

ORIGINAL NEW APPLICATION



0000065442

BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

DOCKETED

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AZ CORP COMMISSION
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COMMISSIONERS

JEFF HATCH-MILLER - Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
GARY PIERCE

DOCKETED BY

NMA

W-01445A-07-0018

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, TO EXTEND ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY AT SIERRA VISTA, COCHISE COUNTY, ARIZONA	DOCKET NO. W-01445A-07- APPLICATION TO EXTEND EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY TO INCLUDE ADDITIONAL TERRITORY
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ARIZONA WATER COMPANY, an Arizona corporation, ("AWC") through its undersigned counsel, presents the following Application to extend its existing Certificate of Convenience and Necessity ("CC&N") for its Sierra Vista system. This Application is based on the following:

1. AWC presently holds CC&Ns issued by the Arizona Corporation Commission (the "Commission") in various decisions beginning in 1968 for the purpose of providing water service in the City of Sierra Vista and portions of the surrounding area in Cochise County, Arizona.

2. The area that AWC seeks to add to its CC&N is described in Exhibit 1 and shown in Exhibit 2 hereto. The City of Sierra Vista has requested AWC to provide

1 County or City. Although AWC does not have a franchise from the City of Sierra Vista,
2 AWC has provided water service to the City of Sierra Vista on a continuous basis since
3 1968. AWC has received, and continues to have, the City's consent and permission for
4 providing such service, as evidenced by the City's written request set forth in Exhibit 3,
5 and as evidenced by the right-of-way permits the City has been granting to AWC.
6

7
8 8. AWC's By-Laws do not require a corporate resolution on behalf of AWC in
9 conjunction with this Application.
10

11 9. A certificate of good standing for AWC is attached as Exhibit 7 hereto.
12

13 10. An updated Commission Water Use Data Sheet for the Sierra Vista
14 system is attached as Exhibit 8 hereto.
15

16
17 11. A copy of the most recent compliance status report from the Arizona
18 Department of Environmental Quality for the Sierra Vista system is attached as Exhibit 9
19 hereto.
20

21 12. There will be no need to finance additional utility facilities to serve the area
22 described in Exhibit 1 except for the installation of a two-inch metered service on
23 existing facilities because AWC is already providing water service to the City of Sierra
24 Vista in the area described in Exhibit 1. These existing facilities will be used without the
25 need for a main extension to serve the new use planned by the City of Sierra Vista.
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B. Granting such other further and general relief as appropriate in the premises.

RESPECTFULLY SUBMITTED this 11th day of January 2007.

ARIZONA WATER COMPANY

By: Robert W. Geake
Robert W. Geake
Vice President and General Counsel
ARIZONA WATER COMPANY
Post Office Box 29006
Phoenix, Arizona 85038-9006

1 Original and thirteen (13) copies of the foregoing filed this 11th day of January 2007
2 with:

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

7 A copy of the foregoing was mailed this 11th day of January 2007 to:

8 Christopher Kempley, Chief Counsel
9 Legal Division
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007

13 Ernest G. Johnson
14 Director, Utilities Division
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 By: Robert W. Seale

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EXHIBIT 1

CC&N This Application

All of Section 34, Township 21 South, Range 21 East of the Gila and Salt River Base and Meridian, Cochise County, Arizona.

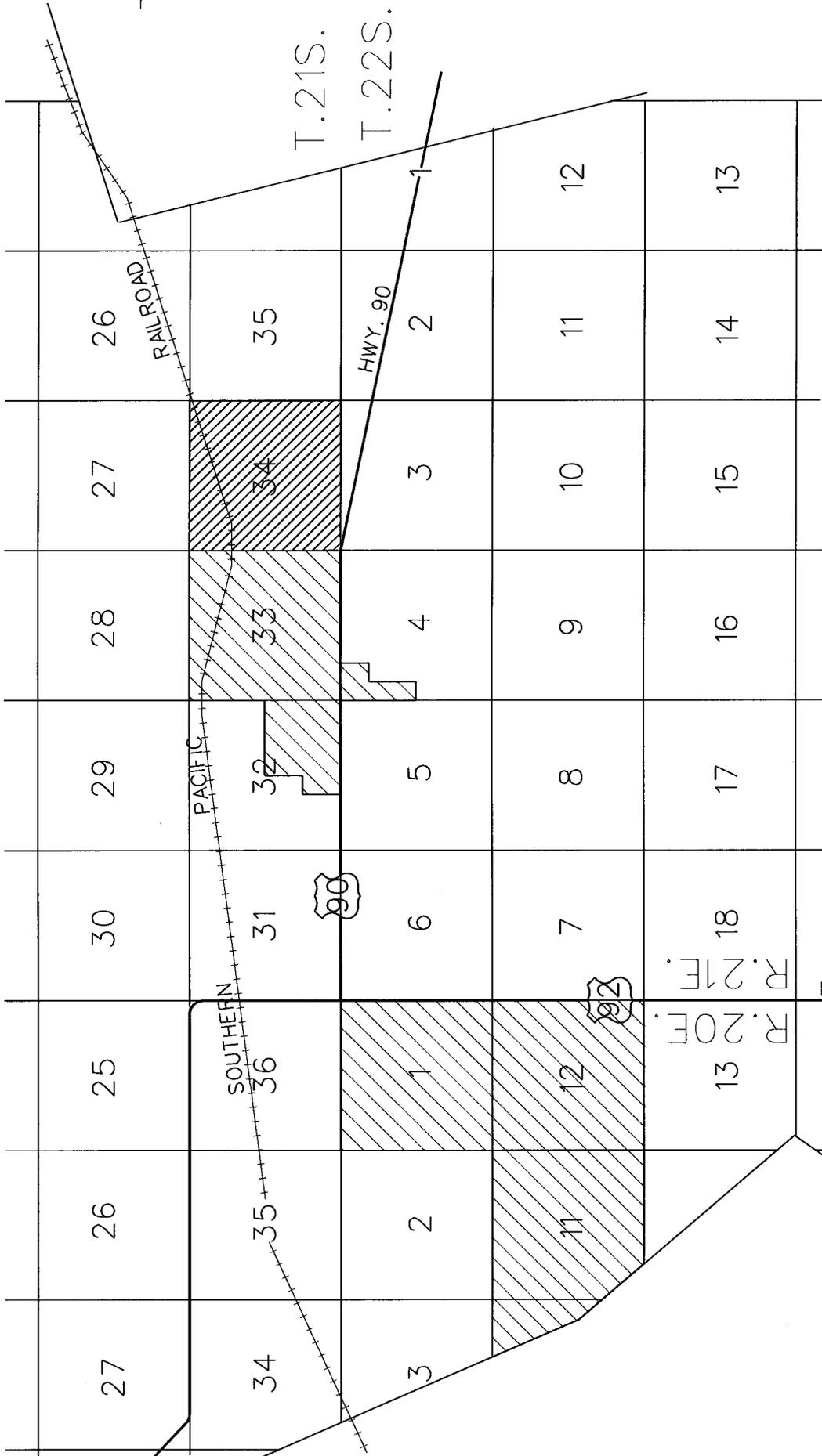
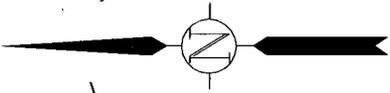


EXHIBIT 2

ARIZONA WATER COMPANY

DESCRIPTION:	CC&N Application to include all of Section 34 of Township 21 South, Range 21 East of the Gila and Salt River Base and Meridian, Cochise County, Arizona.
LOCATION:	SIERRA VISTA
DATE:	12.14.2006
SCALE:	1" = 1 Mile
DRAWN BY:	CB

CC&N This Application

Existing Arizona Water Company CC&N

EXHIBIT 3



City of Sierra Vista
Department of Public Works



November 2, 2006

Mike Whitehead, P.E.
Arizona Water Company
P.O. Box 29006
Phoenix, Arizona 85038-9006

SUBJECT: Expansion of Water Service Area

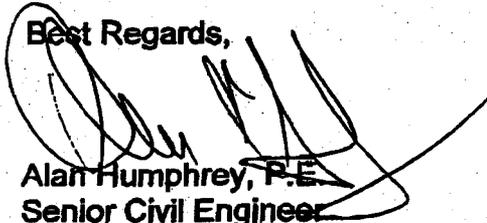
Dear Mr. Whitehead:

The City of Sierra Vista respectfully requests that Arizona Water Company expand their service area to include Section 34 in Township 21 South, Range 21 East. This section is immediately adjacent to Arizona Water Company's current service area in Section 33. The City currently owns all of Section 34.

Arizona Water Company has been serving this parcel for over 25 years. Until now, we did not realize that we were not in your service area. Since it has been brought to our attention, we are making an official request to rectify the situation as you suggested.

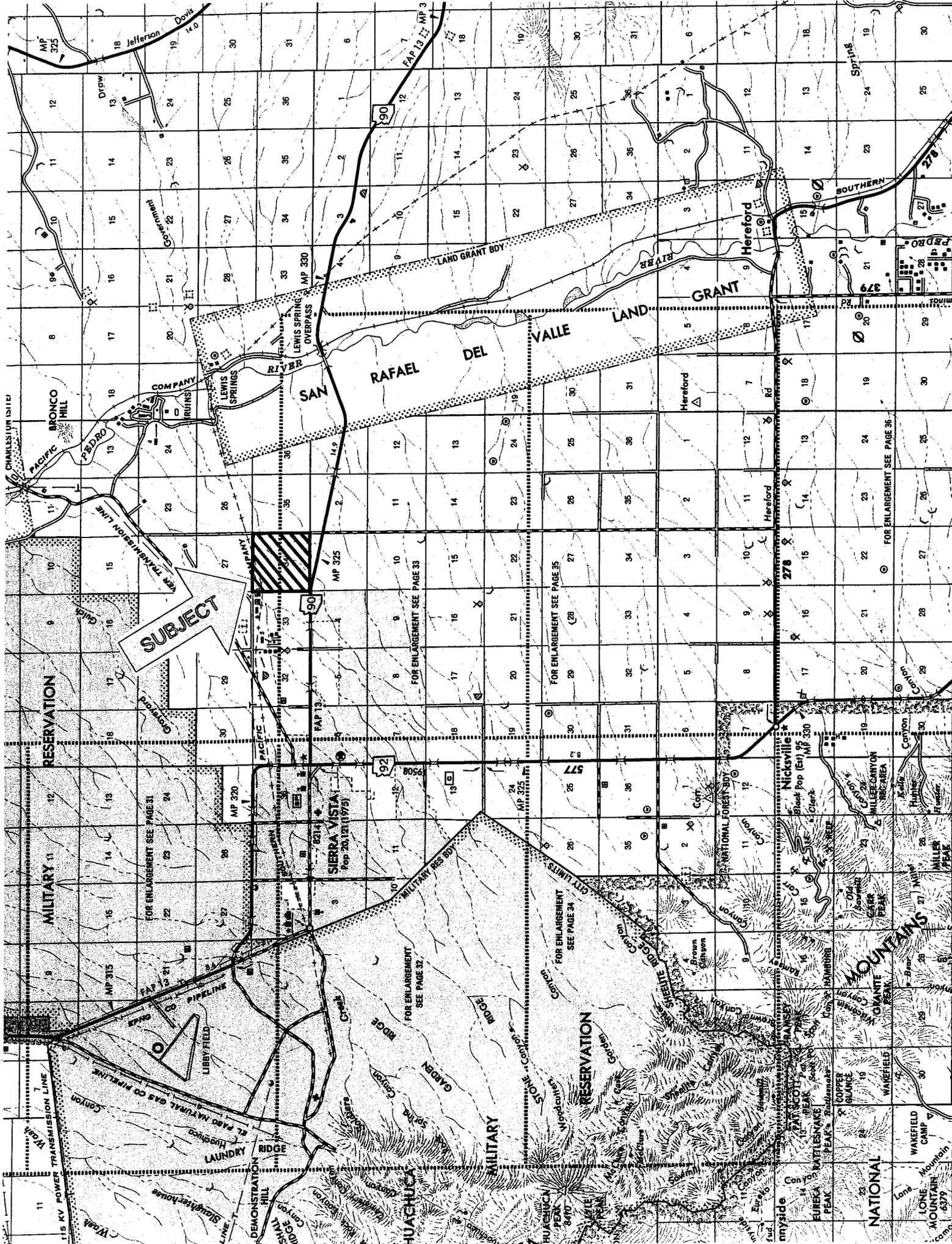
The City plans to build a new animal control facility in Section 34 within the next year. We would appreciate it if Arizona Water Company could expand their service area to be able to provide water to this facility.

Best Regards,


Alan Humphrey, P.E.
Senior Civil Engineer

Copy: Michael J. Hemesath, P.E., Director of Public Works
Scott W. Dooley, P.E., City Engineer

Y:\Engineering\AHumphrey\Letters\L.Whitehead. ACF Service Area.11-02-06.doc



SUBJECT

RESERVATION

MILITARY

SIERRA VISTA
Pop. 20,121 (1975)

RESERVATION

NATIONAL

MOUNTAINS

Nicksville
Pop. (Est.) 75
Clerk

HUACHUCA
PEAK
8470

WAKEFIELD
MOUNTAIN
6974

WAKEFIELD
CAMP

WAKEFIELD
PEAK

WAKEFIELD
CANYON

FOR ENLARGEMENT
SEE PAGE 33

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EXHIBIT 4

Property Owner List

**107-01-017
The City of Sierra Vista
401 Giulio Cesare
Sierra Vista, Arizona 85635**

EXHIBIT 5

[Date]

«PropertyOwner»

«Address1»

«Address2»

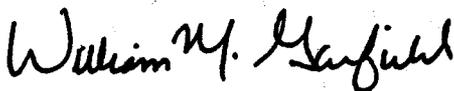
«City» «State» «PostalCode»

PINAL COUNTY ASSESSOR'S PARCEL NO.: «ParcelNumber»

PUBLIC NOTICE OF AN APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND
NECESSITY BY ARIZONA WATER COMPANY

Arizona Water Company has filed with the Arizona Corporation Commission ("Commission") an application for authority to provide water utility service to an area in which records indicate that you are a property owner. If the application is granted, Arizona Water Company would be the provider of water utility service to the proposed area. The Commission will require Arizona Water Company to provide this service under rates and charges and terms and conditions established by the Commission. The application is available for inspection during regular business hours at the offices of the Commission at 1200 West Washington Street, Phoenix, Arizona, and at Arizona Water Company, 77 Calle Portal, Suite B120, Sierra Vista, Arizona 85635.

If you have questions or concerns about this application, have any objection to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Arizona Corporation Commission at 1200 West Washington St., Phoenix, Arizona 85007 or call 1-800-222-7000.



WILLIAM M. GARFIELD
President

E-MAIL: mail@azwater.com

EXHIBIT 6

ARIZONA WATER COMPANY
Comparative Balance Sheet
at November 30, 2006

ASSETS

	Nov. 30, 2006	Nov. 30, 2005	Increase (Decrease)
UTILITY PLANT			
Gross Utility Plant	\$ 290,146,222	\$ 251,683,033	\$ 38,463,189
Less Accumulated Depreciation	66,751,973	61,560,561	5,191,412
Net Utility Plant	223,394,249	190,122,472	33,271,777
CURRENT ASSETS			
Cash on Hand and in Banks	349,210	498,243	(149,033)
Investments and Special Deposits	2,703	2,703	0
Accounts Receivable	3,038,483	2,786,766	251,717
Materials and Supplies	193,629	273,827	(80,198)
Other	459,933	404,901	55,032
Total Current Assets	4,043,958	3,966,440	77,518
DEFERRED DEBITS			
	6,224,121	7,292,818	(1,068,697)
TOTAL	\$ 233,662,328	\$ 201,381,730	\$ 32,280,598

LIABILITIES

CAPITALIZATION			
Common Stock	\$ 2,700,000	\$ 2,700,000	\$ 0
Capital Surplus	9,087,347	9,087,347	0
Retained Earnings	56,854,154	56,137,179	716,975
Common Stock Equity	68,641,501	67,924,526	716,975
Long-Term Debt	40,000,000	21,400,000	18,600,000
Total Capitalization	108,641,501	89,324,526	19,316,975
CURRENT LIABILITIES			
Notes Payable	3,600,000	8,850,000	(5,250,000)
Accounts Payable	6,352,609	4,347,569	2,005,040
Accrued Expenses	2,738,423	2,890,843	(152,420)
Other	694,686	632,682	62,004
Total Current Liabilities	13,385,718	16,721,094	(3,335,376)
DEFERRED CREDITS			
Advances for Construction	53,257,184	43,764,749	9,492,435
Contributions in Aid of Construction	26,167,860	23,394,079	2,773,781
Deferred Income Tax	18,103,961	17,960,268	143,693
Other	14,106,104	10,217,014	3,889,090
Total Deferred Credits	111,635,109	95,336,110	16,298,999
TOTAL	\$ 233,662,328	\$ 201,381,730	\$ 32,280,598

NOVEMBER 2006

EXHIBIT 6

ARIZONA WATER COMPANY
Comparative Statement of Income
November 30, 2006

	12 MONTHS TO DATE		NOVEMBER		11 Months to Date	
	2006	2005	2006	2005	2006	2005
OPERATING REVENUE	\$ 44,958,801	\$ 41,631,549	\$ 3,605,134	\$ 3,495,981	\$ 41,372,697	\$ 38,629,811
OPERATING EXPENSES						
Operation and Maintenance	22,292,834	20,181,747	1,810,900	1,599,692	20,560,571	18,701,155
Depreciation	5,803,923	5,343,823	480,969	445,285	5,305,306	4,892,058
Taxes Other Than Income Taxes	6,477,915	5,903,699	477,232	489,164	5,999,907	5,472,266
Income Taxes	3,247,998	3,205,704	251,831	260,911	3,656,070	3,279,556
Total Operating Expenses	37,822,670	34,634,973	3,020,932	2,795,052	35,521,854	32,345,035
OPERATING INCOME	7,136,131	6,996,576	584,202	700,929	5,850,843	6,284,776
OTHER (INCOME) AND DEDUCTIONS						
Other (Income) - Net	(219,200)	(3,278,726)	(10,491)	489	(228,526)	(34,786)
Interest and Amortization on Long-Term Debt	2,264,995	1,818,370	231,918	149,475	2,115,520	1,665,812
Other Interest	554,405	74,456	5,638	30,247	515,413	83,562
Other - Net	(309,344)	(421,034)	(24,215)	(38,669)	(270,705)	(405,862)
Total Other (Income) and Deductions	2,290,856	(1,806,934)	202,850	141,542	2,131,702	1,308,726
NET INCOME	4,845,275	8,803,510	\$ 381,352	\$ 559,387	\$ 3,719,141	\$ 4,976,050
Regular Common Dividends	4,128,300	3,966,300				
INCOME RETAINED	\$ 716,975	\$ 4,837,210				
Active Services	81,473	77,410				

NOVEMBER 2006

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****ARIZONA WATER COMPANY*****

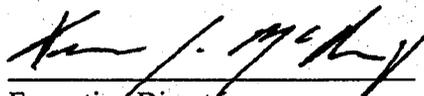
a domestic corporation organized under the laws of the State of Arizona, did incorporate on December 15, 1954.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 23rd Day of August, 2006, A. D.




Executive Director

Order Number: 85718

EXHIBIT 8

WATER USE DATA SHEET

NAME OF COMPANY	ARIZONA WATER COMPANY - Sierra Vista
ADEQ Public Water System No.	02-004

MONTH/YEAR (LAST 13 MONTHS)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED	GALLONS PURCHASED
August-06	2,841	34,950	32,007	0
July-06	2,839	45,561	43,079	0
June-06	2,832	43,501	47,304	0
May-06	2,828	38,670	45,257	0
April-06	2,824	27,854	38,936	0
March-06	2,824	25,688	29,290	0
February-06	2,829	24,052	25,549	0
January-06	2,829	26,117	28,435	0
December-05	2,823	27,534	27,156	0
November-05	2,822	30,314	31,163	0
October-05	2,807	34,752	35,641	0
September-05	2,816	32,509	37,028	0
August-05	2,808	36,231	31,630	0

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
Fuller Well 1,000,000	1	D(22-20)01bbd - Village Meadows #1	300
Fuller Well 130,000	1	D(22-20)11caa - Fuller #4	220
Sulgar East 10,000	1	D(21-21)33cbb - Sulger West #1	23
Sulgar East 12,000	1	D(22-20)01cbb - Village Meadows #2	270
Sulgar West 100,000	1	D(21-21)33cbb - Sulger West #3	105
Village Meadows 250,000	1	D(22-20)12cbb - Graves #6	500
		D(22-20)12aaa - Stewart #5	710
		D(21-21)33dcd - Sulger East #2	22

Other Water Sources in Gallons per Minute	GPM	0
Fire Hydrants on System	YES	NO
Total Water Pumped Last 13 Months (Gallons in Thousands)		452,475

EXHIBIT 9

Arizona Department of Environmental Quality
Water Quality Compliance Assurance Unit
1110 W. Washington Street, 5415B-1
Phoenix, AZ 85007

Drinking Water Compliance Status Report

Public Water System Name: AZ Water Co. - Sierra Vista

Public Water System ID #: 02-004

Public Water System Type: CO Non-transient Non-community Transient Non-community

Overall Compliance Status: No Major Deficiencies Major Deficiencies

Monitoring and Reporting Status: No Major Deficiencies Major Deficiencies

Comments:

Operation and Maintenance Status: No Major Deficiencies Major Deficiencies

Comments:

Major unresolved/ongoing operation and maintenance deficiencies:

- | | |
|---|---|
| <input type="checkbox"/> unable to maintain 20psi | <input type="checkbox"/> inadequate storage |
| <input type="checkbox"/> cross connection/backflow problems | <input type="checkbox"/> surface water treatment rule |
| <input type="checkbox"/> treatment deficiencies | <input type="checkbox"/> approval of construction |
| <input type="checkbox"/> certified operator | <input type="checkbox"/> other |

Date of last inspection / sanitary survey: 6-03-04

Administrative Orders:

Is an ADEQ administrative order in effect? Yes No

Comments:

System information:

Number of Points of Entry 7 Number of Sources 8 Population Served 7376

Service Connections 2794 Initial Monitoring Year 1994 Initial MAP Year 2000

Evaluation completed by: **Jim Puckett**

Phone: 602-771-4649 Date: 9-12-05

Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. This compliance status report does not guarantee the water quality for this system in the future. This compliance status report does not reflect the status of any other water system owned by this utility company.