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BEFORE THE ARIZONA CORPORATION CC

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COMMISSIONERS

JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

2006 JUN 23 P 2:41

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
NORTHERN SUNRISE WATER COMPANY
FOR A CERTIFICATE OF CONVENIENCE
AND NECESSITY TO PROVIDE WATER
SERVICE IN COCHISE COUNTY, ARIZONA.

DOCKET NO. W-20453A-06-0247

IN THE MATTER OF THE APPLICATION OF
SOUTHERN SUNRISE WATER COMPANY
FOR A CERTIFICATE OF CONVENIENCE
AND NECESSITY TO PROVIDE WATER
SERVICE IN COCHISE COUNTY, ARIZONA.

DOCKET NO. W-20454A-06-0248

IN THE MATTER OF THE JOINT
APPLICATION OF NORTHERN SUNRISE
WATER COMPANY AND SOUTHERN
SUNRISE WATER COMPANY FOR THE
APPROVAL OF SALE AND TRANSFER OF
WATER UTILITY ASSETS, AND
CANCELLATION OF CERTIFICATES OF
CONVENIENCE AND NECESSITY, FOR
MIRACLE VALLEY WATER COMPANY,
COCHISE WATER COMPANY, HORSESHOE
RANCH WATER COMPANY, CRYSTAL
WATER COMPANY, MUSTANG WATER
COMPANY, CORONADO ESTATES WATER
COMPANY, AND SIERRA SUNSET WATER
COMPANY, LOCATED IN COCHISE
COUNTY, ARIZONA.

DOCKET NOS. W-20453A-06-0251
W-20454A-06-0251
W-01646A-06-0251
W-01868A-06-0251
W-02235A-06-0251
W-02316A-06-0251
W-02230A-06-0251
W-01629A-06-0251
W-02240A-06-0251

STAFF'S EXCEPTIONS

The Recommended Opinion and Order ("ROO") in this matter was issued on June 21, 2006. Exceptions are required no later than 4:00 p.m. on June 23, 2006. Staff has reviewed the ROO. In general, the ROO is acceptable to Staff. While not adopting all of the conditions proposed by Staff, we believe the ROO represents a reasonable resolution to these Applications.

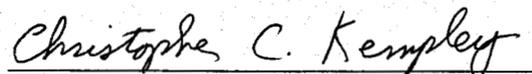
Staff does believe that one addition to the ROO is necessary to provide clarity and certainty to one of the approved conditions. Specifically, in the fifth full Ordering paragraph on page 34, the

1 ROO requires Northern Sunrise Water Company, Inc. and Southern Sunrise Water Company, Inc. to
2 use their "best efforts" to complete the improvements listed in Exhibit B and the installation of an
3 additional 30,000 gallons of storage for Sierra Sunset, by August 25, 2007. Since Staff's proposed
4 condition would have required that Applicants actually complete all of the projects by August 25,
5 2007, the "best efforts" statement constitutes a significant weakening of Staff's proposed condition.

6 Staff is willing to acquiesce in the "best efforts" limitation as proposed by the ROO.
7 However, Staff believes that the Applicants should be required to specifically demonstrate good
8 cause as to why the August 25, 2007 date cannot be met and request an extension of time for
9 compliance should they be unable to complete the projects by the identified date.

10 Accordingly, Staff by these Exceptions requests that the Commission amend the ROO to
11 require the Applicants to submit a request for an extension of time in advance of August 25, 2007,
12 should they be unable to complete the improvements listed in Exhibit B and the installation of an
13 additional 30,000 gallons of storage for Sierra Sunset by that date. Staff would propose to add two
14 sentences to the ROO at page 34, Line 20, after "by August 25, 2007." Those two sentences would
15 read as follows: "If there is good cause, Northern Sunrise Water Company, Inc. and Southern Sunrise
16 Water Company, Inc. shall file a request for an extension of time to complete the referenced
17 improvements. Any such request for extension of time shall detail the good cause and be submitted
18 no later than June 30, 2007."

19 RESPECTFULLY SUBMITTED this 23rd day of June, 2006.

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23 Christopher C. Kempley
24 Chief Counsel, Legal Division
25 Arizona Corporation Commission
26 1200 West Washington Street
27 Phoenix, Arizona 85007
28 (602) 542-3402

1 The original and thirteen (13) copies
2 of the foregoing were filed this 23rd
3 day of June, 2006 with:

4 Docket Control
5 Arizona Corporation Commission
6 1200 West Washington Street
7 Phoenix, Arizona 85007

8 Copies of the foregoing were mailed
9 this 23rd day of June, 2006 to:

10 Jay Shapiro, Esq.
11 Patrick Black, Esq.
12 Fennemore Craig, PC
13 3003 North Central Avenue, Suite 2600
14 Phoenix, Arizona 85012-2913

15 Steven L. Wene, Esq.
16 MOYES STOREY
17 1850 North Central Avenue, #1100
18 Phoenix, Arizona 85004

19 Johnny McLain
20 7110 East Jaxel Road
21 Hereford, Arizona 85615

22 Johnny and Linda McLain
23 PO Box 2903
24 Sierra Vista, Arizona 85636

25 Arizona Small Utilities Association
26 210 North Central Avenue, Suite 6B
27 Avondale, Arizona 85323
28 Interim Manager for the McLain Systems

Roseann Osorio