

ORIGINAL



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MEMORANDUM

30

TO: Docket Control

FROM: Ernest G. Johnson
Director
Utilities Division

Date: December 20, 2007

RE: STAFF REPORT FOR ARIZONA WATER COMPANY – APPLICATION FOR
EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND
NECESSITY FOR ITS CASA GRANDE SYSTEM (DOCKET NO. W-01445A-07-
0291)

Attached is the Staff Report for Arizona Water Company's application for extension of its existing Certificate of Convenience and Necessity to provide water service. Staff is recommending approval with conditions.

EGJ:BNC:tdp

Originator: Blessing Chukwu

Arizona Corporation Commission
DOCKETED
DEC 20 2007

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AZ CORP COMMISSION
DOCKET CONTROL

Service List for: Arizona Water Company
Docket No. W-01445A-07-0291

Mr. Robert W. Geake
Arizona Water Company
Post Office Box 29006
Phoenix, Arizona 85038

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

Mr. Ernest G. Johnson
Director, Company 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

ARIZONA WATER COMPANY

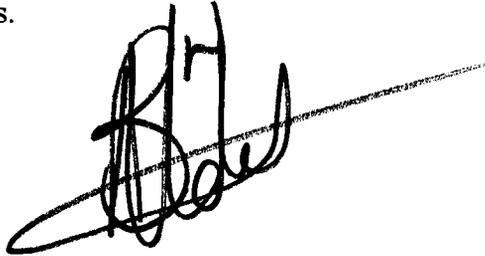
W-01445A-07-0291

APPLICATION FOR EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE
AND NECESSITY FOR ITS CASA GRANDE SYSTEM

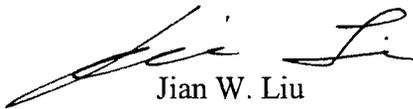
DECEMBER 20, 2007

STAFF ACKNOWLEDGMENT

The Staff Report for Arizona Water Company (Docket No. W-01445A-07-0291) was the responsibility of the Staff members signed below. Blessing Chukwu was responsible for the review and analysis of the Company's application. Jian W. Liu was responsible for the engineering and technical analysis.

A handwritten signature in black ink, appearing to read 'Blessing Chukwu', with a long horizontal stroke extending to the right.

Blessing Chukwu
Executive Consultant III

A handwritten signature in black ink, appearing to read 'Jian W. Liu', with a long horizontal stroke extending to the left.

Jian W. Liu
Utilities Engineer

EXECUTIVE SUMMARY
ARIZONA WATER COMPANY
APPLICATION FOR EXTENSION OF ITS EXISTING CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICE
DOCKET NO. W-01445A-07-0291

On May 14, 2007, Arizona Water Company ("AWC" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for an extension of its Certificate of Convenience and Necessity ("CC&N") to provide water service in portions of Pinal County, Arizona. An Amendment to the application was filed on May 25, 2007. On November 2, 2007, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of the Arizona Administrative Code.

AWC is an Arizona Corporation, in good standing with the Corporations Division, and engaged in providing water utility service to customers in various portions of Cochise, Coconino, Gila, Maricopa, Navajo, Pima, Pinal and Yavapai Counties in Arizona. According to the Company's Annual Report for the year ending December 31, 2006, the Company provides water utility service to over 81,000 customers in Arizona.

By this application, AWC is seeking Commission authority to add 5 different parcels (over 1,570 acres) to its CC&N. One of the parcels is within the corporate city limits of the City of Eloy. The City of Eloy filed a Letter of objection in the docket indicating that it does not support the application. The request will add approximately 2.5 square-miles to the Company's existing certificated area. The Company serves the City of Casa Grande in Pinal County.

Based on Staff's review and analysis of the application, Staff believes that the existing system will have adequate production and storage capacity to serve the existing and proposed CC&N extension areas within a conventional five year planning period.

Staff recommends the Commission approve AWC's application for extension of its existing CC&N to provide water service to Parcels 1, 2, 4, and 5 in Pinal County, subject to compliance with the following conditions:

1. To require AWC to charge its authorized rates and charges in the extension area.
2. To require AWC to file with Docket Control, as a compliance item in this docket, a copy of the Arizona Department of Environmental Quality Approval To Construct ("ATC") for the facilities needed to serve Phase I of each of the Parcels within the requested areas within 2 years of the effective date of an order in this proceeding.
3. To require AWC to file with Docket Control, as a compliance item in this docket, a copy of the developers' Certificate of Assured Water Supply, for each of the Parcels within the requested areas, within 2 years of the effective date of an order in this proceeding.

Staff further recommends that the Commission's Decision granting the requested CC&N extension be considered null and void, after due process, should the Company fail to meet Conditions No. 2, and 3 listed above within the time specified.

Staff also recommends that the Commission grant AWC an Order Preliminary to the issuance of a CC&N for Parcel 3, subject to the following condition:

1. That AWC be required to file with Docket Control, as a compliance item in this docket, a franchise or other consent to operate within the municipal boundaries of Eloy within 1 year of the decision granting the Order Preliminary. After AWC receives the appropriate documentation from Eloy, AWC shall file a Motion in this docket for the issuance of a CC&N authorizing it to construct, maintain and operate facilities to provide water service to the public in Parcel 3, more fully described in Attachment B. Upon the Motion of AWC and the verification of satisfaction of the requirement for the issuance of the CC&N for Parcel 3, Staff shall prepare and docket an order for Commission approval. In the event AWC does not obtain a franchise or other consent to provide water utility service to Parcel 3 within 1 year of the decision granting the Order Preliminary, then the Order Preliminary shall be deemed null and void and Staff shall file a memorandum in the docket stating such.

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Introduction

On May 14, 2007, Arizona Water Company ("AWC" or "Company") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for an extension of its Certificate of Convenience and Necessity ("CC&N") to provide water service in portions of Pinal County, Arizona. An Amendment to the application was filed on May 25, 2007.

On June 11, 2007, the ACC Utilities Division ("Staff") filed an Insufficiency Letter, indicating that the Company's application did not meet the sufficiency requirements of Arizona Administrative Code ("A.A.C."). A copy of the Insufficiency Letter was sent to the Company via U.S mail. In the Letter, Staff listed the deficiencies that needed to be cured for administrative purposes.

On July 19, 2007, September 28, 2007, and November 15, 2007, the Company provided additional documentation to support the relief requested.

On September 24, 2007, the City of Eloy filed a letter objecting to AWC's application for an extension of its CC&N.

On November 2, 2007, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of A.A.C. R14-2-402.

Background

AWC is an Arizona Corporation, in good standing with the Corporations Division, and engaged in providing water utility service to customers in various portions of Cochise, Coconino, Gila, Maricopa, Navajo, Pima, Pinal and Yavapai Counties in Arizona. The Company is a wholly-owned subsidiary of Utility Investment Company, which is a wholly-owned subsidiary of United Resources, Inc. According to the Company's Annual Report for the year ending December 31, 2006, the Company provides water utility service to over 81,000 customers in Arizona. AWC provides water service to customers in 18 water systems in three groups: Northern, Eastern and Western.

By this application, AWC is seeking Commission authority to add 5 different parcels (over 1,570 acres) to its CC&N. The request will add approximately 2.5 square-miles to the Company's existing certificated area. The Company serves the City of Casa Grande in Pinal County.

The Water System

According to the Water Use Data Sheet submitted by the Company, the Company's Casa Grande water system has 18 wells producing over 20,300 gallons per minute ("GPM"), 14.27 million gallons of storage capacity, and a distribution system serving approximately 21,500 service connections as of January 2007. Based on historical growth rates, it is anticipated that

the existing service area could grow to approximately 29,000 connections at the end of five years. The Company has predicted an additional 2,570 connections for the proposed CC&N extensions at the end of five years, resulting in a projected total customer base of approximately 31,570 at the end of five years. Based on the existing well production and storage capacities, the system can serve approximately 32,500 service connections.

According to the Company, no additional wells, storage tanks, or booster pumps will be required to serve the five parcels that make up the proposed CC&N extension area. Staff concludes that the existing system will have adequate production and storage capacity to serve the existing and proposed CC&N extension areas within a conventional five year planning period.

The Company submitted the following cost estimate for the requested area's off-site improvements (off-site water distribution mains):

Parcel 1 (Shreeve 110, 110 Acres)	\$502,207
Parcel 2 (Casa Grande Mountain Ranch, 305.63 Acres)	\$168,766
Parcel 3 (Levison Property, 40 Acres)	\$509,912
Parcel 4 (Haugen Development, 480 Acres)	\$226,048
Parcel 5 (Avra Plantation, 640 Acres)	\$168,766
TOTAL	\$1,575,699

Staff has reviewed the proposed plant-in-service and found the plant facilities and cost to be reasonable and appropriate. However, approval of this CC&N extension application does not imply any particular future treatment for determining the rate base. No "used and useful" determination of the proposed plant-in-service was made, and no conclusions should be inferred for rate making or rate base purposes in the future.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of the Arizona Department of Environmental Quality ("ADEQ") Approval To Construct ("ATC") for the facilities needed to serve Phase I of each of the Parcels within the requested areas within 2 years of the effective date of an order in this proceeding.

ADEQ Compliance

ADEQ regulates AWC's Casa Grande water system under ADEQ Public Water System I.D. #11-009. Based on compliance information submitted by the Company, the system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4.

Arizona Department of Water Resources (“ADWR”) Compliance

The Company is located within the Pinal Active Management Area (“AMA”), as designated by ADWR. As a result, the Company is subject to the reporting and conservation rules of ADWR. ADWR has indicated that the Company is in compliance with the Pinal AMA’s requirements.

Staff recommends that the Company be required to file with Docket Control, as a compliance item in this docket, a copy of the developers’ Certificate of Assured Water Supply, for each of the Parcels within the requested areas, within 2 years of the effective date of an order in this proceeding.

ACC Compliance

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

Arsenic

The U.S. Environmental Protection Agency (“EPA”) has reduced the arsenic maximum contaminant level (“MCL”) in drinking water from 50 micrograms per liter (“µg/l”) or parts per billion (“ppb”) to 10 µg/l. The date for compliance with the new MCL is January 23, 2006.

The Company indicated its arsenic levels for its wells range from 7 ppb to 45 ppb. Based on these levels, the Company is in the process of developing a treatment plan to comply with the new arsenic standard. In Decision No. 67518, issued on January 20, 2005, the Commission approved the implementation of an Arsenic Cost Recovery Mechanism which would allow the Company to recover arsenic treatment costs for its Western Group. The Casa Grande System is part of this Western Group.

Curtailment Plan Tariff

AWC has an approved curtailment tariff for “All Service Areas” that was approved by Decision No. 66235 effective July 23, 2004.

Proposed Rates

AWC has proposed to provide water utility service to the extension area under its authorized rates and charges.

Franchise

Every applicant for a CC&N and/or CC&N extension is required to submit to the Commission evidence showing that the applicant has received the required consent, franchise or

permit from the proper authority, pursuant to ARS 40-282.B. If the applicant operates in an unincorporated area, the company has to obtain the franchise from the County. If the applicant operates in an incorporated area of the County, the applicant has to obtain the franchise from the City/Town.

AWC has filed in the docket copies of the franchise agreements it had entered into with both Pinal County and the City of Casa Grande for Parcels 1, 2, 4, and 5.

Parcel 3 is within the municipal boundaries of the City of Eloy ("Eloy"). According to AWC's response to Staff's Insufficiency Letter, "the Company does not have a franchise from the City of Eloy, but intends to file an application for a franchise at the appropriate time." Staff is aware that Eloy operates its own municipal water and wastewater systems within its municipal boundaries and that Mr. Douglas Olson, the Water and Wastewater Systems Manager for Eloy, had testified in Docket No. W-01445A-05-0469 that Eloy does not and would not give or issue any consent, franchise or permit to any water and/or wastewater utility company (including AWC) to provide utility services within its corporate city limits. Staff issued a data request to AWC, on August 30, 2007, requesting AWC to "... provide a letter from the City of Eloy stating whether they support or oppose the CC&N extension application." On September 21, 2007, AWC submitted its response to Staff's data request with Eloy's letter of objection. On September 24, 2007, Eloy's letter of objection was filed in the docket. (See Attachment C). In essence, the letter states that Eloy does not support this instant application for the same reasons it opposed the application in Docket No. W-01445A-05-0469.

Staff believes that the inclusion of Parcel 3 in the application for extension of its CC&N as proposed by the Company may create an infringement or encroachment on Eloy without permission if approved by the Commission. Because AWC has a request for service from Messer Jeffrey Levison and Charles Levison for Parcel 3, Staff believes that an Order Preliminary to the issuance of a CC&N may be more appropriate for Parcel 3. An Order Preliminary to a CC&N will give AWC the opportunity to request official action of the City of Eloy regarding franchise or other consent for operation within its municipal boundary. Therefore, Staff recommends that the Commission grant AWC an Order Preliminary to the issuance of a CC&N for Parcel 3. Staff further recommends that AWC be required to file with Docket Control, as a compliance item in this docket, a franchise or other consent to operate within the municipal boundaries of Eloy, within 1 year of the decision granting the Order Preliminary. After AWC receives the appropriate documentation from Eloy, AWC shall file a Motion in this docket for the issuance of a CC&N authorizing it to construct, maintain and operate facilities to provide water service to the public in Parcel 3, more fully described in Attachment B. Upon the Motion of AWC and the verification of satisfaction of the requirement for the issuance of the CC&N for Parcel 3, Staff shall prepare and docket an order for Commission approval. In the event AWC does not obtain a franchise or other consent to provide water utility service to Parcel 3 within 1 year of the decision granting the Order Preliminary, then the Order Preliminary shall be deemed null and void and Staff shall file a memorandum in the docket stating such.

Recommendations

Staff recommends the Commission approve AWC's application for extension of its existing CC&N to provide water service to Parcels 1, 2, 4, and 5 in Pinal County, subject to compliance with the following conditions:

1. To require AWC to charge its authorized rates and charges in the extension area.
2. To require AWC to file with Docket Control, as a compliance item in this docket, a copy of the Arizona Department of Environmental Quality Approval To Construct ("ATC") for the facilities needed to serve Phase I of each of the Parcels within the requested areas within 2 years of the effective date of an order in this proceeding.
3. To require AWC to file with Docket Control, as a compliance item in this docket, a copy of the developers' Certificate of Assured Water Supply, for each of the Parcels within the requested areas, within 2 years of the effective date of an order in this proceeding.

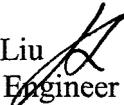
Staff further recommends that the Commission's Decision granting the requested CC&N extension be considered null and void, after due process, should the Company fail to meet Conditions No. 2, and 3 listed above within the time specified.

Staff also recommends that the Commission grant AWC an Order Preliminary to the issuance of a CC&N for Parcel 3, subject to the following condition:

1. That AWC be required to file with Docket Control, as a compliance item in this docket, a franchise or other consent to operate within the municipal boundaries of Eloy within 1 year of the decision granting the Order Preliminary. After AWC receives the appropriate documentation from Eloy, AWC shall file a Motion in this docket for the issuance of a CC&N authorizing it to construct, maintain and operate facilities to provide water service to the public in Parcel 3, more fully described in Attachment B. Upon the Motion of AWC and the verification of satisfaction of the requirement for the issuance of the CC&N for Parcel 3, Staff shall prepare and docket an order for Commission approval. In the event AWC does not obtain a franchise or other consent to provide water utility service to Parcel 3 within 1 year of the decision granting the Order Preliminary, then the Order Preliminary shall be deemed null and void and Staff shall file a memorandum in the docket stating such.

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III

FROM: Jian W. Liu 
Utilities Engineer

DATE: December 3, 2007

RE: ARIZONA WATER COMPANY - Casa Grande System
DOCKET NO. W-01445A -07-0291 (CC&N EXTENSION)

Introduction

Arizona Water Company ("Arizona Water" or the "Company") has filed an application for a Certificate of Convenience and Necessity ("CC&N") extension. Arizona Water holds CC&Ns issued by Arizona Corporation Commission ("ACC") in various decisions beginning in 1955 for the purpose of providing water service in the City of Casa Grande and the surrounding area in Pinal County, Arizona. The Company's existing CC&N includes an area totaling approximately 227 square miles within the Company's master plan for its Pinal Valley Water System.

The Company is applying to extend its CC&N to serve five parcels, which includes approximately 2.5 square miles. The parcels are not contiguous to one another, and they are adjacent to or within one mile of the Company's existing CC&N.

Existing Casa Grande ("CG") Water System Description

According to water use data submitted by the Company, the Company has 18 wells producing over 20,300 gallons per minute ("GPM"), 14.27 million gallons of storage capacity, and a distribution system serving approximately 21,500 service connections as of January 2007. Based on historical growth rates, it is anticipated that the existing service area could grow to approximately 29,000 connections at the end of five years. The Company predicts, based on the developers' estimate that approximately 2,570 additional connections would be added in the proposed CC&N extension area at the end of five years, a projected total customer base of approximately 31,570 at the end of five years. Based on the existing well production and storage capacities, the system can serve approximately 32,500 service connections.

Capacity of Existing CG System

The existing water system has adequate well production and storage capacity to serve the existing and proposed connections at the end of five years.

Proposed CG Water System Expansion

According to the Company, no additional wells, storage tanks, or booster pumps will be required to serve the five parcels that make up the proposed CC&N extension area.

Cost Analysis

The Company submitted the following cost estimate for the Requested Parcels.

Parcels 1 to 5 off-site improvements (off-site water distribution mains):

Parcel 1 (Shreeve 110, 110 Acres)	\$502,207
Parcel 2 (Casa Grande Mountain Ranch, 305.63 Acres)	\$168,766
Parcel 3 (Levison Property, 40 Acres)	\$509,912
Parcel 4 (Haugen Development, 480 Acres)	\$226,048
Parcel 5 (Avra Plantation, 640 Acres)	\$168,766

TOTAL FOR Parcels 1 to 5 off-site improvements: \$1,575,699

The Company does not have the necessary information to design or create a cost estimate for the On-Site water distribution system for each of the five Parcels. Two of the developers have already submitted conceptual plans to the Company. However, these types of plans are very limited in detail and are subject to change, and do not provide sufficient information for the Company to give the developers accurate cost estimates for installing facilities. The Company does not know accurately when the conceptual plans will be updated, or when the other developers may be ready with their plans. The water facilities required to serve each of the five Parcels, both On-Site and Off-site will be funded through Advances in Aid of Construction.

Staff has reviewed the available information for the proposed plant-in-service and found the plant facilities and cost to be reasonable and appropriate. However, approval of this CC&N extension application does not imply any particular future treatment for determining the rate base. No "used and useful" determination of the proposed plant-in-service was made, and no conclusions should be inferred for rate making or rate base purposes in the future.

Arizona Department of Environmental Quality ("ADEQ") Compliance

ADEQ regulates the CG water system under ADEQ Public Water System I.D. #11-009. Based on compliance information submitted by the Company, the system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4. (ADEQ report dated Nov. 2, 2006).

Certificate of Approval to Construct

The ADEQ Certificates of Approval to Construct ("ATC") for facilities needed to serve the requested areas have not been submitted by the Company.

Staff recommends that if the Commission grants the CC&N, the Company file with Docket Control, as a compliance item in this docket, a copy of the ATC for each of the Parcels within the requested areas (phase 1 only) within 2 years of the effective date of the order granting this application.

Arsenic

The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 parts per billion ("ppb") to 10 ppb.

The Company indicated its arsenic levels for its wells range from 7 ppb to 45 ppb. Based on these levels, the Company is nearing completion of six arsenic treatment plants that will serve the west side of the Pinal Valley Water System which includes the CG system.

Arizona Department of Water Resources ("ADWR") Compliance

Compliance Status

The Company is located within the Pinal Active Management Area ("AMA") and is in compliance with its reporting and conservation requirements.

Certificate of Assured Water Supply ("CAWS")

The CAWS for the requested areas have not been submitted by the Company.

Staff recommends that if the Commission grants the CC&N, the Company docket as a compliance item in this docket within 2 years of the effective date of an order granting this application, a copy of the CAWS from ADWR for each of the Parcels within the requested areas.

Arizona Corporation Commission ("ACC") Compliance

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

Curtailment Tariff

The Company has an approved curtailment tariff that became effective July 23, 2004 per Decision No. 66235.

Summary

Conclusions

- A. The existing and proposed water system has adequate well production and storage capacity to serve the existing and proposed connections.

- B. The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 parts per billion ("ppb") to 10 ppb. The Company indicated its arsenic levels for its wells range from 7 ppb to 45 ppb. Based on these levels, the Company is nearing completion of six arsenic treatment plants that will serve the west side of the Pinal Valley Water System. All six of the Company's arsenic treatment plants will be operational before the end of 2007.

- C. ADEQ regulates the water system under ADEQ Public Water System I.D. #11-009. Based on compliance information submitted by the Company, the system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4. (ADEQ report dated Nov. 2, 2006).

Recommendations

- 1. Staff recommends that if the Commission grants the CC&N, the Company file with Docket Control, as a compliance item in this docket, a copy of the ATC for each of the Parcels within the requested areas (phase 1 only) within 2 years of the effective date of the order granting this application.

- 2. Staff recommends that if the Commission grants the CC&N, the Company docket as a compliance item in this docket within 2 years of the effective date of an order granting this application, a copy of the CAWS from ADWR for each of the Parcels within the requested areas.

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III
Utilities Division

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

THRU: Del Smith *ds*
Engineering Supervisor
Utilities Division

DATE: June 28, 2007

RE: **ARIZONA WATER COMPANY (DOCKET NO. W-01445A-07-0291)**
AMENDED LEGAL DESCRIPTION

The area requested by Arizona Water for an extension has been plotted using an amended legal description, which has been docketed. This legal description is attached and should be used in place of the original description submitted with the application.

Also attached are copies of the maps for your files.

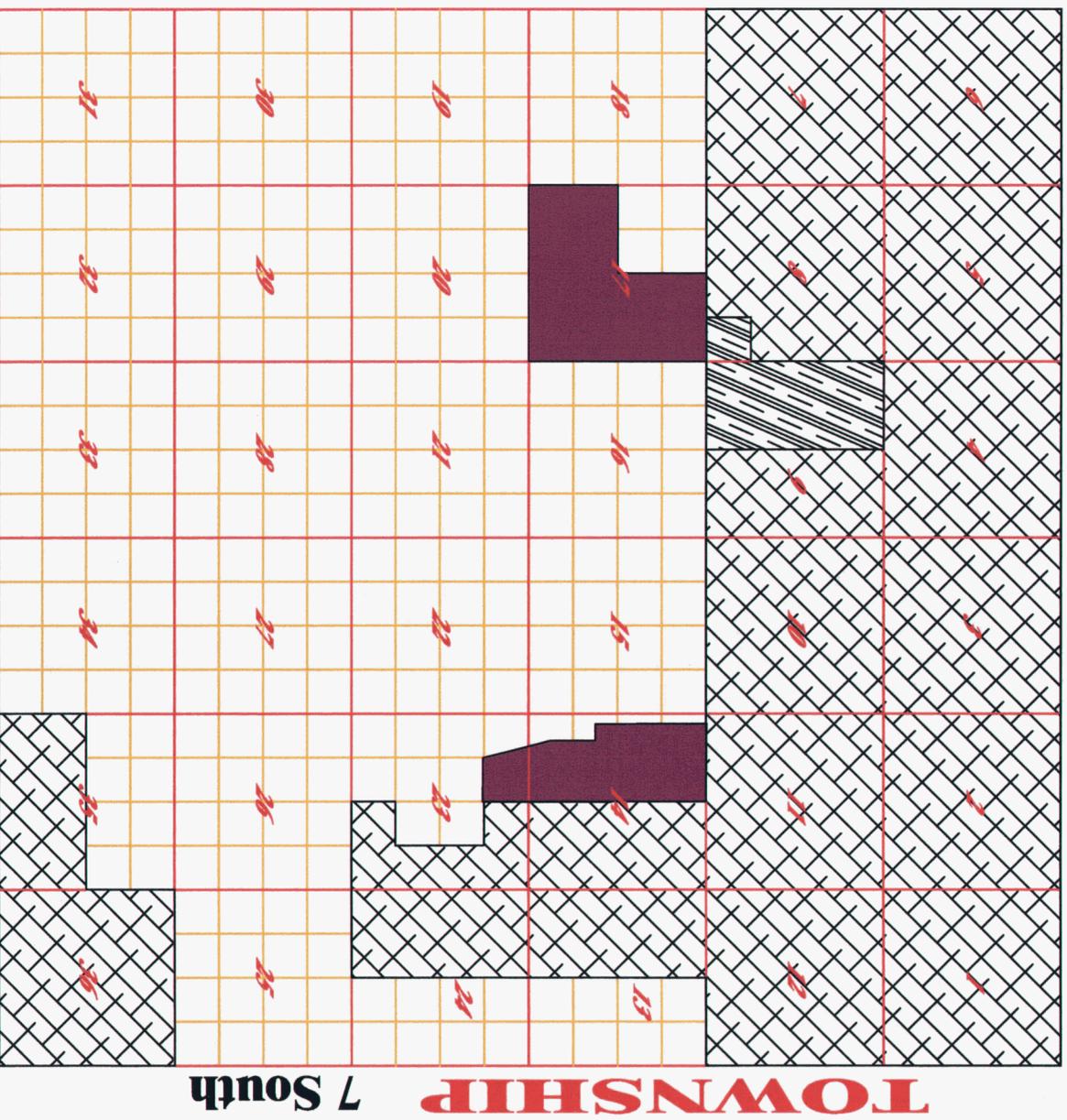
:bsw

Attachments

cc: Mr. Robert Geake
Ms. Deb Person (Hand Carried)
File

COUNTY OF Pinal

RANGE 6 East



 W-1445 (39)(11)

Arizona Water Company (Casa Grande)

 W-3847 (1)

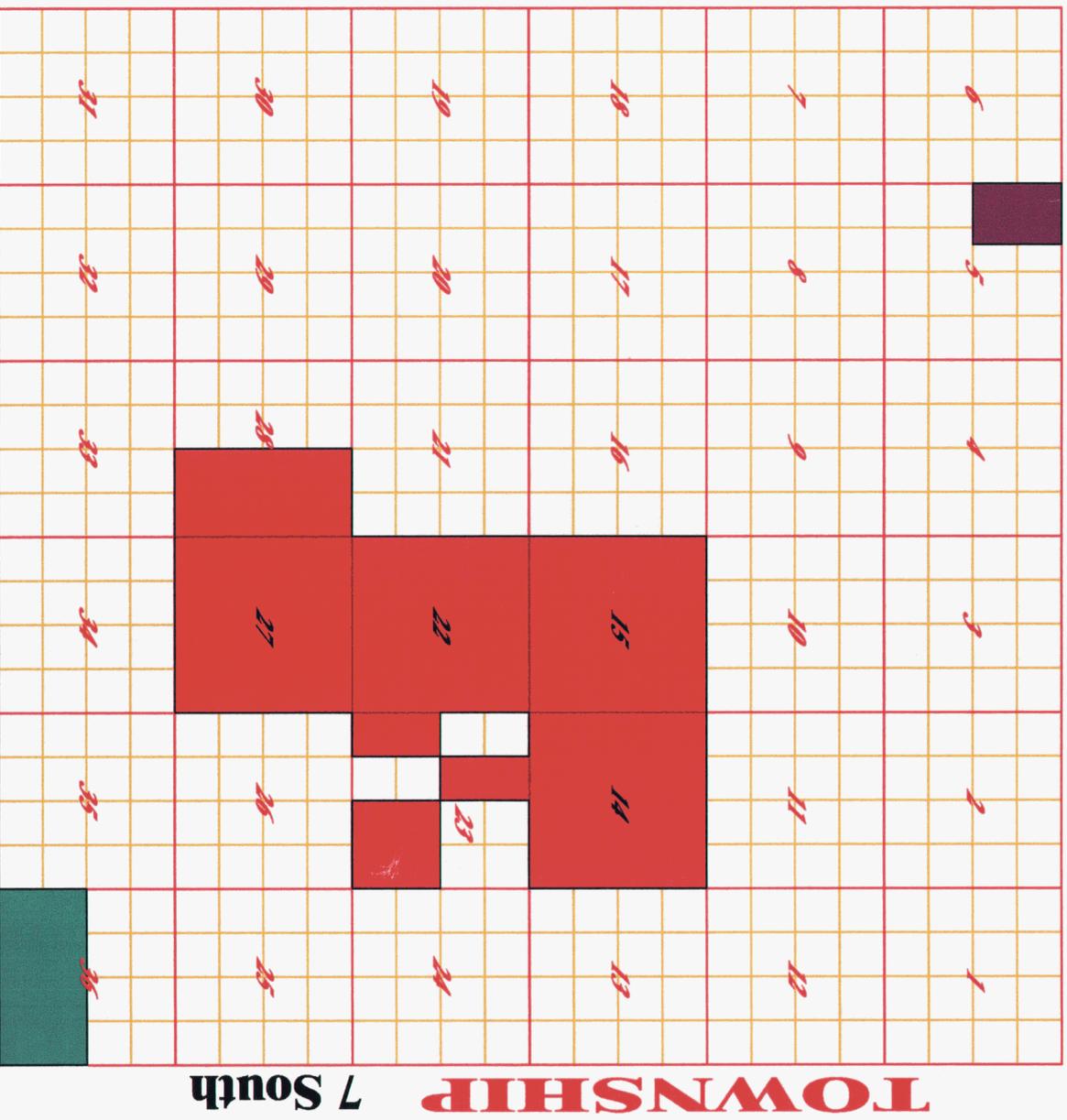
Casa Grande South Water Company

 (3)

Arizona Water Company
Docket No. W-01445A-07-0291
Amended Application for Extension

GOVERNMENT Pinal

RANGE 8 East



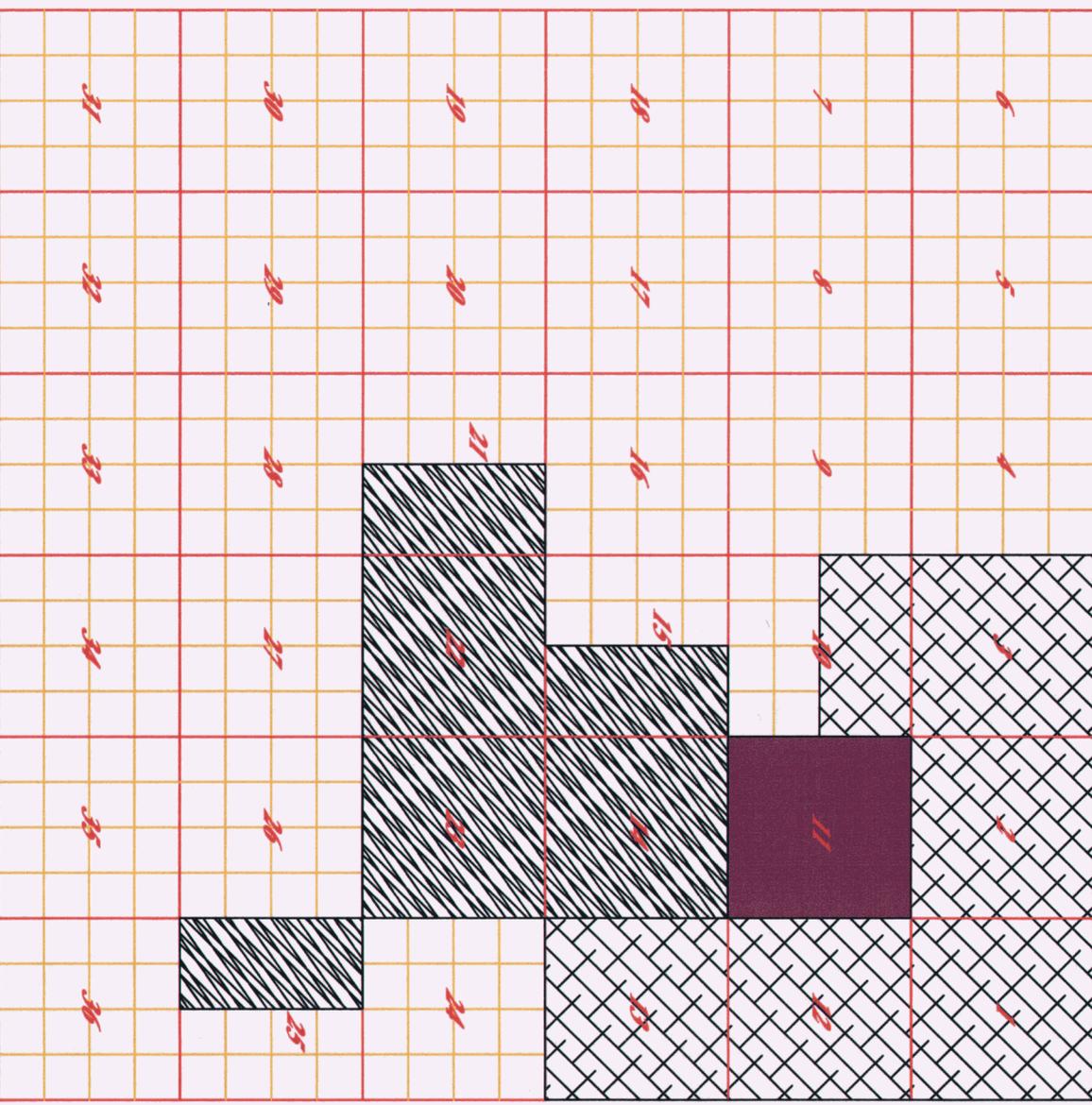
 NJ-0032 (1)
 Villa Grande Domestic Water Improvement District
 (Nonjurisdictional)

 Picacho Cove Utilities Company
 Docket No. SW-20494A-06-0769
 Picacho Cove Water Company
 Docket No. W-20495A-06-0769
 Application for CC&N

 (3)
 Arizona Water Company
 Docket No. W-01445A-07-0291
 Amended Application for Extension

COUNTY OF Pinal

RANGE 6 East



TOWNSHIP 8 South



W-1445 (39)(11)

Arizona Water Company (Casa Grande)



W-4015 (1)

Sunland Water Company

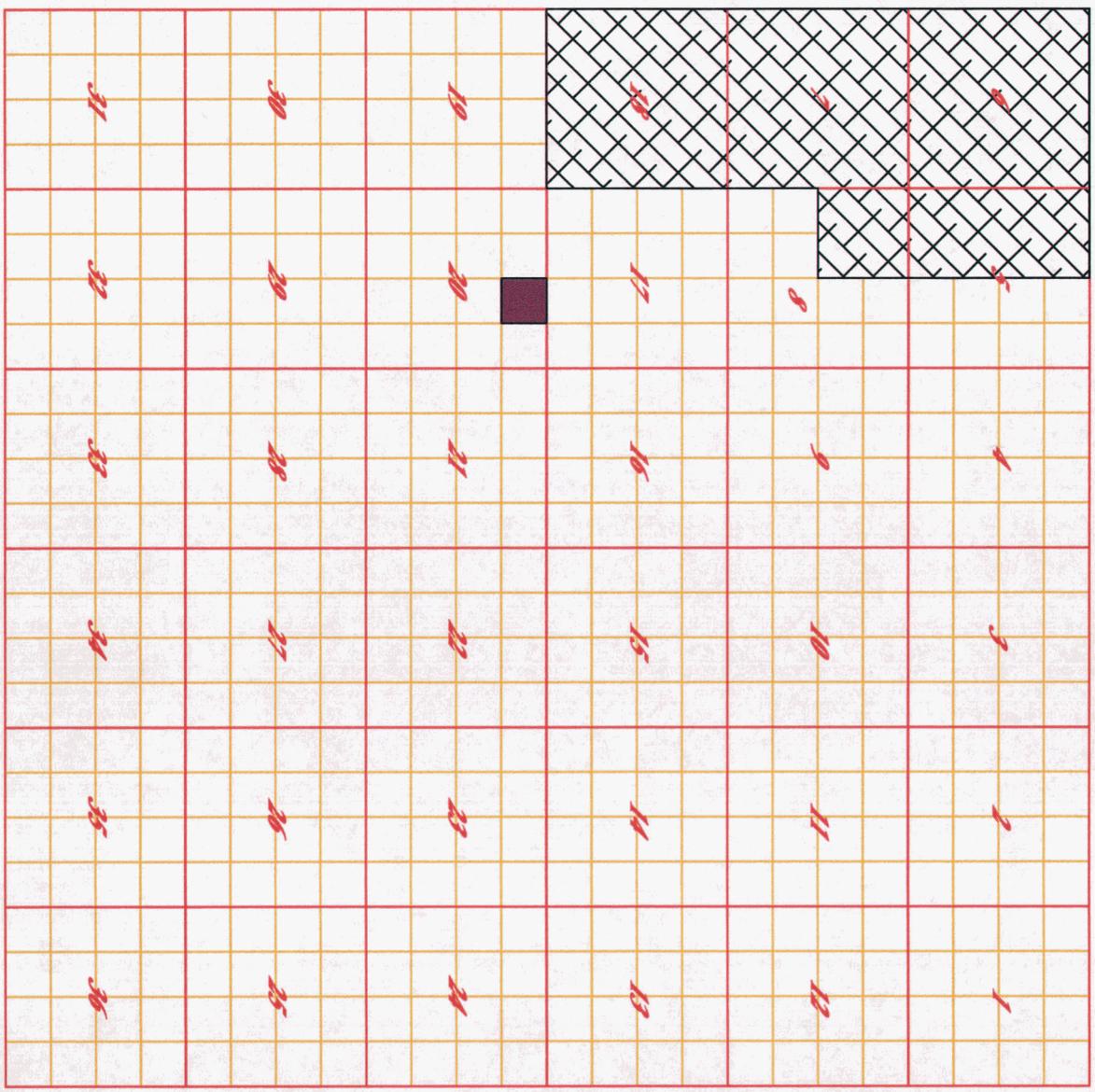


(3)

Arizona Water Company
Docket No. W-01445A-07-0291
Amended Application for Extension

COUNTY Pinal

RANGE 7 East



TOWNSHIP 8 South

 W-1445 (39)(11)
Arizona Water Company (Casa Grande)

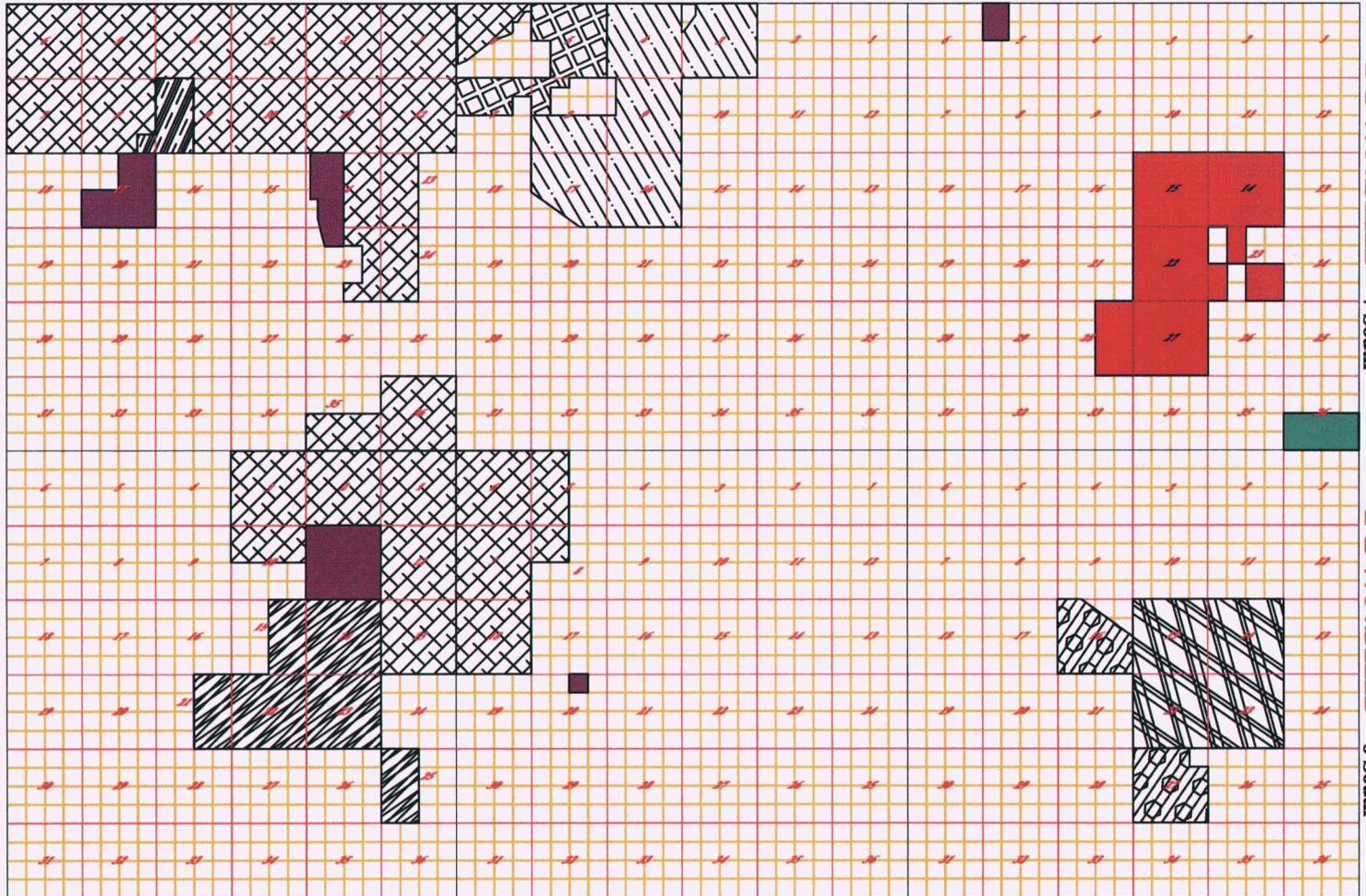
 (3)
Arizona Water Company
Docket No. W-01445A-07-0291
Amended Application for Extension

PINAL COUNTY

RANGE 6 East

RANGE 7 East

RANGE 8 East



TOWNSHIP 7 South

TOWNSHIP 8 South

-  **W-1445**
Arizona Water Company
-  **W-3847**
Casa Grande South Water Company
-  **W-2497**
Golden Corridor Water Company
-  **W-3528**
Picacho Water Company

-  **W-1774**
Picacho Water Improvement Corporation
-  **W-2485**
Spring Branch Water Company, Inc.
-  **W-4015**
Sunland Water Company
-  **Villa Grande Domestic Water Improvement District (Nonjurisdictional)**

-  **Arizona Water Company**
Docket No. W-01445A-07-0291
Amended Application for Extension
-  **Picacho Cove Water Company**
Docket No. W-20495A-06-0769

EXHIBIT 1

CC&N This Application
Revised

PARCEL ONE

A parcel of land lying within and being a portion of the Northwest quarter of Section 5, Township 7 South, Range 8 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

The Northwest quarter of Section 5, EXCEPT the East half of the East half of the West half of the East half of the Northwest quarter of said Section 5; And EXCEPT the East half of the East half of the Northwest quarter of said Section 5.

PARCEL TWO

A portion of the Northwest quarter of Section 23, Township 7 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the Northwest corner of said Section 23;
Thence South 89°36'00" East, along the North line of the Northwest quarter, a distance of 976.00 feet;
Thence South 14°20'26" East, a distance of 271.53 feet to the True Point of Beginning;
Thence South 89°36'00" East, a distance of 1594.92 feet;
Thence South 00°09'56" West, a distance of 1072.26 feet;
Thence North 89°49'34" West, a distance of 1315.83 feet;
Thence North 14°20'28" West, a distance of 1114.11 feet to the True Point of Beginning;

Together with:

A portion of Section 23 and Section 14 of Township 7 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the Northwest corner of said Section 23 also being the Southwest corner of Section 14;
Thence South 89°36'00" East, along the common line of Sections 23 and 14, a distance of 976.00 feet to the True Point of Beginning;
Thence South 14°20'26" East, a distance of 271.53 feet;
Thence South 89°36'00" East, a distance of 1594.92 feet;
Thence North 00°09'58" East, a distance of 262.60 feet to the North quarter corner of said Section 23, also being the South quarter corner of Section 14;
Thence North 00°08'37" West, a distance of 651.64 feet;
Thence North 89°36'00" West, a distance of 1826.65 feet;
Thence South 14°12'46" East, a distance of 673.39 feet to the True Point of Beginning;

Together with:

A portion of the West half of Section 14, Township 7 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the North quarter corner of said Section 14;
Thence South $00^{\circ}08'37''$ East, along the North-South Mid-Section line, a distance of 3288.53 feet to the True Point of Beginning;
Thence continuing South $00^{\circ}08'37''$ East, a distance of 1363.76 feet;
Thence North $89^{\circ}36'00''$ West, a distance of 1826.65 feet;
Thence North $00^{\circ}01'53''$ West, a distance of 1350.00 feet;
Thence North $89^{\circ}58'07''$ East, a distance of 1823.93 feet to the True Point of Beginning;

Together with:

A portion of the West half of Section 14, Township 7 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the North quarter corner of said Section 14;
Thence South $00^{\circ}08'37''$ East, along the North-South Mid-Section line, a distance of 1992.28 feet to the True Point of Beginning;
Thence continuing South $00^{\circ}08'37''$ East, a distance of 1296.26 feet;
Thence South $89^{\circ}58'07''$ West, a distance of 2334.93 feet;
Thence North $00^{\circ}13'18''$ West, a distance of 1314.58 feet;
Thence South $89^{\circ}34'57''$ East, a distance of 2336.82 feet to the True Point of Beginning;

Together with:

A portion of the West half of Section 14, Township 7 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the North quarter corner of said Section 14;
Thence South $00^{\circ}08'37''$ East, along the North-South Mid-Section line, a distance of 967.30 feet to the True Point of Beginning;
Thence continuing South $00^{\circ}08'37''$ East, a distance of 1024.98 feet;
Thence North $89^{\circ}34'57''$ West, a distance of 2336.82 feet;
Thence North $00^{\circ}13'18''$ West, a distance of 1025.00 feet;
Thence South $89^{\circ}34'57''$ East, a distance of 2338.22 feet to the True Point of Beginning;

Together with:

A portion of the West half of Section 14, Township 7 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the North quarter corner of said Section 14 and the True Point of Beginning;
Thence South $00^{\circ}08'37''$ East, along the North-South Mid-Section line, a distance of 967.30 feet;
Thence North $89^{\circ}34'57''$ West, a distance of 2338.22 feet;
Thence North $00^{\circ}13'17''$ West, a distance of 967.31 feet to a point on the North line of said Section 14;
Thence South $89^{\circ}34'57''$ East, along the North line of Section 14, a distance of 2339.54 feet to the True Point of Beginning.

PARCEL THREE

The Northwest quarter of the Northeast quarter of Section 20, Township 8 South, Range 7 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

PARCEL FOUR

Section 11 of Township 8 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

PARCEL FIVE

The East half and the Southwest quarter of Section 17, Township 7 South, Range 6 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

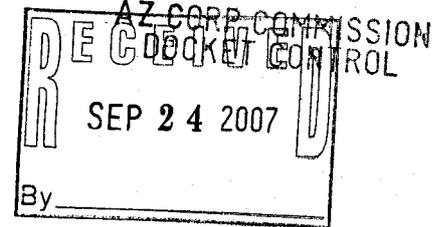


CITY OF ELOY

LEGAL SERVICES

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2007 SEP 24 P 4:40



September 18, 2007

Honorable Chairman Jeff Hatch-Miller
Commissioner William A. Mundell
Commissioner Mike Gleason
Commissioner Kristin K. Mayes
Commissioner Gary Pierce
Brian C. McNeil, Executive Director
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: *In the Matter of the Application of Arizona Water Company for an Extension of its Certificate of Convenience and Necessity at Casa Grande, Pinal County, Arizona; Docket No. W-01445A-07-0291*

Dear Chairman Hatch-Miller and Commissioners:

Arizona Water has contacted the City of Eloy concerning the above application. The City of Eloy does not support the application in Docket No. W-01445A-07-0291 for the same reasons it opposed the application in Docket No. W-01445A-05-0469. The area in question is within the Eloy City limits and to my knowledge the landowner has not spoken to City management staff concerning receiving water service from the City of Eloy.

Very truly yours,

Stephen R. Cooper
Eloy City Attorney

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SEP 25 2007

AZ CORP COMM
Director Utilities

SRC/aal