

ORIGINAL



0000081260

Ashcreek Water Co

P.O. Box 825 Thatcher, AZ 85552
3776 Main St, Thatcher, AZ

RECEIVED 965-2934 for emergencies

428-3357 for billing questions

200 JAN 28 428-5420 for all other contact

28DL

Arizona Corporation Commission

DOCKETED

JAN 28 2008

January 25, 2008,

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

DOCKETED BY	nr
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Re: ASHCREEK WATER COMPANY - APPLICATION FOR EXTENSION OF CERTIFICATE OF CONVENIENCE AND NECESSITY, DOCKET NO. W-02494A-07-0681.

Response to Insufficiency Letter, January 10, 2008

1. The relationship of Desert Rose Water Company to Ashcreek Water Company is explained in Commission Decision No. 55745 re: Docket No. U-2494-87-043 Opinion and Order. A copy of that Decision is attached for staff convenience as Exhibit R-1. In the Finding of Fact it is apparent that Eldon Smith operated Desert Rose Water Company and provided water to customers, and constructed facilities that had an Approval to Construct from ADEQ in 1978, which was copied in the original application, as Desert Rose Water Company. When Eldon Smith applied for the original CC&N with the Commission, he did so with the name of Ashcreek Water Company. In the ORDER the Commission accepted the Franchise granted by Graham County as sufficient but reduced the territory to a smaller Certificated Area. The Franchise from Graham County was not reduced nor reversed and is still in effect.

2. Staff Report for ASHCREEK WATER COMPANY (DOCKET NOS. W-02494A-06-0561 & W-2494A-06-0562) , Engineering Report for Ashcreek Water Company, Pages 1 through 5. A copy of these pages, Exhibit R-2, is included for your convenience and shows where those customers are located at the time of the investigation. Additional customers added since that time are in the same general areas.

3. None of the territory included in the CC&N expansion is on state or federal land.

4. The breakdown of customers location is:

- a. Number of customers located within the Company's existing CC&N =36
 - b. Number of customers located within the requested area. =33
 - c. Number of customers located in the White Fence Farms Subdivision =30
- Total 99

5. The submitted Water Use Data Sheet is from November 2006 to November 2007.

Page 2

Response

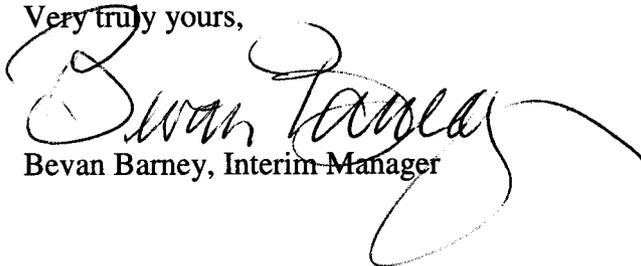
DOCKET NO. W-02494A-07-0681

6. No subdivisions are included in the requested area.

7. A current Drinking Water Compliance Status Report is included as Exhibit R-3

8. Trueline Engineering has submitted the design of the storage tank and transmission line to ADEQ. As of this date no Approval to Construct has been issued. Negotiations continue.

Very truly yours,

A handwritten signature in black ink, appearing to read "Bevan Barney", with a large, sweeping flourish extending to the right.

Bevan Barney, Interim Manager

Exhibit R-1
Docket # U-2494A-07-0681
BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED

SEP 25 1987

MARCIA WEEKS
CHAIRMAN
RENZ D. JENNINGS
COMMISSIONER
DALE H. MORGAN
COMMISSIONER

DOCKETED BY	C.M.
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IN THE MATTER OF THE APPLICATION OF)
ASHCREEK WATER COMPANY FOR A CERTIF-)
ICATE OF CONVENIENCE AND NECESSITY)
TO OPERATE A WATER UTILITY IN POR-)
TIONS OF GRAHAM COUNTY, ARIZONA.)

DOCKET NO. U-2494-87-043

DECISION NO. 55745

OPINION AND ORDER

DATE OF HEARING: July 23, 1987

PLACE OF HEARING: Tucson, Arizona

PRESIDING OFFICER: Evo J. De Concini

APPEARANCES: Bryce & Udall, by Kenyon Udall,
on behalf of Ashcreek Water Company;

Steven J. Glaser, Attorney, Legal Division,
on behalf of the Arizona Corporation Commission Staff.

BY THE COMMISSION:

On March 2, 1987, the Ashcreek Water Company ("Ashcreek" or "Applicant"), a partnership, filed an Application with the Arizona Corporation Commission ("Commission"), for a Certificate of Convenience and Necessity ("CC&N"), authorizing the operation of a water utility in certain portions of Graham County, Arizona.

Subsequent to the usual Notice, this matter came on for hearing before a duly authorized Hearing Officer of the Commission in Tucson, Arizona. Applicant and Staff appeared and were represented by counsel. The parties presented oral and documentary evidence in support of their respective positions. There were no Intervenorers and no opposition to the Application.

After a complete and public hearing, the Application was adjourned pending submission of a Recommended Opinion and Order by the Presiding Officer to the Commission.

Exhibit R-1
DOCKET # W-02494A-07-0681

DISCUSSION

1
2 At the hearing, it was revealed that Applicant has been providing water
3 service as a public utility under the name of Desert Rose Water System since at
4 least 1975 (Tr., p. 13) without Commission authorization. Currently, Applicant
5 is serving 19 residential customers and two (2) connections providing water to
6 livestock watering troughs. Three customers are metered but all customers are
7 presently being charged a flat rate of \$25.00 per month.

8 During the hearing, the Application was amended to delete certain parcels
9 of land already certificated to another water company (Tr., p. 35).

10 In its Application, Ashcreek requested authorization to continue to charge
11 the \$25.00 monthly rate. Staff, however, recommended all customers be metered,
12 suggested specific rates for various size meters as well as a rate for the sale
13 of bulk water from a standpipe. Staff also suggested specific meter
14 installations and service charges. In addition, Staff recommended Ashcreek be
15 authorized to collect the meter deposits from the existing customers by means
16 of six (6) equal and consecutive monthly surcharges. Said amount to be derived
17 by dividing the authorized meter installation charge for the various size
18 meters, by six. However, we find twelve months more acceptable. For example:
19 The service line, meter and meter installation charges for a 5/8" x 2/4" meter
20 is \$180. The surcharge would be \$15 per month for twelve (12) months.

21 New customers will be required to pay the entire meter installation costs
22 prior to the installation. All such deposits, whether collected by way of the
23 surcharge or in a lump sum, are to be refunded pursuant to A.A.C. R14-2-405.B.

24 Staff further recommended Applicant be given six months to collect the
25 meter deposit from the existing customers and then an additional six months to
26 install all the meters. During this one year period, Applicant would be
27 authorized to charge a flat, monthly rate of \$36.50. Although we are allowing
28 twelve months to collect the meter deposits, we still are requiring all the

Exhibit R-1
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1 meters to be installed within the same twelve month period.

2 Applicant deemed all of Staff's recommendations reasonable and accepted
3 them (Tr., pp. 25 and 26). However, we will approve continuation of
4 Applicant's proposed \$25.00 per month unmetered rate until all the meters have
5 been installed.

6 According to the testimony, Applicant has secured the services of a
7 licensed operator, obtained Certificate of Approval to Construct from the
8 Arizona Department of Environmental Quality and the necessary Franchise from
9 the Graham County Board of Supervisors (Tr., p. 31; and Late Filed Exhibit No.
10 A-3).

11 Staff recommended conditional approval of the Application. We concur.

12 FINDINGS OF FACT

13 1. On March 2, 1987, Ashcreek filed an Application for a CC&N (and
14 initial rates) authorizing it to serve water in certain portions of Graham
15 County, Arizona.

16 2. Ashcreek has been providing water service to the public under the name
17 of Desert Rose Water System, without Commission authorization, at least since
18 1975.

19 3. Applicant presently serves 21 mostly unmetered customers, charging a
20 flat rate of \$25.00 per customer, per month.

21 4. Applicant requested authorization to continue charging the \$25.00 per
22 month, unmetered rate.

23 5. Ashcreek has secured the services of a licensed operator, as well as
24 the necessary Franchise and Approval to Construct.

25 6. Staff has recommended metered rates for all customers, certain tariffs
26 and a surcharge for the installation of meters to the existing customers.

27 7. Applicant concurs with Staff's recommended rates, tariffs and
28 temporary surcharge application.

Exhibit R-1
DOCKET # W-02444A -07-2681

1 8. Staff recommended conditional approval of the Application.

2 CONCLUSIONS OF LAW

3 1. Ashcreek's operations, as they pertain to the procurement,
4 distribution and sale of water, constitute a public service corporation within
5 the meaning of Article XV of the Arizona Constitution and A.R.S. Sections
6 40-281, et seq.

7 2. The Commission has jurisdiction over Ashcreek and the subject matter
8 of the Application.

9 3. The Commission concludes that there is a public need and necessity for
10 the operation of a water utility in the area sought to be certificated by
11 Ashcreek.

12 4. Ashcreek is a fit and proper entity to assume the obligations of a
13 CC&N.

14 5. The initial rates and charges authorized hereinafter are just and
15 reasonable.

16 ORDER

17 WHEREFORE, IT IS ORDERED that Ashcreek Water Company, pursuant to A.R.S.
18 Section 40-282, be, and is hereby granted a Certificate of Convenience and
19 Necessity for the operation of a water procurement and distribution system and
20 the sale of water to the public in the following-described property:

21 The Northwest Quarter (NW-1/4) of Section
22 6.

23 The Northwest Quarter (NW-1/4) of the
24 Northeast Quarter (NE-1/4) of Section 7.

25 All in Township 7 South, Range 25 East,
26 G&SRB&M;

27 AND,

28 The South Half (S-1/2) of the Southeast
Quarter (SE-1/4) of Section 12.

Exhibit R-1
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The Northeast Quarter (NE-1/4) EXCEPT the Northwest Quarter (NW-1/4) thereof, of Section 13.

All in Township 7 South, Range 24 East, G&SRB&M, Graham County, Arizona.

IT IS FURTHER ORDERED that the following initial rates and tariffs be, and same are hereby authorized for Ashcreek Water Company:

MONTHLY MINIMUM:

5/8" x 3/4" Meter (1,000 gls. included)	\$ 18.00
3/4" Meter (1,000 gls. included)	\$ 27.00
1" Meter (no water included)	\$ 45.00
1-1/2" Meter (no water included)	\$ 90.00
2" Meter (no water included)	\$144.00

RATE:

\$1.95 per 1,000 gallons in excess of the minimum.

BULK RATE: (Standpipe)

\$3.50* per 1,000 gallons.

*Ashcreek may provide bulk water service within and outside the CC&N area at \$3.50 per 1,000 gallons after all the service area customers are served and upon availability of water.

SERVICE LINE, METER AND METER INSTALLATION CHARGES:

5/8" x 3/4" Meter	\$180.00
3/4" x 3/4" Meter	\$220.00
1" Meter	\$250.00
1-1/2" Meter	\$375.00
2" Meter	\$500.00

All refundable in accordance with A.A.C. R14-2-405.B.

SERVICE CHARGES:

Establishment Fee	\$15.00*
Establishment Fee (After Hours)	\$20.00*
Reconnection (Delinquent Account)	\$15.00*
Re-establishment Fee (Within 12 Months)	Minimum times the number of months disconnected (A.A.C. R14-2-403.D.).*
Customer Requested Meter Test	\$30.00* (A.A.C. R14-2-408.F.)
Customer Requested Re-read	\$10.00 (A.A.C. R14-2-408.C.)
Check Returned for Insufficient Funds	\$10.00
Deposit(per Commission Rule A.A.C. R14-2-403.B.)	*
Late Payment Charge of 1.5% per Month on Total Unpaid Balance Until Paid	

1 *These charges are considered appropriate for this area of the State.

2 IT IS FURTHER ORDERED that within one year from the effective date of this
3 Decision, Ashcreek Water Company shall install meters for all its customers,
4 and in conjunction thereto, Ashcreek Water Company, be, and is hereby
5 authorized and directed to assess and collect, commencing within thirty (30)
6 days from the date of this Order, a refundable surcharge from each of its
7 customers, in twelve (12) equal and consecutive, monthly payments, representing
8 the cost of the specifically requested size meter.

9 IT IS FURTHER ORDERED that during said first year, while meters are being
10 bought and installed, Ashcreek Water Company, be, and is hereby authorized and
11 directed to charge each customer a flat rate of \$25.00 per month for water.

12 IT IS FURTHER ORDERED that said rates and tariffs shall be effective for
13 all service provided on and after October 1, 1987.

14 IT IS FURTHER ORDERED that Ashcreek Water Company shall notify each of its
15 customers by first class mail no later than October 1, 1987, of the approved
16 rates and charges and the effective date of same.

17 IT IS FURTHER ORDERED that Ashcreek Water Company shall adopt and use the
18 1984 NARUC Uniform System of Accounts for Class C Water Utilities and maintain
19 strict separation of personal and water company assets (A.A.C. R14-2-441.D.2.).

20 IT IS FURTHER ORDERED that in addition to the collection of its regular
21 rates and charges, Ashcreek Water Company shall also collect from its customers
22 the appropriate privilege, sales or use tax (A.A.C. R14-2-409.D.5.).

23 IT IS FURTHER ORDERED that within 120 days from the date of this Decision,
24 Ashcreek Water Company shall file with the Commission's Utilities Division
25 Director, copies of Leases or proof of ownership of all its wells.

26 IT IS FURTHER ORDERED that for twelve (12) consecutive months after
27 installation of the meters for all of its customers, Ashcreek Water Company
28 shall read the meters and collect and maintain the usage data required for
metered rates.

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1 IT IS FURTHER ORDERED that within sixty (60) days after the aforementioned
2 twelve (12) month period, Ashcreek Water Company shall file an application for
3 a review of rates.

4 IT IS FURTHER ORDERED that this Decision shall become effective
5 immediately.

6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

7 
8 CHAIRMAN  COMMISSIONER  COMMISSIONER

9
10 IN WITNESS WHEREOF, I, JAMES MATTHEWS, Executive
11 Secretary of the Arizona Corporation Commission,
12 have hereunto set my hand and caused the official
13 seal of this Commission to be affixed at the
14 Capitol, in the City of Phoenix, this 25 day
15 of September, 1987.

14 
15 JAMES MATTHEWS
16 Executive Secretary

16 DISSENT _____
17 EDeC/kk

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A. LOCATION OF COMPANY

Ashcreek Water Company ("Company") serves a community located approximately two and one-half miles south of Pima and three miles west of Thatcher. Figure 1 shows the location of the Company within Graham County and Figure 2 shows the three certificated areas covering a total of 5/8-square-miles.

B. DESCRIPTION OF THE WATER SYSTEM

The water system was field inspected on November 20, 2006, by Marlin Scott, Jr., Staff Utilities Engineer, in the accompaniment of Bevan Barney, Interim Manager for the Company. The current system consists of two well sites and a distribution system serving approximately 84 customers. This rate filing is the Company's first rate case since its Certificate of Convenience and Necessity ("CC&N") was issued in Decision No. 55745, dated September 25, 1987.

A system schematic is shown as Figure 3 and a detailed plant facility listing is as follows:

Table 1. Well Sites

Plant Items	Well #2	Well #6
Submersible Pump	1-Hp	3-Hp
Pumping Rate	25 GPM	50 GPM
Casing Size	8-inch	6-inch
Casing Depth	191 ft.	200 ft.
Meter Size	2" (not working)	2-inch
Bladder Tank	100 gal.	50 gal.
Chain Link Fencing	6' x 12'	10' x 10'
2000 Gal. Pressure Tank	(used as a sand trap tank)	

Table 2. Water Mains

Diameter	Material	Length
2-inch	PVC	1,835 ft.
3-inch	PVC	5,036 ft.
4-inch	PVC	24,283 ft.
	Total:	31,154 ft.

Table 3. Customer Meters

Size	Quantity
5/8 x 3/4-inch	* 111
3/4-inch	-
1-inch	-
1-1/2-inch	-
2-inch	-
Total:	111

* Note: The Interim Manger continues to find unrecorded customers connected to the water system.

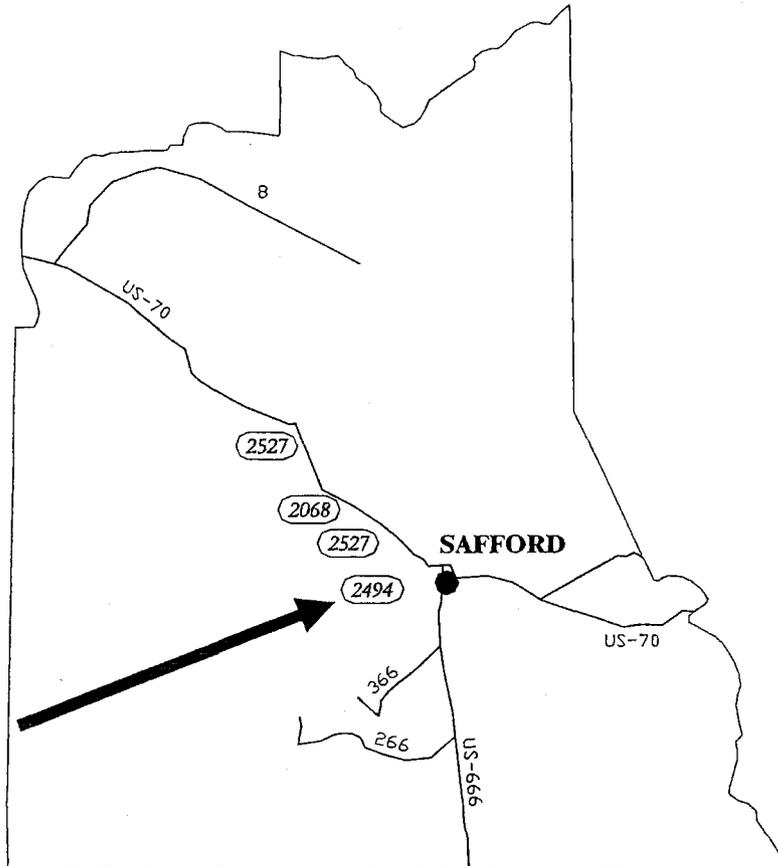
Service Outside CC&N

The Company is currently providing service to approximately 84 customers, of which approximately 55 customers are located outside the CC&N in Sections 18, 7, and 6 of Township 7 South, Range 25 East, in Section 1 of Township 7 South, Range 24 East, and in Section 31 of Township 6 South, Range 25 East. These sections can be seen in Figure 2 – Certificated Areas.

Section 31 is located within the CC&N of Graham County Utilities, Inc. where the Company is serving approximately 30 customers in the White Fence Farms Subdivision that covers the southwest quarter. A Borderline Agreement approved in Decision No. 67951, dated June 21, 2005, approved the Company's provision of service to the White Fence Farms Subdivision.

Staff recommends that the Company submit an application to extend its CC&N for areas other than the White Fence Farms Subdivision within 120 days from the effective date of the order issued in this proceeding.

GRAHAM COUNTY



- 2494** ASHCREEK WATER COMPANY
- 2068** EDEN WATER COMPANY
- 2527** GRAHAM COUNTY UTILITIES, INC.

Figure 1. Graham County Map

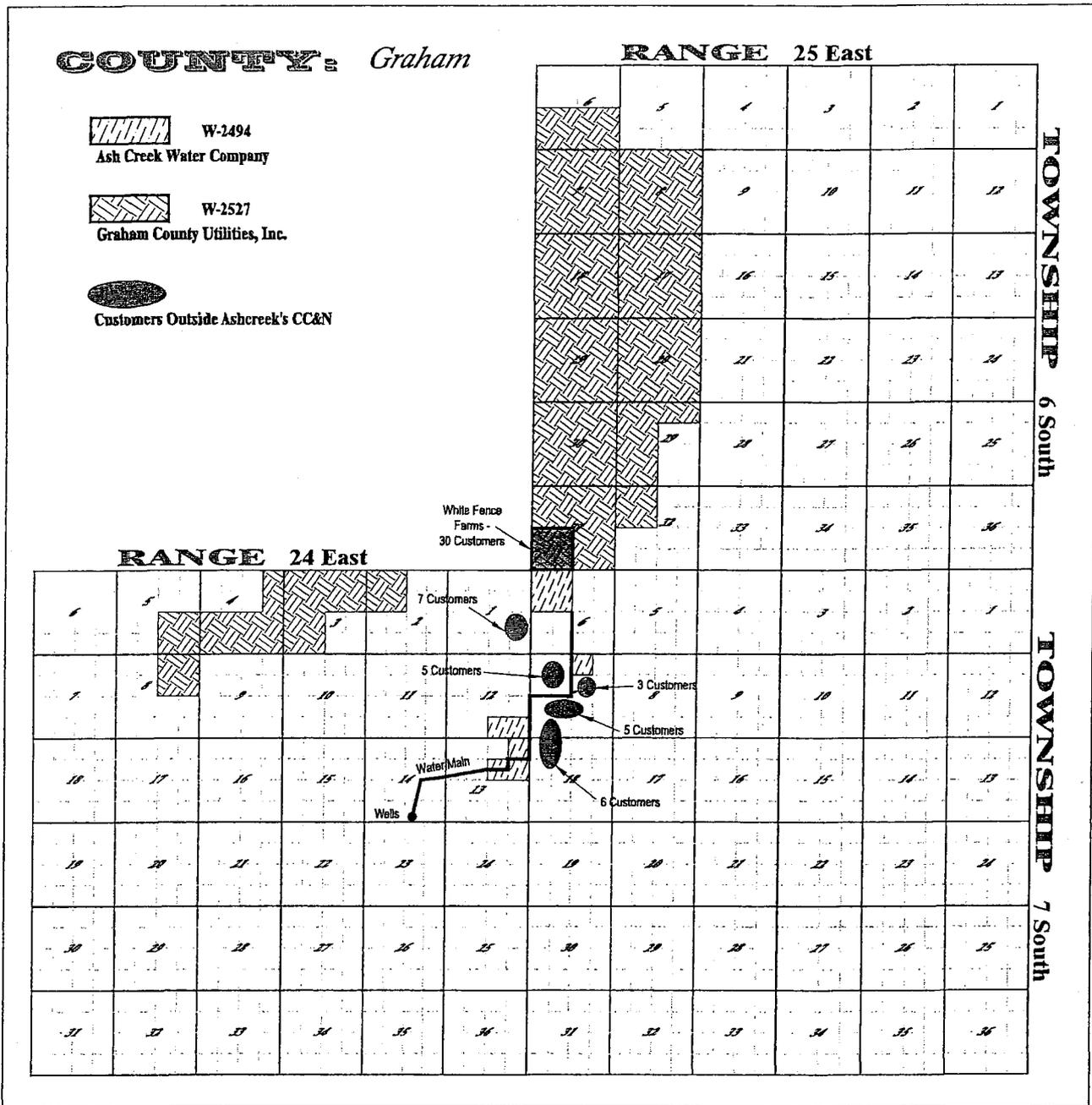


Figure 2. Certificated Areas

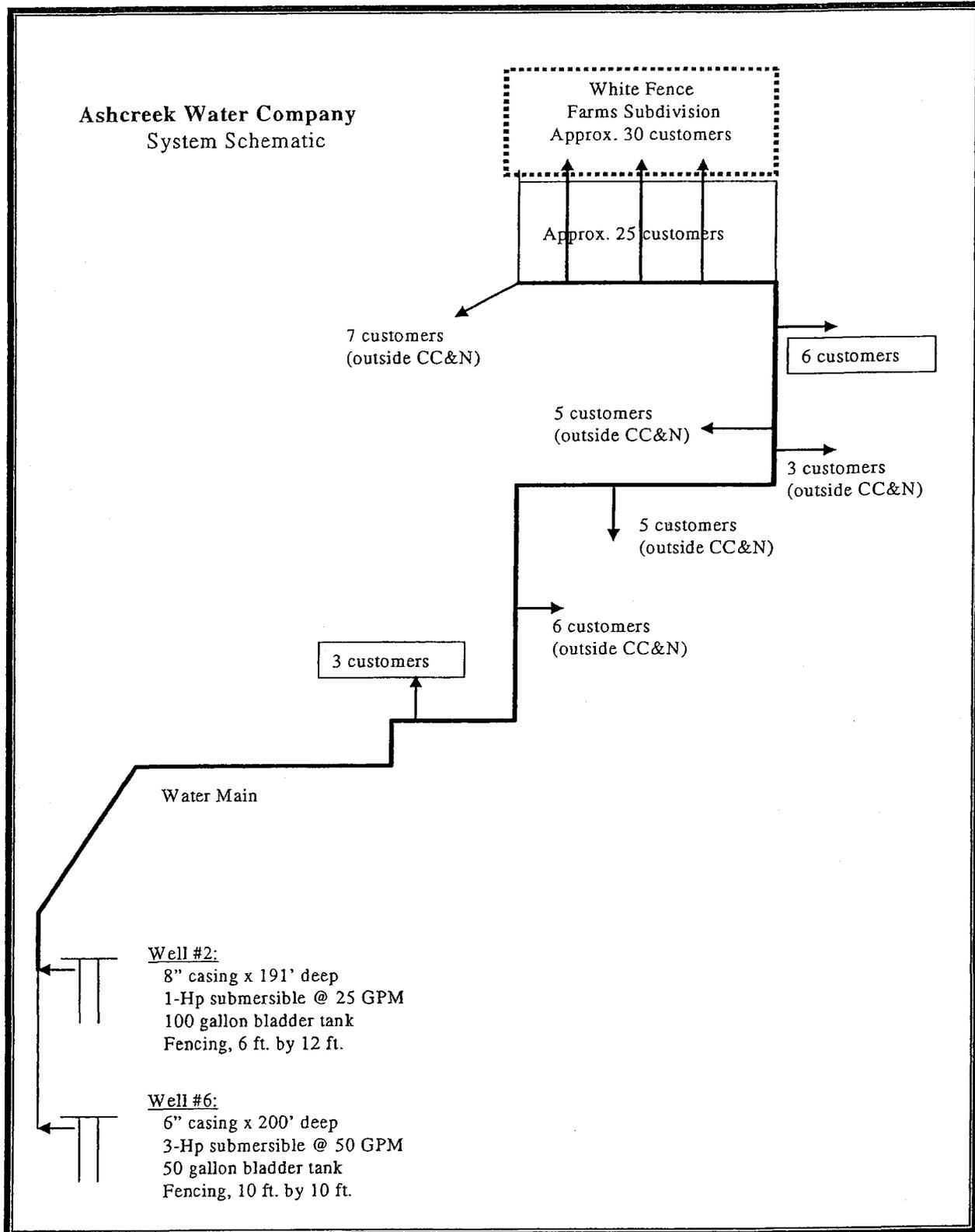


Figure 3. System Schematic

Exhibit R-3
DOCKET # W-02494A -07-0681

Arizona Department of Environmental Quality
Drinking Water Monitoring and Protection Unit
1110 W. Washington Street, 5415B-1
Phoenix, AZ 85007

Drinking Water Compliance Status Report

Public Water System Name: Ash Creek Water Company

Public Water System ID #: 05-007

Public Water System Type: Community 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: *None*

Operation and Maintenance Status: No Major Deficiencies Major Deficiencies

Comments: *None*

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: 2-22-06

Administrative Orders:

Is an ADEQ administrative order in effect? Yes No

Comments: *None*

System Information:

Number of Entry Points to the Distribution System 1 Number of Sources 2

Population Served 280 Service Connections 92 Initial Monitoring Year 1995

Evaluation completed by: Donna Calderon, Manager, Drinking Water Monitoring and Protection Unit

Phone: 602-771-4641

Date: January 14, 2008

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.

DC