003, respectively. In response thereto, the Commission has not received any objections to
24 the pending transaction.

25 6. On July 23, 2003, Staff filed its report and at the hearing recommended the approval
26 of the sale of assets to Gila and cancellation of the Company's Certificate.

27 7. Pursuant to the Agreement, Gila is to assume all obligations due for refunds due on
28 existing line extension agreements or for refunds for security deposits and meter and service line

1 installations.

2 8. The Company's president expects that the transaction will be completed
3 approximately ten days after approval of the Application by the Commission, and Gila will then
4 assume the operation of the Company's assets.

5 9. At the hearing, the Company provided evidence that it is currently in compliance with
6 the rules of the Arizona Department of Environmental Quality.

7 10. We believe that Staff's recommendation hereinabove should be adopted and that the
8 Company should file, upon completion of the sale, certification that the transfer has been completed.

9 **CONCLUSIONS OF LAW**

10 1. The Company is a public service corporation within the meaning of Article XV of the
11 Arizona Constitution and A.R.S. §§ 40-281, 40-282 and 40-252.

12 2. The Commission has jurisdiction over Applicant and of the subject matter of the
13 application.

14 3. The sale and transfer of the Company's water utility assets to Gila and the cancellation
15 of its Certificate would benefit the public interest, and therefore, the application should be approved.

16 **ORDER**

17 IT IS THEREFORE ORDERED that the application of Rocky Lake Water Company be, and
18 hereby is, granted.

19 IT IS FURTHER ORDERED that Rocky Lake Water Company be, and hereby is, authorized
20 to transfer to Gila Resources, Inc. all of its water utility assets for the provision of public water
21 service.

22 IT IS FURTHER ORDERED that the Certificate of Convenience and Necessity of Rocky
23 Lake Water Company is hereby cancelled.

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IT IS FURTHER ORDERED that Rocky Lake Water Company shall file, upon completion of the sale, certification that the transaction has been completed.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN COMMISSIONER COMMISSIONER

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 _____, 2003.

BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT _____

DISSENT _____

MES:mlj

1 SERVICE LIST FOR:

ROCKY LAKE WATER COMPANY

2 DOCKET NO.

W-01498A-03-0353

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