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Arizona Corporation Commission
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JUL 13 2006

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Attorneys for Northern Sunrise Water Company
and Southern Sunrise Water Company

BEFORE THE ARIZONA CORPORATION COMMISSION

9 IN THE MATTER OF THE APPLICATION OF
 10 NORTHERN SUNRISE WATER COMPANY FOR A
 11 CERTIFICATE OF CONVENIENCE AND
 12 NECESSITY TO PROVIDE WATER UTILITY
 13 SERVICE IN COCHISE COUNTY, ARIZONA.

DOCKET NO. W-20453A-06-0247

12 IN THE MATTER OF THE APPLICATION OF
 13 SOUTHERN SUNRISE WATER COMPANY FOR A
 14 CERTIFICATE OF CONVENIENCE AND
 15 NECESSITY TO PROVIDE WATER UTILITY
 16 SERVICE IN COCHISE COUNTY, ARIZONA.

DOCKET NO. W-20454A-06-0248

15 IN THE MATTER OF THE JOINT APPLICATION
 16 OF NORTHERN SUNRISE WATER COMPANY
 17 AND SOUTHERN SUNRISE WATER COMPANY
 18 FOR THE APPROVAL OF SALE AND TRANSFER
 19 OF WATER UTILITY ASSETS, AND
 20 CANCELLATION OF CERTIFICATES OF
 21 CONVENIENCE AND NECESSITY, FOR
 22 MIRACLE VALLEY WATER COMPANY,
 23 COCHISE WATER COMPANY, HORSESHOE
 24 RANCH WATER COMPANY, CRYSTAL WATER
 25 COMPANY, MUSTANG WATER COMPANY,
 26 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

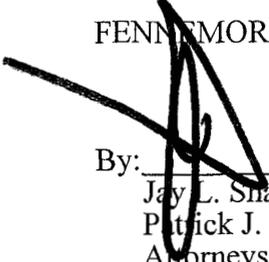
**APPLICANTS' NOTICE OF
FILING POST-ORDER STATUS
REPORT**

23 Pursuant to request by the Commission's Legal Division, Northern Sunrise Water
 24 Company and Southern Sunrise Water Company (collectively, "Applicants") hereby submit this
 25 Notice of Filing Post-Order Status Report ("Status Report") in the above-referenced matter. The
 26 purpose of the Status Report, attached hereto as Exhibit 1, is to provide the Commission and Staff

1 updated information concerning Applicants' progress towards acquiring the McLain Water
2 System assets, including progress towards improvements of the facilities as contemplated in
3 Decision No. 68826.

4 DATED this 13th day of July, 2006.

5 FENNEMORE CRAIG, P.C.

6
7 By: 
8 Jay L. Shapiro
9 Patrick J. Black
10 Attorneys for Applicants,
Northern Sunrise Water Company and
Southern Sunrise Water Company

11 ORIGINAL and 33 copies delivered
12 this 13th day of July, 2006 to:

13 Docket Control
14 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

15 Copy hand-delivered
16 this 13th day of July, 2006, to:

17 Jeff Hatch-Miller
18 Chairman
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

19 William Mundell
20 Commissioner
Arizona Corporation Commission
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Phoenix, AZ 85007

21 Marc Spitzer
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1 Mike Gleason
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2 Arizona Corporation Commission
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1200 W. Washington St.
9 Phoenix, AZ 85007

10 Chris Kempley, Chief Counsel
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Arizona Corporation Commission
12 1200 W. Washington St.
13 Phoenix, AZ 85007

14 Copy mailed
this 13th day of July, 2006, to:

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

18 Johnny McLain
7110 East Jaxel Road
19 Hereford, AZ 85615

20 Johnny and Linda McLain
P.O. Box 2903
21 Sierra Vista, AZ 85636

22 Arizona Small Utilities Association
210 North Central Avenue, Suite 6B
23 Avondale, AZ 85323

24

25

26

1 Copy emailed and mailed
this 13th day of July, 2006 to:

2
3 Jane Rodda, Administrative Law Judge
4 Hearing Division
5 Arizona Corporation Commission
6 400 West Congress
7 Tucson, AZ 85701
8 *JRodda@azcc.gov*

9
10 *Maria Sanjoe*

11 1813226.1/10577.002

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Exhibit 1

POST-ORDER STATUS REPORT

(July 12, 2006)

Decision No. 68826 (June 29, 2006)

Docket Nos. W-20453A-06-0247; W-20454A-06-0248; et. al.

The purpose of this Status Report is to provide the Arizona Corporation Commission with information concerning Northern Sunrise Water Company ("NSWC") and Southern Sunrise Water Company's ("SSWC") (collectively "Applicants") efforts to date to effectuate the intent and purpose of Decision No. 68826 (June 29, 2006). A chronological review of Applicants' efforts over the past 90-120 days is as follows:

- April 10, 2006 – Around this timeframe, Horseshoe Water Company ("HWC") customers had been out-of-water for nine (9) days. Larry Diaz of Algonquin Water Services ("AWS") assisted by directing the Arizona Small Utilities Association ("ASUA") staff to look for blockage in the location of the main valves. After the system was brought on-line, Mr. Diaz again assisted ASUA staff with "bleeding off" the distribution lines, thereby bringing the entire system back on-line. (Mr. Diaz spent approximately 3 to 4 hours of his time aiding ASUA staff during this problem).
- April 10, 2006 – Additionally, AWS approved emergency water hauling dollars in the amount of \$10,000 to aid HWC in getting water delivered to their customers. During this time, approximately two (2) loads of water were delivered to aid in the system recovery process.
- April 11, 2006 – Mr. Diaz directed ASUA staff to make sure that they changed out the pressure switch and leaking check valve to allow the water system to return to normal operation.
- May 20 – 24, 2006 – AWS personnel read meters side by side with ASUA staff in order to begin understanding the routing and area of the McLain System service area. In addition, AWS staff began reviewing meter sizing and account information for the eventual transfer of the McLain System customer accounts to NSWC and SSWC respectively.
- June 1, 2006 – Five (5) key members of AWS staff (Carol Allen, Larry Diaz, Tom Nichols, Martin Galant and Robert Dodds) held a planning session regarding the eventual transfer of McLain System to Applicants. The meeting was held in order to schedule the hiring of staff, and the repair of the water systems to bring them into ADEQ compliance.
- June 19, 2006 – AWS representatives met with a meter manufacturer regarding the cost of various size meters that are anticipated to be utilized for the McLain System.

- June 30, 2006 – Matthew Garlick, AWS' Regional Operations Manager, interviewed the first candidate to be hired to help operate the McLain System assets. There was a particular emphasis on discussing media strategies that may be needed in order to keep customers and the general public informed as water system repairs begin.
- July 6, 2006 – Mr. Diaz observed the installation of the Jaxel Road well. Mr. Diaz spent approximately 4.5 hours of his time present during the installation.
- July 7, 2006 – Upon her request, AWS provided Commissioner Mayes' office information concerning the condition and status of the Jaxel Road well installation.
- July 10, 2006 – Mr. Tom Nichols, Mr. Larry Diaz, Mr. Garlick (AWS representatives) and Andreas (ASUA Operator) performed a physical site review of all the components of the entire McLain System. AWS representatives were able to ask questions concerning how the system operated and what were the major problems that the operator saw during operation. The intent was to give engineering and operations a better understanding of the water system so that AWS can prioritize site improvements. AWS representatives spent approximately eight (8) hours in performing the physical site review.
- Shawn Bundy, Senior Accountant for AWS, has spent over eighty (80) hours to date setting up customer fields in the AWS billing system, and has manually entered about half of all the customer names and addresses. The integration of McLain System customers into AWS' billing system is scheduled to be completed within the next two (2) weeks.
- July 11, 2006 – Mr. Garlick interviewed three (3) more potential operators for NSWC and SSWC.
- July 12, 2006 – AWS representatives met with Flavio Gonzalez of ASUA regarding system maps and operational data. Any information regarding the McLain System will aid AWS and Applicants in quickly bringing the entire water system into compliance.

As the Commission is fully aware, the continued cooperation and support of ADEQ is a critical component in finalizing the asset transfer, as Applicants must be assured that the "reasonable and meaningful time period within which to bring the facilities into compliance" is consistent with the schedule and timing authorized by the Commission in Decision No. 68826. See July 5, 2006 letter from Joan Card, Director, ADEQ Water Quality Division to Edmund Pamatat, attached hereto as Exhibit 1. To this end, AWS representatives will be meeting with ADEQ representatives today, July 13, 2006, to discuss the content of Ms. Card's letter and the need for greater certainty from ADEQ before the sales transaction can close.

As clearly expressed during the Commission's June 27, 2006 Open Meeting, Applicants cannot make any physical repairs or improvements to the McLain Systems until the assets are actually acquired, but Applicants will continue to help ASUA in a support function during this interim time period. Applicants anticipate that the July 13, 2006 meeting with ADEQ will be integral in their efforts to begin McLain System repairs and improvements as quickly as possible.