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MEMORANDUM

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TO: Docket Control  
Arizona Corporation Commission

Arizona Corporation Commission  
**DOCKETED**

FROM: Ernest G. Johnson  
Director  
Utilities Division

SEP 22 2006

DOCKETED BY	NP
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Date: September 22, 2006

RE: STAFF REPORT FOR THE APPLICATION OF BEAVER DAM WATER COMPANY, INC. FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NO. W-03067A-06-0117)

Attached is the Staff Report for Beaver Dam Water Company, Inc. for an extension of its existing Certificate of Convenience and Necessity for water service. Staff recommends the Commission issue an Order Preliminary in this matter.

EGJ:LAJ:tdp

Originator: Linda A. Jaress

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Service List for: Beaver Dam Water Company, Inc.  
Docket No. W-03067A-06-0117

Mr. Bob Frisby  
Beaver Dam Water Company  
Post Office Box 307  
Beaver Dam, Arizona 86432

Mr. Christopher C. Kempley  
Chief, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. Ernest G. Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Lyn Farmer  
Chief, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

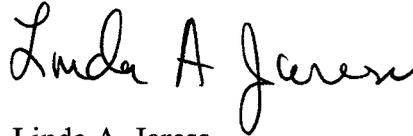
BEAVER DAM WATER COMPANY, INC.  
DOCKET NO. W-03067A-06-0117

APPLICATION FOR EXTENSION  
OF EXISTING CERTIFICATE OF  
CONVENIENCE AND NECESSITY

SEPTEMBER 22, 2006

## STAFF ACKNOWLEDGMENT

The Staff Report for Beaver Dam Water Company, Inc., Docket No. W-03067A-06-0117, was prepared by the Staff members listed below. Linda Jaress reviewed and analyzed the application. Jian Liu performed the engineering and technical analysis.



Linda A. Jaress  
Executive Consultant III



Jian Liu  
Utilities Engineer

**EXECUTIVE SUMMARY**  
**BEAVER DAM WATER COMPANY, INC.**  
**W-03067A-06-0117**

On March 1, 2006, Beaver Dam Water Company, Inc. ("Beaver Dam" or "the Company") filed an application for an extension of its Certificates of Convenience and Necessity ("CC&N") to provide water services in portions of Mohave County, Arizona. Beaver Dam serves approximately 287 customers and is located in the far northwest corner of Arizona, less than 10 miles from both the Nevada and Utah borders.

Beaver Dam expects an additional 505 connections for the proposed CC&N extension at the end of five years, resulting in a projected total customer base of approximately 762 at the end of five years. Based on the existing well production and storage capacities, the water systems combined can serve approximately 1,000 service connections.

Staff recommends the Commission issue an Order Preliminary due to the water adequacy issue.

Staff recommends that Beaver Dam be required to file with Docket Control, as a compliance item in this docket, a copy of the Approval To Construct ("ATC") for the water facilities needed to service the area within two years of the effective date of the order preliminary in this proceeding.

Staff also recommends that the Company file, within two years from the issuance of an Order Preliminary, documentation from Arizona Department of Water Resources ("ADWR") that there is adequate water to serve the extension area.

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## **Introduction**

On March 1, 2006, Beaver Dam Water Company, Inc. ("Beaver Dam" or "the Company") filed an application for an extension of its Certificates of Convenience and Necessity ("CC&N") to provide water services in portions of Mohave County, Arizona. Beaver Dam serves approximately 287 customers and is located in the far northwest corner of Arizona, less than 10 miles from both the Nevada and Utah borders. The legal description and a map of the location of the Company are attached as Exhibit 1.

Beaver Dam filed requests for service from Mr. Allen Stewart of Construction Design Group, Inc. for a subdivision at Hamilton Ranch and from Blair Adamson of Bowler Realty for another subdivision of 75 lots. Beaver Dam, for the year ending December 31, 2006, experienced a net loss of \$13,880 on assets of \$795,008.

## **Water System**

Beaver Dam operates three water systems. Systems #1 and #2, which have been consolidated, serve an area in the vicinity of the community of Littlefield. This system is comprised of three wells which, in total, produce 436 gallons per minute ("GPM"), three storage tanks with a total capacity of totaling 194,000 gallons and a distribution system serving 257 connections.

The other system is a distribution system which distributes water received from the Virgin Valley Water District ("VVWD") located in Mesquite, Nevada, through a master-meter. This system serves 30 customers. Both systems are described in more detail in Staff's Engineering Report attached as Exhibit 2.

## **System Capacity**

Beaver Dam expects an additional 505 connections for the proposed CC&N extension at the end of five years, resulting in a projected total customer base of approximately 762 at the end of five years. Based on the existing well production and storage capacities, the water systems combined can serve approximately 1,000 service connections. Staff concludes that the existing systems have adequate production and storage capacity to serve the existing and proposed CC&N extension area within a conventional five year planning period.

## **Arizona Department of Environmental Quality ("ADEQ")**

ADEQ has determined that Systems I and 2 are currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

Beaver Dam has not yet acquired the ADEQ Certificate of Approval to Construct ("ATC") for facilities needed to serve the requested area. Staff recommends that Beaver Dam be required to file with Docket Control, as a compliance item in this docket, a copy of the ATC for

the water facilities needed to service the area within two years of the effective date of the order in this proceeding.

Beaver Dam reported that the arsenic levels in the water source for System 1 was undetectable and for System 2, 6 micrograms per liter ("µg/l"). Based on these arsenic concentrations, Systems #1 and #2 are in compliance with the new arsenic standard.

### **Arizona Department of Water Resources ("ADWR")**

Beaver Dam is not located in any Active Management Area ("AMA") and not subject to AMA reporting and conservation requirements. The Company does not have a Certificate of Assured Water Supply or any other document from ADWR indicating there is sufficient water available to serve the proposed development. Although the Company is located outside an AMA and developers are not required to show the availability of an assured water supply to sell lots, Staff believes it is in the public interest for the Company to show evidence that sufficient water supply exists to supply the proposed extension area.

The Company has filed documentation from September 30, 1987 from ADWR that indicated "the water supply will be capable of meeting the subdivision's projected demand for at least 100 years, as required by law." The Company also filed another document from ADWR dated October 6, 2003, confirming the statement of water adequacy issued in 1987 and indicating that Beaver Dam Resort had an adequate water supply. However, Staff is not certain that these documents apply to the proposed extension area or that ADWR would have the same opinion today. Therefore, Staff recommends the Commission issue an Order Preliminary in this case.

Staff recommends that the Company file, within two years from the Order Preliminary, documentation from ADWR that there is adequate water to serve the extension area whether in the form of another letter or a Physical Availability Determination.

### **Arizona Corporation Commission Compliance**

According to the Utilities Division Compliance Section, the Company has no outstanding compliance issues.

### **Franchise**

The Company provided its Franchise agreement with Mohave County which covers the proposed service territory.

### **Recommendations**

Staff recommends the Commission issue an Order Preliminary.

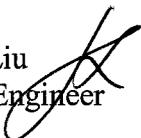
Staff recommends that Beaver Dam be required to file with Docket Control, as a compliance item in this docket, a copy of the ATC for the water facilities needed to service the area within two years of the effective date of the order preliminary in this proceeding.

Staff also recommends that the Company file, within two years from the issuance of an Order Preliminary, documentation from ADWR that there is adequate water to serve the extension area.

## MEMORANDUM

DATE: September 15, 2006

TO: Linda Jaress  
Executive Consultant III

FROM: Jian W. Liu   
Utilities Engineer

RE: Beaver Dam Water Company, Inc.  
Docket No. W-03067A-06-0117 (CC&N Extension)

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### **Introduction**

Beaver Dam Water Company, Inc. ("Beaver Dam" or "the Company") has filed an application for a Certificate of Convenience and Necessity ("CC&N") extension. The Company is located in the extreme northwest corner of the state in Mohave County. The requested extension area is located near the community of Littlefield.

Beaver Dam is requesting to extend its certificated area by approximately 141 acres. The requested area will be served by the Beaver Dam Systems #1 and #2 which were recently interconnected to create one combined system.<sup>1</sup> Beaver Dam is proposing to construct plant facilities to the requested areas using main extension agreements ("MXAs").

### **Existing System Descriptions**

Beaver Dam has three water systems. Systems #1 and #2 which as previously indicated were recently combined, serve an area in the vicinity of the community of Littlefield. System #3, the third system, serves an area near Mesquite, Nevada and the Arizona/Nevada state line. The Arizona Department of Environmental Quality ("ADEQ") assigns a Public Water System Identification ("PWS-ID") Number to each system it regulates. The PWS ID numbers and brief system descriptions are:

1. System #1, PWS #08-311 and System #2, PWS #08-006: Located near Littlefield, Arizona in Mohave County. The water systems combined have three wells producing 436 gallons per minute ("GPM"), three storage tanks totaling 194,000 gallons (a 50,000 gallon storage tank, a 44,000 gallon storage tank, and a 100,000 gallon storage tank) and a distribution system serving 257 connections.

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<sup>1</sup> Approval of the interconnection of Systems #1 and #2 by the Arizona Department of Environmental Quality is pending.

2. System #3, PWS #08-093: Located near Mesquite, Nevada and the Arizona/Nevada state line. This system is a consecutive water system to the Virgin Valley Water District ("VVWD") in Mesquite, Nevada. The VVWD provides the source supply through a 12-inch by 6-inch compound master-meter<sup>2</sup> to the System #3 distribution system which serves 30 connections.

## **Capacity**

### Systems #1 and #2

Beaver Dam has predicted an additional 505 connections for the proposed CC&N extension at the end of five years, resulting in a projected total customer base of approximately 762 at the end of five years.

Based on the existing well production and storage capacities, the water systems combined can serve approximately 1,000 service connections. Staff concludes that the existing systems have adequate production and storage capacity to serve the existing and proposed CC&N extension area within a conventional five year planning period.

## **ADEQ Compliance**

### Compliance Status for Beaver Dam Systems

System #1, PWS-ID No. 08-311, and System #2, PWS-ID No. 08-006, have no deficiencies and ADEQ has determined that these Systems are currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.<sup>3</sup>

System #3, PWS #08-093, is a consecutive water system and currently has no ADEQ monitoring or reporting requirements (As August 2006).

### Certificate of Approval to Construct ("ATC")

The ADEQ ATC for facilities needed to serve the requested area has not been submitted to Staff by Beaver Dam. If this application is approved, Staff recommends that Beaver Dam be required to file with Docket Control, as a compliance item in this docket, a copy of the ATC for the water facilities needed to service the area within two years of the effective date of the order in this proceeding.

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<sup>2</sup> The estimated flow rate for this meter is 3,000 GPM.

<sup>3</sup> ADEQ compliance Report dated Nov. 21, 2005.

### Arsenic

The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter (" $\mu\text{g/l}$ ") to 10 $\mu\text{g/l}$ . Beaver Dam indicated the arsenic levels for its source supplies for System #1 was not detected, System #2 was reported to be 6  $\mu\text{g/l}$ . Based on these arsenic concentrations, Systems #1 and #2 are in compliance with the new arsenic MCL.

### **Arizona Department of Water Resources ("ADWR") Compliance**

#### Compliance Status

Beaver Dam is not located in any Active Management Area ("AMA") and not subject to AMA reporting and conservation requirements.

#### Letter of Adequate Water Supply

Staff recommends that the Company docket, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy the developer's Letter of Adequate Water Supply for the requested area.

### **Arizona Corporation Commission ("ACC") Compliance**

According to the Utilities Division Compliance Section (Compliance Section Email dated August 8, 2006), the Company has no outstanding compliance issues.

### **Summary**

#### Conclusions

- A. Staff concludes that Beaver Dam's existing systems, Systems #1 and #2, have adequate source and storage capacity to serve the existing and proposed CC&N extension area.
- B. System #1, PWS ID No. 08-311, and System #2, PWS ID No. 08-006, have no deficiencies and ADEQ has determined that these Systems are currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. 4.
- C. Beaver Dam indicated the arsenic levels for its source supplies for System #1 was not detected, and System #2 at 6  $\mu\text{g/l}$ . Based on this arsenic concentration, the System #1 and System #2 are in compliance with the new arsenic MCL.
- D. Beaver Dam is not located in any Active Management Area and not subject to AMA reporting and conservation requirements.

- E. According to the Utilities Division Compliance Section (Compliance Section Email dated August 8, 2006), the Company has no outstanding compliance issue with the ACC.

Recommendations

1. Staff recommends that Beaver Dam be required to file with Docket Control, as a compliance item in this docket, a copy of the ATC for the water facilities needed to service the area within two years of the effective date of the order in this proceeding.
2. Staff recommends that the Company docket, as a compliance item in this docket, within two years of the effective date of an order in this proceeding, a copy the developer's Letter of Adequate Water Supply for the requested area.

**MEMORANDUM**

TO: Linda Jaress  
Executive Consultant III  
Utilities Division

FROM: Barb Wells *bw*  
Information Technology Specialist  
Utilities Division

THRU: Del Smith *DS*  
Engineering Supervisor  
Utilities Division

DATE: March 21, 2006

RE: **BEAVER DAM WATER COMPANY (DOCKET NO. W-03067A-06-0117)**

The area requested by Beaver Dam for an extension has been plotted with no complications using the legal description provided with the application (a copy of which is attached). NOTE: A portion of the requested area is already certificated to Beaver Dam.

Also attached is a copy of the map for your files.

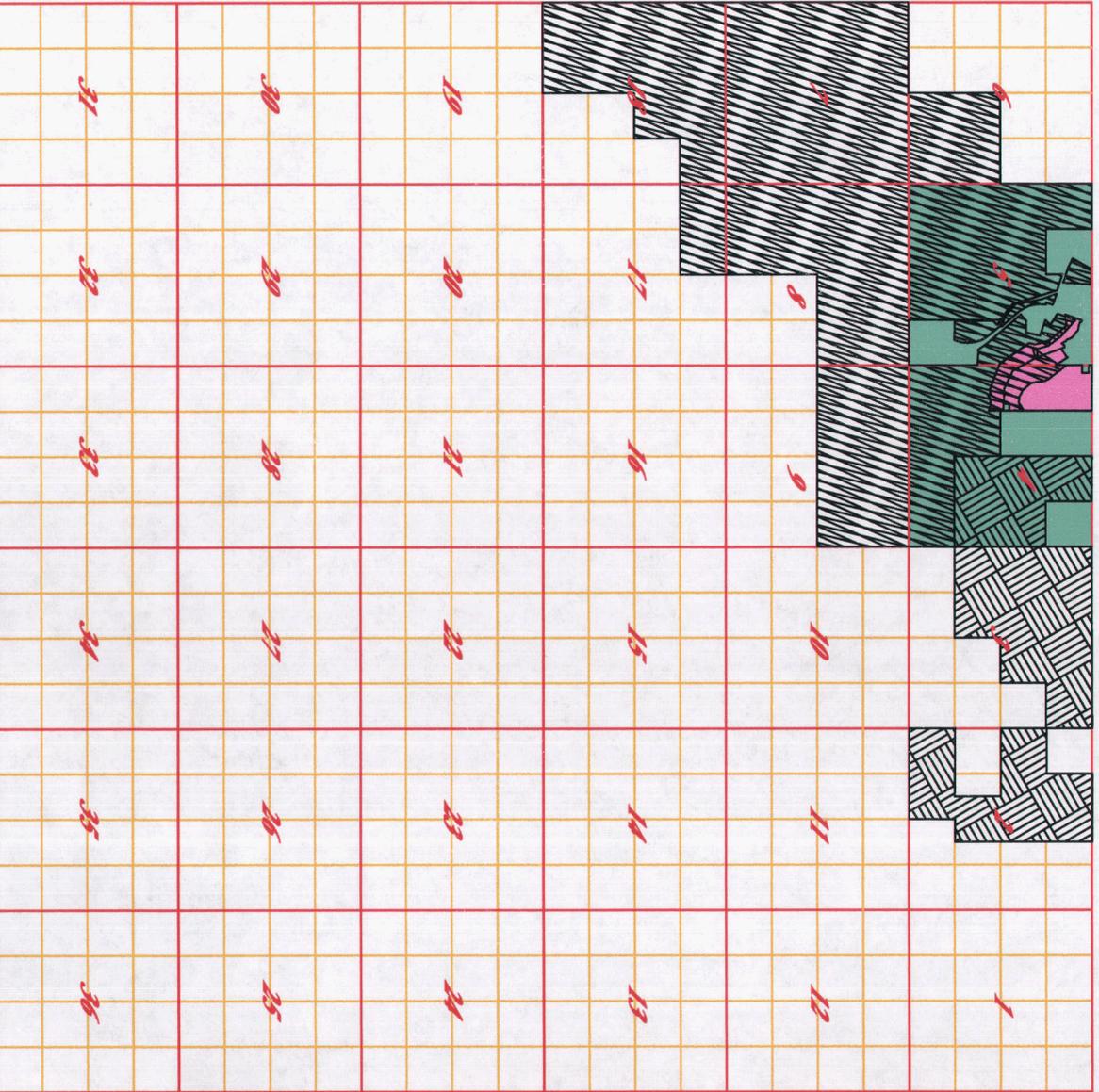
:bsw

Attachments

cc: Docket Control  
Mr. Bob Frisby  
Ms. Deb Person (Hand Carried)  
File

# COUNTY: Mohave

## RANGE 15 West



## TOWNSHIP 40 North

-  W-3067 (4)  
Beaver Dam Water Company, Inc.
-  W-4049 (2)  
DS Water Company
-  Sewer (2)  
Virgin River Domestic Wastewater  
Improvement District (Nonjurisdictional)
-  (1)  
Beaver Dam Water Company  
Docket No. W-03067A-06-0117  
Application for Extension

**BOUNDARY DESCRIPTION  
PARCEL "A"**

BEGINNING AT THE NORTHWEST CORNER OF SECTION 4, TOWNSHIP 40 NORTH, RANGE 15 WEST, GILA AND SALT RIVER MERIDIAN; THENCE NORTH 89°59'16" EAST ALONG THE NORTH BOUNDARY LINE OF SAID SECTION 4 FOR A DISTANCE OF 1318.99 FEET TO THE WEST ONE SIXTEENTH CORNER; THENCE SOUTH 00°10'12" EAST ALONG THE SIXTEENTH LINE OF SAID SECTION 4 FOR A DISTANCE OF 2203.56 FEET; THENCE LEAVING SAID ONE SIXTEENTH LINE SOUTH 89°49'48" WEST 19.00 FEET; THENCE SOUTH 00°10'12" EAST 19.00 FEET; THENCE NORTH 89°49'48" EAST 19.00 FEET TO SAID ONE SIXTEENTH LINE; THENCE SOUTH 00°10'12" EAST 169.41 FEET; THENCE LEAVING SAID ONE SIXTEENTH LINE NORTH 87°05'44" WEST 209.17 FEET; THENCE SOUTH 00°08'29" EAST 165.55 FEET; THENCE NORTH 87°30'34" WEST 449.70 FEET; THENCE NORTH 64°34'20" WEST 560.58 FEET; THENCE NORTH 29°30'43" WEST 768.71 FEET; THENCE NORTH 19°49'05" WEST 777.27 FEET TO THE NORTHERLY BOUNDARY LINE OF PARCEL "C" BEAVER DAM ESTATES, TRACT NUMBER 3034-A; THENCE ALONG THE NORTHERLY BOUNDARY LINE OF SAID PARCEL "C" NORTH 57°20'53" EAST 269.59 FEET TO THE SOUTHWEST CORNER OF PARCEL "E" OF SAID BEAVER DAM ESTATES, TRACT NUMBER 3034-A; THENCE NORTH 34°28'11" EAST 54.11 FEET TO THE NORTHWEST CORNER OF SAID PARCEL "E"; THENCE SOUTH 32°38'53" EAST ALONG THE NORTH BOUNDARY LINE OF SAID PARCEL "E" FOR A DISTANCE OF 417.57 FEET TO THE WEST BOUNDARY LINE OF SAID SECTION 4; THENCE NORTH 00°09'08" WEST ALONG SAID WEST BOUNDARY LINE 761.43 FEET; THENCE LEAVING SAID BOUNDARY LINE SOUTH 90°00'00" EAST 230.53 FEET; THENCE NORTH 00°00'00" EAST 188.70 FEET; THENCE NORTH 90°00'00" WEST 231.03 FEET TO SAID WEST BOUNDARY LINE; THENCE NORTH 00°09'08" WEST ALONG SAID WEST BOUNDARY LINE 97.58 FEET TO THE POINT OF BEGINNING. CONTAINING 79.696 ACRES.

## BOUNDARY DESCRIPTION, PARCEL "B"

BEGINNING AT A POINT WHICH IS EAST 1117.65 FEET AND SOUTH 2546.63 FEET FROM THE NORTHWEST CORNER OF SECTION 4, TOWNSHIP 40 NORTH, RANGE 15 WEST, GILA AND SALT RIVER MERIDIAN; THENCE SOUTH 87°30'34" EAST 209.15 FEET TO THE ONE SIXTEENTH LINE OF SAID SECTION 4; THENCE SOUTH 00°10'12" EAST ALONG SAID ONE SIXTEENTH LINE 418.64 FEET; THENCE LEAVING SAID ONE SIXTEENTH LINE NORTH 70°16'10" WEST 130.59 FEET; THENCE NORTH 84°33'48" WEST 138.29 FEET; THENCE SOUTH 79°36'18" WEST 104.82 FEET; THENCE SOUTH 58°30'40" WEST 97.22 FEET; THENCE NORTH 00°00'00" EAST 82.26 FEET; THENCE SOUTH 73°02'46" WEST 154.82 FEET; THENCE NORTH 69°41'39" WEST 824.86 FEET; THENCE NORTH 35°01'15" WEST 1040.85 FEET; THENCE NORTH 11°18'18" EAST 181.54 FEET; THENCE NORTH 15°58'46" WEST 428.20 FEET; THENCE NORTH 41°09'18" WEST 659.04 FEET; THENCE SOUTH 82°39'17" WEST 319.71 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF HIGHWAY 91; THENCE NORTH 19°13'04" EAST ALONG SAID RIGHT-OF-WAY LINE 503.82 FEET; THENCE LEAVING SAID RIGHT-OF-WAY LINE SOUTH 70°46'56" EAST 50.00 FEET TO THE SOUTHERLY BOUNDARY OF BEAVER DAM ESTATES, TRACT NUMBER 3510; THENCE SOUTH 12°51'05" EAST ALONG SAID SOUTHERLY BOUNDARY 40.00 FEET TO THE NORTHERLY BOUNDARY OF PARCEL "K" OF SAID BEAVER DAM ESTATES, TRACT NUMBER 3510; THENCE ALONG SAID NORTHERLY BOUNDARY SOUTH 74°33'15" EAST 98.23 FEET TO A POINT ON A 50.00 FOOT RADIUS CURVE WHOSE CENTER BEARS NORTH 48°02'00" EAST; THENCE EASTERLY ALONG THE ARC OF SAID CURVE TO THE LEFT 36.67 FEET THROUGH A CENTRAL ANGLE OF 42°01'30" TO THE POINT OF TANGENCY; THENCE SOUTH 83°59'30" EAST 81.38 FEET TO THE POINT OF CURVATURE OF A 90.00 FOOT RADIUS CURVE; THENCE ALONG THE ARC OF SAID CURVE TO THE RIGHT 73.21 FEET THROUGH A CENTRAL ANGLE OF 46°36'31" TO THE POINT OF TANGENCY; THENCE SOUTH 37°22'59" EAST 15.32 FEET TO THE POINT OF CURVATURE OF A 160.00 FOOT RADIUS CURVE; THENCE ALONG THE ARC OF SAID CURVE TO THE LEFT 64.75 FEET THROUGH A CENTRAL ANGLE OF 23°11'16" TO THE POINT OF TANGENCY; THENCE SOUTH 60°34'14" EAST 65.68 FEET; THENCE SOUTH 44°15'23" EAST 86.93 FEET; THENCE SOUTH 30°30'42" EAST 80.81 FEET; THENCE SOUTH 09°36'44" EAST 58.07 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL "K"; THENCE SOUTH 60°34'13" EAST 19.86 FEET TO THE SOUTHWEST CORNER OF LOT 15, BEAVER DAM ESTATES, TRACT NUMBER 3034-A; THENCE SOUTH 42°41'33" EAST ALONG THE NORTHERLY BOUNDARY LINE OF PARCEL "C", BEAVER DAM ESTATES, TRACT NUMBER 3034-A FOR A DISTANCE OF 48.50 FEET; THENCE SOUTH 32°06'50" EAST 57.30 FEET; THENCE SOUTH 30°56'57" EAST 80.00 FEET TO THE SOUTHWEST CORNER OF LOT 18 OF SAID BEAVER DAM ESTATES, TRACT NUMBER 3034-A; THENCE NORTH 38°40'32" EAST ALONG THE WEST BOUNDARY LINE OF SAID LOT 18 FOR A DISTANCE OF 100.49 FEET TO A POINT ON A 40.00 FOOT RADIUS CURVE WHOSE CENTER BEARS NORTH 38°40'32" EAST; THENCE EASTERLY

B RE 2

ALONG THE ARC OF SAID CURVE TO THE LEFT 60.99 FEET THROUGH A CENTRAL ANGLE OF  $87^{\circ}21'25''$  TO THE NORTHWEST CORNER OF LOT 19 OF SAID BEAVER DAM ESTATES, TRACT NUMBER 3034-A; THENCE SOUTH  $18^{\circ}24'31''$  EAST ALONG THE WEST BOUNDARY LINE OF SAID LOT 19 FOR A DISTANCE OF 104.77 FEET; THENCE SOUTH  $19^{\circ}49'05''$  EAST 777.27 FEET; THENCE SOUTH  $29^{\circ}30'43''$  EAST 768.71 FEET; THENCE SOUTH  $64^{\circ}34'20''$  EAST 560.58 FEET; THENCE SOUTH  $87^{\circ}30'34''$  EAST 449.70 FEET TO THE POINT OF BEGINNING. CONTAINING 34.620 ACRES.