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ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

- 2 MIKE GLEASON  
Chairman
- 3 WILLIAM A. MUNDELL  
Commissioner
- 4 JEFF HATCH-MILLER  
Commissioner
- 5 KRISTIN K. MAYES  
Commissioner
- 6 GARY PIERCE  
Commissioner

2008 SEP 15 P 4: 55

AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

SEP 15 2008

DOCKETED BY

8 IN THE MATTER OF RULEMAKING TO  
 9 AMEND EXISTING RULES AND/OR  
 10 ESTABLISH NEW RULES REGARDING  
 11 THE COMMISSIONS REQUIREMENTS  
 12 FOR APPLICATIONS REQUESTING  
 13 APPROVAL TO OBTAIN A NEW  
 14 CERTIFICATE OF CONVENIENCE AND  
 15 NECESSITY OR EXTEND AN EXISTING  
 16 CERTIFICATE OF CONVENIENCE AND  
 17 NECESSITY FOR WATER AND SEWER  
 18 UTILITIES

DOCKET NOS. RW-0000B-07-0051  
 RSW-0000A-07-0051

**NOTICE OF FILING NOTICE OF  
 SUPPLEMENTAL PROPOSED  
 RULEMAKING AND ECONOMIC  
 IMPACT STATEMENT**

14  
 15 The Arizona Corporation Commission Staff hereby files the attached Notice of Supplemental  
 16 Proposed Rulemaking filed with the Secretary of State on August 21, 2008. A copy of the filing is  
 17 attached hereto as Exhibit A. The Notice was published in the September 12, 2008 issue of The  
 18 Arizona Administrative Register. A copy of the published Notice is attached hereto as Exhibit B.

19 Additionally, the Utilities Division of the Arizona Corporation Commission has determined  
 20 that although the changes in the rules from the initial filing of the Notice of Proposed Rulemaking  
 21 were substantial, the changes created no change to the economic impacts previously filed on May 15,  
 22 2008. A copy of the Economic Impact Statement is attached hereto as Exhibit C.

23 RESPECTFULLY SUBMITTED this 15th day of September, 2008.

24  
 25 Robin Mitchell  
 26 Attorney, Legal Division  
 27 Arizona Corporation Commission  
 1200 West Washington Street  
 28 Phoenix, AZ 85007  
 (602) 542-3402

1 The original and fifteen (15) copies  
2 of the foregoing were filed this 15<sup>th</sup> day  
3 of September, 2008 with:

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

8 Copies of the foregoing were mailed  
9 this 15<sup>th</sup> day of September, 2008, to:

10 A. Petersen Water Company  
11 PO Box 1270  
12 Show Low, AZ 859021270

Anway Manville L.L.C. Water Company  
7400 N. Oracle Rd., Ste. 236  
Tucson, AZ 85704

13 Abra Water Company, Inc.  
14 PO Box 515  
15 Paulden, AZ 86334

Appaloosa Water Company  
PO Box 3150  
Chino Valley, AZ 86323

16 Adaman Mutual Water Company  
17 16251 W Glendale Ave  
18 Litchfield Park, AZ 85340

Arivaca Townsite Cooperative Water Company  
PO Box 398  
Arivaca, AZ 85601

19 Aguila Water Services, Inc.  
20 PO Box 1086  
21 Sun City, AZ 85372

Arizona Water Company  
PO Box 29006  
Phoenix, AZ 85038-9006

22 Ajo Improvement Company  
23 PO Drawer 9  
24 Ajo, AZ 85321

Arizona Windsong Realty, Inc.  
PO Box 261  
Sanders, AZ 86512

25 Alpine Water System, Inc.  
26 PO Box 822  
27 Alpine, AZ 85920

Arizona-American Water Company  
19820 N. 7th St., Ste 201  
Phoenix, AZ 85024

28 American Realty and Mortgage Co., Inc.  
dba Hacienda Acres Water System  
PO Box 232  
Wittman, AZ 85361

Arroyo Water Company, Inc.  
HC 6, Box 1048 L  
Payson, AZ 85541

Antelope Lakes Water Company  
501 N Hwy 89  
PO Box 350  
Chino Valley, AZ 86323

Ash Creek Water Company  
PO Box 824  
Thatcher, AZ 85552

Antelope Run Water Company  
301 N. Garden Ave  
Sierra Vista, AZ 85635

Ash Fork Development Association, Inc.  
dba Ash Fork Water Service  
PO Box 293  
Ash Fork, AZ 86320

Antelope Water Company  
35730 Antelope Dr  
Wellton, AZ 85356

AVM-2005, LLC  
15051 N Kierland Blvd, Ste 200  
Scottsdale, AZ 85254

1	Avra Water Cooperative, Inc. 11821 W. Picture Rocks Rd. Tucson, AZ 85743	Big Park Water Company 45 Castle Rock Rd., Ste. 4 Sedona, AZ 86351
2		
3	Baca Float Water Company PO Box 1536 Tubac, AZ 85646	Black Mountain Sewer Corporation 12725 W. Indian School Rd., Ste. D101 Avondale, AZ 85392
4		
5	Bachmann Springs Utility Company PO Box 9 Tombstone, AZ 85638	Bob B. Watkins dba East Slope Water Company 301 N. Garden Ave Sierra Vista, AZ 85635
6		
7	Balterra Sewer Corp. c/o Jay L. Shapiro 3003 N. Central Ave., Ste. 2600 Phoenix, AZ 85012	Bonita Creek Land & Home Owners Association c/o Linda Kelley HC7 Box 271R Payson, AZ 85541
8		
9	Beardsley Water Company, Inc. c/o First National Management, Inc. PO Box 1020 Apache Junction, AZ 85217	Boynton Canyon Enchantment Homeowners Association 525 Boynton Canyon Rd. Sedona, AZ 86336
10		
11	Beaver Dam Water Company, Inc. PO Box 550 Littlefield, AZ 86432	Bradshaw Water Company, Inc. PO Box 12758 Prescott Valley, AZ 86304
12		
13	Beaver Valley Water Company PO Box 421 Payson, AZ 85547	Brooke Water, LLC PO Box 82218 Bakersfield, CA 93380
14		
15	Bella Vista Water Company, Inc. 12725 W. Indian School Rd., Ste. D101 Avondale, AZ 85323	Caballeros Water Company, Inc. 1551 S. Vulture Mine Rd Wickenburg, AZ 85390
16		
17	Bellefont Water Company, Inc. PO Box 31176 Flagstaff, AZ 86003	Cactus-Stellar Limited 12625 W. Cactus Ridge HCR #2 Box 469 Tucson, AZ 85735
18		
19	Bensch Ranch Utilities, LLC 6825 E. Tennessee Ave., Ste 547 Denver, CO 80224	Camp Verde Water System PO Box 340 Camp Verde, AZ 86322
20		
21	Bermuda Water Company 2335 Sanders Rd. Northbrook, IL 60062	Carter's Water Company 1157 East Sunset Dr Casa Grande, AZ 85222
22		
23	Berneil Water Company PO Box 219 Tempe, AZ 85280-0219	Casa Grande South Water Company 117 E. Second St. Casa Grande, AZ 85222
24		
25	Biasi Water Company, Inc. PO Box 518 Beaver Dam, AZ 86432	Casa Grande West Water Co., Inc. 117 E Second St. Casa Grande, AZ 85222
26		
27	Bidegain Water Company PO Box 538 Kearny, AZ 85237	
28		

1	Cayetano, Inc. dba Lakewood Water Company	Community Water Company of Green Valley 1501 S. La Canada Dr. Green Valley, AZ 85614
2	PO Box 733 Amado, AZ 85645	
3	C-D Oasis Water Company	Cordes Lakes Water Company
4	1665 10th St. Douglas, AZ 85607	PO Box 219 Tempe, AZ 85280
5	Cerbat Water Company	Coronado Utilities, Inc.
6	2409 Ricca Dr Kingman, AZ 86401	6825 E. Tennessee Ave., Ste. 547 Denver, CO 80224
7	Chaparral City Water Company	CP Water Company
8	Attn: Accounts Payable - G. O. 630 E. Foothills Blvd. San Dimas, CA 91773	c/o Global Water 21410 N. 19th Ave., Ste. 201 Phoenix, AZ 85027
9	Chaparral Water Company	Cross Creek Ranch Water Company
10	2601 W. Dunlap, Ste 10 Phoenix, AZ 85021	c/o HOAMCO 6586 Hwy 179, Ste., C-1 Sedona, AZ 86351
11	Chino Meadows II Water Company	Crown King Water Company, Inc.
12	PO Box 350 Chino Valley, AZ 86323	6428 W. Garden Dr. Glendale, AZ 85304
13	Cibola Mutual Water Company	Dairyland Water Co-Op
14	RR2, Box 77 Cibola, AZ 85328	16707 E. Happy Rd. Queen Creek, AZ 85242
15	Cienega Water Company, Inc.	Dateland Public Service
16	PO Box 3518 Parker, AZ 85344	PO Box 3011 Dateland, AZ 85333
17	Circle City Water Company, L.L.C.	Dateland Water, LLC
18	PO Box 82218 Bakersfield, CA 93380	3412 W 2nd Street Anacortes, WA 98221
19	Citrus Park Water Co., Inc.	Dells Water Company
20	9361 Citrus Circle SE Tacna, AZ 85352	PO Box 870 Clarkdale, AZ 86324
21	Clear Springs Utility Company, Inc.	Desert Valencia Water System
22	PO Box 85160 Tucson, AZ 85754	PO Box 1605 Idyllwild, CA 92549
23	Clearwater Utilities Company, Inc.	Diablo Village Water Company
24	20441 W. Cheyenne Buckeye, AZ 85326	c/o Thim Utility Company PO Box 13145 Tucson, AZ 85732
25	Cloud Nine Water Company Inc.	Diamond Valley Water Users Corporation
26	96 Bel Aire Pl., Ste 140 Sierra Vista, AZ 85635	PO Box 13070 Prescott, AZ 86304-3070
27	Coldwater Canyon Water Company	
28	PO Box 637 Black Canyon City, AZ 85324	

1	Diversified Water Utilities, Inc. 4700 E. Thomas Rd., Ste. 203 Phoenix, AZ 850187703	F. Wayne Thompson and Dorothy Thompson dba West Village Water Company c/o Allen Ginsberg 1120 W. University Ave., Ste. 200 Flagstaff, AZ 86001
2		
3	Donald & Steven McAdams dba McAdams Water Company 10434 230th St. Delta, IA 52550	Far West Water & Sewer, Inc. 13157 E. 44th St. Yuma, AZ 85367
4		
5	Doney Park Water 5290 E. Northgate Loop Flagstaff, AZ 86004	Farmers Water Company PO Box 7 Sahuarita, AZ 85629
6		
7	Double R Water Distributors Inc. 1515 N Lake Havasu Ave., Ste 100 Lake Havasu City, AZ 86404	Fisher's Landing Water and Sewer Works, LLC PO Box 72188 Yuma, AZ 85365
8		
9	Dragoon Water Company 7459 E. Almeria Rd. Scottsdale, AZ 85257	Flagstaff Ranch Water Company, Inc PO Box 10775 Phoenix, AZ 85064
10		
11	DS Water Company PO Box 786 Desert Springs, AZ 86432	Fools Hollow Water Company PO Box 484 Show Low, AZ 85902
12		
13	Eagletail Water Company, L.C. PO Box 576 Tonopah, AZ 85354	Forest Highlands Water Company 657 Forest Highlands Flagstaff, AZ 86001
14		
15	Eden Water Company, Inc. 9488 E. Hot Springs Rd. Eden, AZ 85535	Forrest G. & Alice W. Wilkerson dba Verde Lee Water Company PO Box 984 Clifton, AZ 85533
16		
17	Ehrenberg Improvement Association dba Ehrenberg Water Co. PO Box 50 Ehrenberg, AZ 85334	Fort Mohave Tribal Utilities Authority 8490 S. Highway 95 PO Box 5559 Mohave Valley, AZ 86440
18		
19	El Prado Water Company, Inc. PO Box 5450 Yuma, AZ 85366	Francesca Water Company, Inc. PO Box 17991 Tucson, AZ 85731
20		
21	Elfrida Domestic Water Users Association PO Box 356 Elfrida, AZ 85610	Francisco Grande Utility Company 26000 Gila Bend Highway Casa Grande, AZ 85222
22		
23	Empirita Water Company, L.L.C. 2090 N. Kolb Rd., Ste. 120 Tucson, AZ 85715	Gadsden Water Company, Inc PO Box 519 Somerton, AZ 85350
24		
25	Entrada Del Oro Sewer Company 11811 N. Tatum Blvd., Ste. 1060 Phoenix, AZ 85028	Global Water - Palo Verde Utilities Company 21410 N. 19th Ave., Ste. 201 Phoenix, AZ 85027
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1	Global Water - Santa Cruz 21410 N. 19th Ave., Ste. 201 Phoenix, AZ 85027	Greenehaven Water Company Inc. PO Box 5122 Page, AZ 86040
2		
3	Gold Canyon Sewer Company 12725 W. Indian School Rd., Ste. D101 Avondale, AZ 85323	Groom Creek Water Users Association 4209 S. Adeline Dr. Prescott, AZ 86303
4		
5	Golden Corridor Water Company c/o Arizona Water Co. PO Box 29006 Phoenix, AZ 850389006	H2O, Inc. 41502 N. Schnepf Rd. Queen Creek, AZ 85242
6		
7	Golden Shores Water Co., Inc. PO Box 37 Topock, AZ 86436	Halcyon Acres Annex #2 Water Co. Inc. 8715 E. 20th St. Tucson, AZ 85710
8		
9	Goodman Water Company 6340 N. Campbell, Ste. 278 Tucson, AZ 85718	Halcyon Acres Water Users Association PO Box 18448 Tucson, AZ 85731
10		
11	Graham County Utilities Inc - Water PO Drawer B Pima, AZ 85543	Hassayampa Utilities Company, Inc. 21410 N. 19th Ave., Ste. 201 Phoenix, AZ 85028
12		
13	Grand Canyon Caverns and Inn, LLC PO Box 180 Peach Springs, AZ 86434	Hatch Valley Water Company PO Box 271 Peach Springs, AZ 86434
14		
15	Grandview Water Company, Inc. 11632 S. 194th Dr. Buckeye, AZ 85326	Heart Cab Co., Inc. dba Sulger Water Company #2. PO Box 580 Sierra Vista, AZ 85636
16		
17	Granite Dells Water Company 3025 N. Hwy 89 Prescott, AZ 86301	High Country Pines Water Company, Inc. 5555 N. 7th St., Ste. 134, PMB 342 Phoenix, AZ 85014
18		
19	Granite Mountain Water Company Inc. 2465 Shane Dr. Prescott, AZ 86305	Hillcrest Water Company 915 E. Bethany Home Rd. Phoenix, AZ 85014
20		
21	Granite Oaks Water Users Association PO Box 4947 Chino Valley, AZ 86323	Holiday Enterprises Incorporated dba Holiday Water Company PO Box 309 Tombstone, AZ 85638
22		
23	Great Prairie Oasis Sunland Water Company PO Box 10450 Casa Grande, AZ 85230	Hopeville Water Company, Inc. 1415 S. Palo Verde Rd., Rt. 2 Buckeye, AZ 85326
24		
25	Green Acres Water Company PO Box 4995 Yuma, AZ 85366	Humboldt Water Systems, Inc. PO Box 10593 Sedona, AZ 86339
26		
27	Greenehaven Sewer Company, Inc. PO Box 5122 Page, AZ 86040	ICR Water Users Association PO Box 5669 Chino Valley, AZ 86323
28		

1	Indiada Water Company, Inc. 301 N. Garden Ave Sierra Vista, AZ 85635	Kraus Investment LC dba Shangri-La Ranch 44444 N. Shangri La Lane New River, AZ 85087
2		
3	J. D. Campbell dba West End Water Company 9098 W. Pinnacle Peak Road Peoria, AZ 85383	Kyllo Development Corporation dba Bradshaw Mountain View Water Co PO Box 10593 Sedona, AZ 86339
4		
5	Jackson Spring Estates Home and Property Owners Association 4439 E. Hobart Mesa, AZ 85205	La Casita Water Company Inc. PO Box 13208 Tucson, AZ 85732
6		
7	Janice E. Worden and Lawrence A. Worden dba Worden Water Company 15150 W. Ajo, Ste. 568 Tucson, AZ 85735	Lago Del Oro Water Company 9532 E. Riggs Rd. Sun Lakes, AZ 85248
8		
9	Jaren Associates #1 dba James P. Water Company 4455 E. Camelback Rd., Ste. 215-A Phoenix, AZ 85018	Lagoon Estates Water Company 2600 N. 44th St., Ste. 203 Phoenix, AZ 85008
10		
11	Johnson Utilities L.L.C. dba Johnson Utilities Company 5230 E. Shea Blvd., Ste. 200 Scottsdale, AZ 85254	Lake Pleasant Sewer Company 2390 E. Camelback Rd., Ste. 310 Phoenix, AZ 85016
12		
13	Joshua Valley Utility Company PO Box 80070 Phoenix, AZ 85060	Lake Pleasant Water Company 2390 E. Camelback Rd., Ste. 310 Phoenix, AZ 85016
14		
15	Kacy J. Parker dba Jake's Corner Water System HC6 Box 1048 H Payson, AZ 85541	Lake Verde Water Company PO Box 2777 Camp Verde, AZ 86322
16		
17	Kacy Parker dba Arroyo Water Co. HC6 Box 1048 L Payson, AZ 85541	Las Quintas Serenas Water Company PO Box 68 Sahuarita, AZ 85629
18		
19	Katherine Resort Water Company 6126 Chrismark Ave. San Diego, CA 92120	Lazy C Water Service PO Box 1 Tucson, AZ 85702
20		
21	Keaton Development Company PO Box 905 Salome, AZ 85348	Litchfield Park Service Company 12725 W. Indian School Rd., Ste. D101 Avondale, AZ 85323
22		
23	Kohl's Ranch Water Company 2111 E. Highland Ave., Ste 200 Phoenix, AZ 85016	Litchfield Park Service Company - Sewer 12725 W. Indian School Rd., Ste. D101 Avondale, AZ 85323
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1	Livco Sewer Company PO Box 659 Concho, AZ 85924	Michaels Ranch Water Users' Association 1 Michaels Ranch Rd Sedona, AZ 86336
3	Livco Water Company PO Box 659 Concho, AZ 85924	Mirabell Water Company, Inc. 1037 S. Alvernon, Ste. 250 Tucson, AZ 85711
5	Loma Estates Water Co. 11620 Bella Sierra Trl Prescott, AZ 86305	Mobile Water Company Attn: Mr. Garth Wieger 6720 N Scottsdale Rd, Ste 335 Scottsdale, AZ 85253
7	Loma Linda Estates, Inc. dba Loma Linda Water Company PO Box 967 Thatcher, AZ 85552	Mohawk Utility Company 36140 Antelope Dr. Wellton, AZ 85356
9	Lord Arizona Water Systems Inc. 2961 E. Cooley Show Low, AZ 85901	Monte Vista Water Co., L.L.C. 4762 N. Rustler Place Douglas, AZ 85607
11	Los Cerros Water Co., Inc. 4003 N. Flowing Wells Road Tucson, AZ 85705	Montezuma Rimrock Water Company, LLC PO Box 10 Rimrock, AZ 86335
13	Lucky Hills Water Company PO Box 309 Tombstone, AZ 85638	Morenci Water and Electric Company PO Box 68 Morenci, AZ 85540
15	Lyn Lee Water 2321 W. Catalpa Tucson, AZ 85741	Mormon Lake Water Co. PO Box 29041 Phoenix, AZ 85038
17	Martinez Lake Sewer Company 10430 N. Martinez Lake Rd. Yuma, AZ 85365	Morristown Water Company PO Box 156 Morristown, AZ 85342
19	Meadow Water Company PO Box 3937 Prescott, AZ 86302	Mount Tipton Water Co., Inc. PO Box 38 Dolan Springs, AZ 86441
21	Mescal Lakes Water Systems Inc. PO Box 85160 Tucson, AZ 85754	Mountain Dell Water, Inc. 1341 W. Palmer Ave. Flagstaff, AZ 86001
23	MHC Operating Limited Partnership dba The Sedona Venture Wastewater Treatment Plant c/o Manufactured Home Communities, Inc. 2 N. Riverside Plaza, Ste 800 Chicago, IL 60606	Mountain Glen Water Service PO Box 897 Clay Springs, AZ 85923
25	Michael W. Schultz & Pamela J. Schultz dba Rincon Creek Water Company 14545 E Rincon Creek Ranch Rd Tucson, AZ 85747	Mountain Pass Utility Company 9532 E. Riggs Rd Sun Lakes, AZ 85248
27		MWC, Inc. PO Box 12776 Ft. Huachuca, AZ 85670
28		

1	Naco Water Company, L.L.C. PO Box 85160 Tucson, AZ 85754	Parker Lakeview Estates Homeowners Association Inc. dba Parker Springs Water Company HC 2, Box 193 Patagonia, AZ 85624
3	Narvol D. Bales dba Sunizona Water Company 5416 E. Hwy 181 Pearce, AZ 85625	Payson Water Co., Inc. PO Box 82218 Bakersfield, CA 93380
6	Navajo Water Co., Inc. PO Box 82218 Bakersfield, CA 93380	Peoples Valley Water Company 15811 N. 9th Ave. Phoenix, AZ 85023
8	New River Utilities Company 7839 W Deer Valley Rd Peoria, AZ 85382	Peter O'Crotty dba Despoblado Water Company 8815 N Verch Way Tucson, AZ 85737
10	North Mohave Valley Corporation PO Box 22495 Bullhead City, AZ 86439-2495	Picacho Peak Water Company 28784 Stonehenge Dr. Chesterfield, MI 48047
12	Northern Sunrise Water Company 12725 W. Indian School Rd., Ste. D-101 Avondale, AZ 85323	Picacho Sewer Company 9532 E. Riggs Rd Sun Lakes, AZ 85248
14	Oak Creek Public Service, LLC PO Box 103 Cornville, AZ 86325	Picacho Water Company 9532 E. Riggs Rd. Sun Lakes, AZ 85248
16	Oak Creek Utility Corporation PO Box 48 Cave Creek, AZ 85327	Picacho Water Improvement PO Box 44 Picacho, AZ 85421
18	Oak Creek Water Co., No 1 90 Oak Creek Blvd Sedona, AZ 86336	Pima Utility Company (Sewer) 9532 E. Riggs Rd. Sun Lakes, AZ 85248
20	Oatman Water Company, L.L.C. 9184 N. 81st Street Scottsdale, AZ 85258	Pima Utility Company (Water) 9532 E. Riggs Rd. Sun Lakes, AZ 85248-7411
22	Orange Grove Water Company PO Box 889 Yuma, AZ 85366	Pine Meadows Utilities, LLC 6825 E Tennessee Ave., Ste 547 Denver, CO 80224
24	Park Valley Water Company, Inc. PO Box 487 Show Low, AZ 85902	Pine Valley Water Company 480 Raintree Rd Sedona, AZ 86351
26	Park Water Company, Inc. PO Box 16173 Phoenix, AZ 85011	Pine Water Co., Inc. c/o Brooke Utilities, Inc. PO Box 82218 Bakersfield, CA 93380
28		

1	Pinecrest Water Company PO Box 97 Nutrioso, AZ 85932	Red Rock Utilities, LLC PO Box 70108 Tucson, AZ 85737
3	Pineview Water Co 5198 Cub Lake Rd. Show Low, AZ 85901	Ridgeview Utility Company 9532 E. Riggs Rd Sun Lakes, AZ 85248
5	Ponderosa Utility Corporation 3A Osage St Flagstaff, AZ 86001	Rigby Water Company PO Box 1020 Apache Junction, AZ 85217-1020
7	Pueblo Del Sol Water Company 4226 Avenida Cochise, Ste 13 Sierra Vista, AZ 85635	Rillito Water Users Association PO Box 668 Rillito, AZ 85654
9	Puesta Del Sol Water Company 2732 W. Glendale Ave. Phoenix, AZ 85051	Rincon Ranch Estates Water Company 3750 South Old Spanish Trail Tucson, AZ 85730
11	Q Mountain Mobile Home Park PO Box 4930 Quartzsite, AZ 85359	Rincon Water Company HC #70 Box 3601 Sahuarita, AZ 85629
13	Q Mountain Water Inc. 12486 S. Foothills Blvd. Yuma, AZ 85367	Rio Rico Utilities Inc. 12725 W. Indian School Rd., Ste. D101 Avondale, AZ 85392
15	Quail Creek Water Company 9532 E. Riggs Rd. Sun Lakes, AZ 85248	Rio Verde Utilities 25609 Danny Lane, Ste 1 Rio Verde, AZ 85263
17	Queen Creek Water Company 22713 S. Ellsworth Rd., Bldg. A Queen Creek, AZ 85242	Roosevelt Lake Resort, Inc. HCO 2, Box 901 Roosevelt, AZ 85545
19	Rainbow Parks, Inc. dba Escapees at North Ranch 100 Rainbow Dr. Livingston, TX 77351	Rose Valley Water Company Gary Brasher PO Box 1444 Green Valley, AZ 85622
21	Rancheros Bonitos Water Co., L.L.C. 14550 S. Avenue 4E Yuma, AZ 85365	Sabrosa Water Company c/o Town of Cave Creek One Arizona Center 400 E. Van Buren St., Ste. 800 Phoenix, AZ 85004
23	Rancho Del Conejo Community Water Co-Op, Inc. 13130 W. Rudasill Rd Tucson, AZ 85743	Saddlebrooke Utility Company 9532 E. Riggs Rd. Sun Lakes, AZ 85248
25	Rancho Sahuarita Water Company L.L.C. 4549 E. Fort Lowell Rd. Tucson, AZ 85712	Saguaro Water Company 4572 E. Camp Lowell Dr. Tucson, AZ 85712
27	Ray Water Company 414 N. Court Tucson, AZ 85701	

1	Sandario Water Company PO Box 85160 Tucson, AZ 85754	Spring Branch Water Company, Inc. 1223 S. Clearview Ave., Ste. 103 Mesa, AZ 85209
2		
3	Santa Rosa Utility Company 9532 E. Riggs Rd Sun Lakes, AZ 85249	St. David Springs, L.L.C. 1600 N. Kolb Rd., Ste. 118 Tucson, AZ 85715
4		
5	Santa Rosa Water Company 9532 E. Riggs Rd Sun Lakes, AZ 85248	Starlight Water Company, Inc. PO Box 1842 Wenatchee, WA 98807
6		
7	Seven Canyons Water Company 15333 N. Pima Rd., Ste. 305 Scottsdale, AZ 85260	Sterling Water Company 2925 N. Manor Drive, East Phoenix, AZ 85014
8		
9	Seven Canyons Water Treatment Company 15333 N. Pima Rd., Ste. 305 Scottsdale, AZ 85260	Stoneman Lake Water Company, Inc. 7250 E. Gray St. Mesa, AZ 85207
10		
11	Shepard Water Company 10430 N. Martinez Lake Rd. Yuma, AZ 85365	Strawberry Water Co., Inc. PO Box 82218 Bakersfield, CA 93380
12		
13	Sitgreaves Water Company 2961 E. Cooley Show Low, AZ 85901	Strawberry Water Company 203A W. Airport Rd Payson, AZ 85541
14		
15	Sleepy Hollow Mobile Home Estates 6001 S. Palo Verde Tucson, AZ 85706	Sue Juan Water Company 10570 S. Nogales Hwy Tucson, AZ 85706
16		
17	Sonoita Valley Water Company 2102 N. Forbes, Ste. 107 Tucson, AZ 85745	Sun Leisure Estates Utilities Company, Inc. c/o Crites & Associates PO Box 5681 Yuma, AZ 85366
18		
19	South Rainbow Valley Water Coop. 27205 S. 170th Ave. Buckeye, AZ 85326	Sun Valley Farms-Unit VI Water Company 3698 E. Hash Knife Draw Rd Queen Creek, AZ 85242
20		
21	Southern Sunrise Water Company 12725 W. Indian School Rd., Ste. D101 Avondale, AZ 85323	Sunrise Utilities, L.L.C. PO Box 3630 Mesquite, NV 89024
22		
23	Southland Sanitation, Co. 2730 E. Broadway, Ste 135 Tucson, AZ 85716	Sunrise Vistas Utilities Company PO Box 8555 Ft. Mohave, AZ 86427
24		
25	Southland Utilities Company, Inc. 2730 E. Broadway, Ste 135 Tucson, AZ 85716	Sunrise Water Company 9098 W. Pinnacle Peak Rd. Peoria, AZ 85383
26		
27	Spanish Trail Water Co. 2200 E. River Rd., Ste 115 Tucson, AZ 85718	Sweetwater Creek Utilities, Inc. 6825 E. Tennessee Ave, Ste 547 Denver, CO 80224
28		

1	Tacna Water Company 2993 S. Arizona Ave Yuma, AZ 85365	Tonto Village Water Company, Inc. dba Tonto Village Water Company PO Box 9116 Mesa, AZ 85214
2		
3	Tall Pine Estates Water & Improvements Association, Inc. HC 31 Box 25 Mormon Lake, AZ 86038	Tortolita Water Co., Inc. 3567 E. Sunrise Dr., Ste 119 Tucson, AZ 85718
4		
5		
6	The Burlington Northern and Santa Fe Railway Company dba Aubrey Water Company PO Box 961050 Ft. Worth, TX 76161	Truxton Canyon Water Company, Inc. 2409 Ricca Dr Kingman, AZ 86401
7		
8		
9	The Links at Coyote Wash Utilities, LLC 6825 E. Tennessee Ave., Ste. 547 Denver, CO 80224	Tubac Water Company, Inc. ATTN: John Crowley 1444 Wazee St., Ste. 350 Denver, CO 80202
10		
11	Thim Utility Co. PO Box 13145 Tucson, AZ 85732	Turner Ranches Water & Sanitation, Co. PO Box 1020 Apache Junction, AZ 85217-1020
12		
13	Thim Water Corporation PO Box 13145 Tucson, AZ 85732	Tusayan Water Development Assoc., Inc. c/o Quality Inn PO Box 520 Grand Canyon, AZ 86023
14		
15	Tierra Buena Water Company 12540 W. Bethany Home Litchfield Park, AZ 85340	Twin Hawks Utility, Inc. PO Box 70022 Tucson, AZ 85737
16		
17	Tierra Linda Homeowners Association, Inc. 6262 N. Swan Rd, Ste. 125 Tucson, AZ 85718	Utility Source, L.L.C. 721 E. San Pedro Gilbert, AZ 85234
18		
19	Tierra Mesa Estates Water Company, Inc. PO Box 4893 Yuma, AZ 85366	Utility Systems, LLC HC 2 Box 164-H Payson, AZ 85541
20		
21	Timber Knoll Homeowners Association, Inc. dba T.K. Water Service PO Box 200 Vernon, AZ 85940	Vail Water Company 1010 N. Finance Center Dr., Ste 200 Tucson, AZ 85710
22		
23	Tonto Basin Water Co., Inc. c/o Brooke Utilities, Inc. PO Box 82218 Bakersfield, CA 93380	Valencia Water Company Inc. 21410 N. 19th Ave., Ste. 201 Phoenix, AZ 85027
24		
25	Tonto Creek Utility Co. HC 2 Box 94-G Payson, AZ 85541	Valle Verde Water Company 12 Garden View Dr. Nogales, AZ 85621
26		
27	Tonto Hills Utility Company 11802 E. Blue Wash Rd Cave Creek, AZ 85331	Valley Pioneer's Water Company, Inc. 5998 W. Chino Dr. Golden Valley, AZ 86413
28		

1	Valley Utilities Water Co., Inc. 6808 N. Dysart Rd., Ste. 112 Glendale, AZ 85307	White Horse Ranch Owners Association, Inc. PO Box 670 Dewey, AZ 863270660
3	Valley View Water Company Inc. 10030 W. McDowell Rd., Ste. 150-402 Avondale, AZ 85392	White Mountain Water Company PO Box 1760 Payson, AZ 85547
5	Verde Lakes Water Corporation 2867 S. Verde Lakes Dr. #B Camp Verde, AZ 86322	Why Utility Company, Inc. PO Box 69 Ajo, AZ 85321
7	Verde Santa Fe Wastewater Co, Inc. 6825 E Tennessee Ave, Ste 547 Denver, CO 80224	Wickenburg Ranch Water, L.L.C. c/o M3 Builders 4222 East Camelback H100 Phoenix, AZ 86018
9	Virgin Mountain Utilities Company PO Box 668 Beaver Dam, AZ 85432	Wilhoit Water Company, Inc. PO Box 870 Clarkdale, AZ 85324
11	Viva Development Corporation PO Box 12863 Tucson, AZ 85732	William F. Lesko Heckethorn Water Company 4400 E. Button Lane Flagstaff, AZ 86001
13	Voyager at White Mountain Lakes Water Company, Inc. 1993 Juniper Ridge Resort Show Low, AZ 85901	Winslow West Water Co., LLC P.O. Box 3339 Scottsdale, AZ 85271
15	Voyager Water Company 8701 S. Kolb Rd Tucson, AZ 85706	Shilpa Hunter-Patel Of Counsel Fennemore Craig PC 3003 N. Central Avenue, Ste. 2600 Phoenix, AZ 85012
17	Walden Meadows Community Co-Op 9325 Donegal Dr., Ste. A Wilhoit, AZ 86332	William P. Farr Salome Water Company P.O. Box 550 Salome, AZ 85348
19	Walnut Creek Water Company, Inc. 119 E. Andy Devine Ave. Kingman, AZ 86401	Willow Lakes Property Owners Assoc., Inc. PO Box 875 Benson, AZ 85602
21	WATCO, Inc. PO Box 1270 Show Low, AZ 85902	Willow Springs Utilities, L.L.C. 1600 E. Hanley Blvd., Ste. 128 Oro Valley, AZ 85737
23	Water Utility of Greater Buckeye, Inc. 21410 N. 19th Ave., Ste. 201 Phoenix, AZ 85027	Willow Valley Water Company, Inc. 21410 N. 19th Ave., Ste. 201 Phoenix, AZ 85027
25	Water Utility of Greater Tonopah, Inc. 21410 N 19th Ave., Ste. 201 Phoenix, AZ 85027	Winchester Water Company, L.L.C. 7616 N. La Cholla Blvd. Tucson, AZ 85741
27	Water Utility of Northern Scottsdale, Inc. 21410 N. 19th Ave., Ste. 201 Phoenix, AZ 85027	
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1 Winslow West Water Company, LLC  
P.O. Box 3339  
2 Scottsdale, AZ 85271  
3 Woodruff Utility Company, Inc.  
2555 E. Camelback Rd., Ste. 700  
4 Phoenix, AZ 85016  
5 Woodruff Water Company, Inc.  
2555 E. Camelback Rd., Ste. 700  
6 Phoenix, AZ 85016

Woody's Enterprises, LTD  
dba Ho-Tye Water Company  
580 W. Wickenburg Way  
Wickenburg, AZ 85390

Yarnell Water Improvement Association, Inc.  
PO Box 727  
Yarnell, AZ 85362

Yucca Water Association, Inc.  
PO Box 575  
Yucca, AZ 86438

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# **EXHIBIT A**

SECRETARY OF STATE

2008 AUG 21 AM 10:25

**AGENCY RECEIPT**

**Notice of Supplemental Proposed Rulemaking**

FILED

1. Agency name: Arizona Corporation Commission
2. The Subchapters, if applicable; the Articles; the Parts, if applicable; and the Sections involved in the rulemaking, listed in alphabetical and numerical order:

Subchapters, Articles, Parts, and Sections  
(in alphabetical and numerical order)

Action

R14-2-402

Amended

R14-2-602

Amended

AGENCY CERTIFICATE

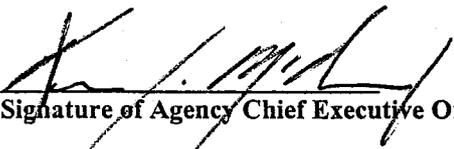
Notice of Supplemental Proposed Rulemaking

1. Agency name: Arizona Corporation Commission
2. Chapter heading: Corporation Commission-Fixed Utilities
3. Code citation for the Chapter: 14 A.A.C. 2
4. The Subchapters, if applicable; the Articles; the Parts, if applicable; and the Sections involved in

the rulemaking, listed in alphabetical and numerical order:

Subchapters, Articles, Parts, and Sections (in alphabetical and numerical order)	Action:
R14-2-402	Amended
R14-2-602	Amended

5. The rules contained in this package are true and correct as proposed.

6.   
Signature of Agency Chief Executive Officer  
Brian C. McNeil

21 AUG 08  
Date of signing  
Executive Director

Printed or typed name of signer

Title of signer



Phoenix, Arizona 85007

Telephone: (602) 542-7270

Fax: (602) 542-2129

E-mail: [solea@azcc.gov](mailto:solea@azcc.gov)

5. **An explanation of the rule, including the agency's reasons for initiating the rule:**

These amendments will amend existing rules (R14-2-402 and R14-2-602), both entitled "Certificate of Convenience and Necessity" ("CC&N"). The proposed amendments and changes to these rules are designed to provide the Arizona Corporation Commission and the Commission's Staff more information in the application for a new CC&N or for an extension of a CC&N. This additional information will aid Staff in its analysis and the Commission in its determination of the public interest when granting or denying a CC&N or a CC&N extension for water service and sewer service.

6. **An explanation of the substantial change which resulted in this supplemental notice:**

The following changes in Rule 402 and Rule 602 from the proposed rules in the Notice of Proposed Rulemaking constitute a substantial change:

1. Rule 402 requires an application for authority to abandon, sell, lease, transfer, or otherwise dispose of a utility.
2. Rules 402 and 602 include requirements related to the notices that must be provided to landowners and to municipal managers or administrators.
3. Rules 402 and 602 include numerous application requirements that were not in the proposed rules.

7. **A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable

8. **The preliminary summary of the economic, small business, and consumer impact:**

NOTE – The Arizona Corporation Commission is exempt from the requirements of A.R.S. § 41-1055 relating to economic, small business, and consumer impact statements. See A.R.S. § 41-1057(2). However, under A.R.S. § 41-1057(2), the Arizona Corporation Commission is required to prepare a "substantially similar" statement.

Companies providing water service or wastewater service may incur additional costs resulting from the requirements for notification to affected landowners, developers and nearby municipalities and nearby water and wastewater service providers of an application for a new CC&N or an extension to a CC&N. Utilities may incur additional costs resulting from additional research and other communications with landowners. However, by providing this additional information in the application, applicants may incur lower organizational costs and may reduce regulatory costs thereby reducing the upward pressure on rates of customers of water and wastewater utilities which are forming or expanding. The rule change amendments should reduce the time period between the date of application and the date of a final order in the matter which would allow for faster development of the property.

9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:

Name: Robin Mitchell, Esq.  
Attorney, Legal Division, Arizona Corporation Commission

Address: 1200 West Washington Street  
Phoenix, Arizona 85007

Telephone: (602) 542-3402

Fax: (602) 542-4870

E-mail: [rmitchell@azcc.gov](mailto:rmitchell@azcc.gov)

Name: Steve Olea  
Assistant Director, Utilities Division, Arizona Corporation Commission

Address: 1200 West Washington Street  
Phoenix, Arizona 85007

Telephone: (602) 542-7270

Fax: (602) 542-2129

E-mail: [solea@azcc.gov](mailto:solea@azcc.gov)

10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

Public comment will be held on October 14, 2008, beginning at 10:00 a.m. or as soon as practicable thereafter, in Hearing Room #1 of the Arizona Corporation Commission located at 1200 West Washington, Phoenix, Arizona 85007. The Hearing Division requests written comments be received on or before October 14, 2008. Comments should be submitted to Docket Control at the above address. Oral comments may be made at the oral proceeding to held on October 14, 2008. Please reference docket number ACC-00000A-05-0613 on all documents.

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None

12. Incorporations by reference and their location in the rules:

None

13. The full text of the rules follows:

TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;  
SECURITIES REGULATION

CHAPTER 2. CORPORATION COMMISSION  
FIXED UTILITIES

ARTICLE 4. WATER UTILITIES

Section

R14-2-402.

~~Certificate~~ Certificates of Convenience and Necessity for water utilities; abandonments Water Utilities; Extensions of Certificates of Convenience and Necessity for Water Utilities; Abandonment, Sale, Lease, Transfer, or Disposal of a Water Utility; Discontinuance or Abandonment of Water Utility Service

ARTICLE 6. SEWER UTILITIES

Section

R14-2-602.

~~Certificate~~ Certificates of Convenience and Necessity for sewer utilities; additions/extensions; abandonments Sewer Utilities; Extensions of Certificates of Convenience and Necessity for Sewer Utilities; Abandonment, Sale, Lease, Transfer, or Disposal of a Sewer Utility; Discontinuance or Abandonment of Sewer Utility Service

ARTICLE 4. WATER UTILITIES

R14-2-402. ~~Certificate~~ Certificates of Convenience and Necessity for water utilities; abandonments Water Utilities; Extensions of Certificates of Convenience and Necessity for Water Utilities; Abandonment, Sale, Lease, Transfer, or Disposal of a Water Utility; Discontinuance or Abandonment of Water Utility Service

A. In this Section, unless otherwise specified:

1. "Applicant" means a person who submits an application to obtain a Certificate of Convenience and Necessity to construct water utility facilities or operate as a water utility or to extend the service area under an existing Certificate of Convenience and Necessity held by the person.
2. "CC&N" means Certificate of Convenience and Necessity.
3. "Commission" means the Arizona Corporation Commission.
4. "Contiguous" means in actual contact, touching, such as by sharing a common border.
5. "Extension area" means the geographic area that an applicant is requesting to have added to the applicant's existing CC&N service area.

A.B. Application for a new Certificate of Convenience and Necessity CC&N or extension of a CC&N

1. Any person or entity who desires to construct water utility facilities and/or or to operate as a water utility will shall, prior to commencement of commencing construction of utility facilities or operations, file with the Commission an application for a Certificate of Convenience and Necessity with the Arizona Corporation Commission CC&N and obtain Commission approval.
2. Any utility that desires to extend its CC&N service area shall file with the Commission an application for a CC&N extension.
3. Before filing an application for a CC&N or a CC&N extension, a person shall provide written notice of the person's intention to file the application to each person who owns land within the proposed service area or extension area and who has not requested service. Each written notice to a landowner shall include, at a minimum:
  - a. The legal name, physical address, mailing address (if different), and telephone number of the intended applicant;
  - b. The approximate date by which the application will be filed;
  - c. The type of services to be provided if the application is approved;
  - d. The physical addresses and toll-free telephone numbers, in Phoenix and Tucson, for the Consumer Services Section of the Commission; and
  - e. The following information:
    - i. That the recipient is a property owner within the proposed service area or extension area;

- ii. That if the application is granted, the intended applicant will be the exclusive provider of the specific services to the proposed service area or extension area and will be required by the Commission to provide those services under rates and charges and terms and conditions established by the Commission;
  - iii. That a CC&N does not prohibit persons from providing services only to themselves using their own facilities on their own property, although other applicable laws may restrict such activity;
  - iv. That the application is available for inspection during regular business hours at the offices of the Commission and at the offices of the intended applicant;
  - v. That the Commission will hold a hearing on the application;
  - vi. That the landowner may have the right to intervene in the proceeding and may appear at the hearing and make a statement on his or her own behalf even if the landowner does not intervene;
  - vii. That the landowner may contact the Commission for the date and time of the hearing and for information on intervention;
  - viii. That the landowner may not receive any further notice of the application proceeding unless requested; and
  - ix. That the landowner may contact the intended applicant or the Consumer Services Section of the Commission if the landowner has any questions or concerns about the application, has any objections to approval of the application, or wishes to make a statement in support of the application.
4. Within 10 days after filing an application for a CC&N or a CC&N extension, an applicant shall provide written notice of the application to the municipal manager or administrator of each municipality with corporate limits that overlap with or are within five miles of the proposed service area or extension area. Each written notice shall include, at a minimum:
- a. The applicant's legal name, mailing address, and telephone number;
  - b. The date the application was filed;
  - c. The type of services to be provided if the application is approved;
  - d. A description of the requested service area or extension area, expressed in terms of cadastral (quarter section) or metes and bound survey;
  - e. The Commission docket number assigned to the application; and
  - f. Instructions on how to obtain a copy of the application.
- 2-5. Six copies of each Each application for a new Certificate of Convenience and Necessity CC&N or CC&N extension shall be submitted in a form and number prescribed by the Commission and shall include, at a minimum, the following information:
- a. The proper applicant's legal name, and correct mailing address, and telephone number of the proposed utility company and its owner, if a sole proprietorship, each partner if a partnership, or the President and Secretary if a corporation;
  - b. If the applicant will or does operate the utility under a different business name, the name under which the applicant will be doing business;
  - c. The full name, mailing address, and telephone number of a management contact for the applicant;
  - d. The full name, mailing address, and telephone number of the attorney for the applicant, if any;
  - e. The full name, mailing address, and telephone number of the operator certified by the Arizona Department of Environmental Quality who is or will be working for the applicant;
  - f. The full name, mailing address, and telephone number of the on-site manager for the applicant;
  - g. Whether the applicant is a corporation, a partnership, a limited liability company, a sole proprietor, or another specified type of legal entity;
  - h. If the applicant is a corporation, the following:
    - i. Whether the applicant is a "C" corporation, an "S" corporation, or a non-profit corporation and whether the corporation is domestic or foreign;
    - ii. A list of the full names, titles, and mailing addresses of each of the applicant's officers and directors;

- iii. A copy of the applicant's certificate of good standing issued by the Commission's Corporations Division;
- iv. Unless the applicant is applying for a CC&N extension, a certified copy of the applicant's articles of incorporation and by-laws; and
- v. If the applicant is a for-profit corporation, the number of shares of stock authorized for issue and, if any stock has been issued, the number of shares issued and date of issuance;
- i. If the applicant is a partnership, the following:
  - i. Whether the applicant is a limited partnership or a general partnership and whether the partnership is domestic or foreign;
  - ii. The full names and mailing addresses of the applicant's general partners;
  - iii. The full names, mailing addresses, and telephone numbers of the applicant's managing partners;
  - iv. Unless the applicant is applying for a CC&N extension, a copy of the applicant's articles of partnership; and
  - v. If the applicant is a foreign limited partnership, a copy of the applicant's certificate of registration filed with the Arizona Secretary of State;
- j. If the applicant is a limited liability company, the following:
  - i. The full names and mailing addresses of the applicant's managers or, if management is reserved to the members, the applicant's members;
  - ii. Unless the applicant is applying for a CC&N extension, a copy of the applicant's articles of organization;
- k. The legal name and mailing address of each other utility in which the applicant has an ownership interest;
- l. A description of the requested service area or extension area, expressed in terms of cadastral (quarter section) or metes and bound survey;
- m. The name of each county in which the requested service area or extension area is located and a description of the area's location in relation to the closest municipality, which shall be named;
- b. ~~A copy of the Articles of Partnership or Articles of Incorporation for the applicant and/or Bylaws if the utility is a non-profit organization, or association.~~
- e. ~~The type of plant, property, or facility proposed to be constructed.~~
- d-n. ~~A complete description of the facilities proposed to be constructed, including a preliminary engineering report with specifications in sufficient detail to properly describe the each water system and the principal systems and components which meet the requirements of the health department. Final and complete engineering specifications shall be supplied when they become available. of each water system (e.g., source, storage, transmission lines, distribution lines, etc.) to allow verification of the estimated costs provided under subsection (B)(5)(o) and verification that the requirements of the Commission and the Arizona Department of Environmental Quality can be met;~~
- o. The estimated total construction cost of the proposed offsite and onsite facilities, including documentation to support the estimates, and an explanation of how the construction will be financed, such as through debt, equity, advances in aid of construction, contributions in aid of construction, or a combination thereof;
- e. ~~The rates proposed to be charged for the service that will be rendered.~~
- p. Documentation establishing the applicant's financial condition, including at least the applicant's current assets and liabilities, an income statement, the applicant's estimated revenue and expenses for the first five years following approval of the application, and the estimated value of the applicant's utility plant in service for the first five years following approval of the application;
- f. ~~The estimated total cost of the proposed construction.~~
- q. The rates proposed to be charged for services rendered, shown in the form of a proposed tariff that complies with Commission standards;
- g. ~~The manner of capitalization and method of financing for the project.~~
- h. ~~The financial condition of the applicant.~~

- i-r. The estimated annual operating revenues and expenses that are expected to accrue from the proposed construction, for the first five years of operation for the requested service area or extension area, expressed separately for residential, commercial, industrial, and irrigation services, and including a description of each assumption made to derive the estimates;
- j-s. The A detailed description of the proposed construction timeline for facilities, with estimated starting and completion date of the proposed construction; dates and, if construction is to be phased, a description of each separate phase of construction;
- t. A copy of any requests for service from persons who own land within the proposed service area or extension area, which shall identify the applicant by name;
- k-u. Maps of the proposed service area- or extension area identifying:
  - i. The boundaries of the area, with the total acreage noted;
  - ii. The land ownership boundaries within the area, with the acreage of each separately owned parcel within the area noted;
  - iii. The owner of each parcel within the area;
  - iv. Any municipality corporate limits that overlap with or are within five miles of the area;
  - v. The service area of any public service corporation, municipality, or district currently providing water or wastewater service within one mile of the area, with identification of the entity providing service and each type of service being provided;
  - vi. The location within the area of any known water service connections that are already being provided service by the applicant;
  - vii. The location of all proposed developments within the area;
  - viii. The proposed location of each water system and the principal components described in subsection (B)(5)(n); and
  - ix. The location of all parcels for which a copy of a request for service has been submitted per subsection (B)(5)(t);
- v. A copy of each notice to be sent, as required under subsection (B)(4), to a municipal manager or administrator;
- w. A copy of each notice sent, as required under subsection (B)(3), to a landowner not requesting service;
- x. For each landowner not requesting service, either the written response received from the landowner or, if no written response was received, a description of the actions taken by the applicant to obtain a written response;
- l-y. Appropriate A copy of each city, county, and/or or state agency approvals. approval required by law to construct the proposed facilities or operate the utility within the proposed service area or extension area or, for any approval not yet obtained, the status of the applicant's application for the approval;
- m-z. The estimated number of customers to be served for each of the first five years of operation, expressed separately for residential, commercial, industrial, and irrigation customers and including documentation to support the estimates-;
- aa. A description of how wastewater service is to be provided in the proposed service area or extension area and the name of each wastewater service provider for the area, if any;
- bb. A letter from each wastewater service provider identified under subsection (B)(5)(aa), confirming the provision of wastewater service for the proposed service area or extension area;
- cc. Plans for or a description of water conservation measures to be implemented in the proposed service area or extension area, including, at a minimum:
  - i. A description of the information about water conservation or water saving measures that the utility will provide to the public and its customers;
  - ii. A description of how the applicant will work with each wastewater service provider identified under subsection (B)(5)(aa) to encourage water conservation;
  - iii. A description of the sources of water that will be used to supply parks, recreation areas, golf courses, greenbelts, ornamental lakes, and other aesthetic water features;

- iv. A description of any plans for the use of reclaimed water;
  - v. A description of any plans for the use of recharge facilities;
  - vi. A description of any plans for the use of surface water; and
  - vii. A description of any other plans or programs to promote water conservation;
  - dd. A backflow prevention tariff that complies with Commission standards, if not already on file;
  - ee. A curtailment tariff that complies with Commission standards, if not already on file;
  - ff. A copy of a Physical Availability Determination, Analysis of Adequate Water Supply, or Analysis of Assured Water Supply issued by the Arizona Department of Water Resources for the proposed service area or extension area or, if not yet obtained, the status of the application for such approval;
  - gg. If the applicant is requesting a CC&N extension:
    - i. A current compliance status report from the Arizona Department of Environmental Quality, dated no more than 30 days before the date the CC&N extension application is filed, for each water system operated by the applicant, as identified by a separate Arizona Department of Environmental Quality Public Water System Identification Number; and
    - ii. A water use data sheet for the water system being extended by the applicant; and
  - hh. The notarized signature of the applicant.
- 3-6. Upon the receipt of such receiving an application under subsection (B)(5), the Commission staff of the Utilities Division staff shall review and process the application for compliance with the information requirements of this regulation; additional information, amendments and/or corrections to the application to bring the application into compliance with this regulation shall be governed by the Commission's rules of administrative and hearing requirements concerning incomplete applications in accordance with the requirements of R14-2-411.
- 4-7. Once the applicant has satisfied the information requirements of this regulation, as well as any additional information required by the staff of the Commission's Utilities Division staff determines that an application submitted under subsection (B)(5) is administratively complete, the Commission shall, as expeditiously as reasonably practicable, schedule hearings a hearing to consider such the application.
- B-C.** Application for discontinuance or abandonment of utility service
1. Any A utility proposing to shall not discontinue or abandon any utility service currently in use by the public shall prior to such action without first obtain obtaining authority therefor from the Commission.
  2. The A utility desiring to discontinue or abandon a service shall include in the application, file with the Commission an application identifying the utility; including studies of data regarding past, present and prospective estimated future customer use of the subject service; ; describing any plant or facility that would no longer be in use if the application were approved as is necessary to support the application; and explaining why the utility desires to discontinue or abandon the service.
  3. An application shall not be required A utility is not required to apply for Commission approval to remove individual facilities where a customer has requested service discontinuance.
- D.** Application for authority to abandon, sell, lease, transfer, or otherwise dispose of a utility
1. A utility shall not abandon, sell, lease, transfer, or otherwise dispose of its facilities or operation without first obtaining authority therefor from the Commission.
  2. A utility desiring to abandon, sell, lease, transfer, or otherwise dispose of its facilities or operation shall file with the Commission an application that includes, at a minimum:
    - a. The legal name, physical address, mailing address (if different), and telephone number of the utility;
    - b. A description of the utility property proposed to be abandoned, sold, leased, transferred, or otherwise disposed of;
    - c. Documentation establishing the utility's financial condition, including at least the utility's current assets and liabilities, an income statement, the utility's revenue and expenses for the most recently completed 12-month accounting period, and the value of the utility's utility plant in service;

- d. The legal name, physical address, mailing address (if different), and telephone number of any proposed purchaser, lessee, transferee, or assignee;
- e. The terms and conditions of the proposed abandonment, sale, lease, transfer, or assignment and copies of any agreement that has been or will be executed concerning the transaction;
- f. A description of the effect that the proposed transaction will have upon the utility's services;
- g. The method by which the proposed transaction is to be financed;
- h. A description of the effect that the proposed transaction will have upon any other utility;
- i. The number of customers to be affected by the proposed transaction; and
- j. A description of the effect that the proposed transaction will have upon customers.

C.E. Additions/ or extensions of service contiguous to outside existing Certificates of Convenience and Necessity CC&N service areas

1. ~~Each Except in the case of an emergency, a utility which that proposes to extend utility service to a location parcel not within its certificated service area, but located in a non-certificated area contiguous to its certificated CC&N service area, shall prior to the extension of service, notify the Commission of such before the service extension occurs.~~
2. Such notifications Each notification required under subsection (E)(1) shall be in writing, and shall be verified, and shall set forth, at a minimum;
  - a. The legal name, mailing address, and telephone number of the utility;
  - b. the The number of persons or entities proposed to be served by such service extension, in the contiguous parcel;
  - c. their location The legal description of the contiguous parcel and the location of the structures to be served therein, in relation to the utility's CC&N service certificated area of the utility; and
  - d. a A statement of the utility that the service extension is will be extended only to a non-certificated area parcel which is contiguous to its certificated the utility's CC&N service area.
3. ~~Where~~ When emergency service is required to be provided to a customer person in a non-certificated area contiguous to the utility-certificated a utility's CC&N service area, the utility shall advise notify the Commission simultaneously of such the service extension as soon as possible after the service extension occurs by providing written notice that includes the information required under subsection (E)(2) and the written notification shall set forth describes the nature and extent of the emergency.
2. ~~For purpose of this rule the following definition of "contiguous" is: Contiguous—Common, ordinary and approved meaning. In actual close contact; touching; bounded or traversed by.~~

## ARTICLE 6. SEWER UTILITIES

R14-2-602. Certificate Certificates of Convenience and Necessity for sewer utilities; additions/extensions; abandonments Sewer Utilities; Extensions of Certificates of Convenience and Necessity for Sewer Utilities; Abandonment, Sale, Lease, Transfer, or Disposal of a Sewer Utility; Discontinuance or Abandonment of Sewer Utility Service

A. In this Section, unless otherwise specified:

1. "Applicant" means a person who submits an application to obtain a Certificate of Convenience and Necessity to construct sewer utility facilities or operate as a sewer utility or to extend the service area under an existing Certificate of Convenience and Necessity held by the person.
2. "CC&N" means Certificate of Convenience and Necessity.
3. "Commission" means the Arizona Corporation Commission.
4. "Contiguous" means in actual contact, touching, such as by sharing a common border.
5. "Extension area" means the geographic area that an applicant is requesting to have added to the applicant's existing CC&N service area.

A.B. Application for a new Certificate of Convenience and Necessity CC&N or extension of a CC&N

1. Any person or entity who desires to construct sewer utility facilities and/or or to operate as a sewer utility will shall, prior to commencement of commencing construction of utility facilities or operations, file with the Commission an application for a Certificate of Convenience and Necessity with the Arizona Corporation Commission CC&N and obtain Commission approval.
2. Any utility that desires to extend its CC&N service area shall file with the Commission an application for a CC&N extension.
3. Before filing an application for a CC&N or a CC&N extension, a person shall provide written notice of the person's intention to file the application to each person who owns land within the proposed service area or extension area and who has not requested service. Each written notice to a landowner shall include, at a minimum:
  - a. The legal name, physical address, mailing address (if different), and telephone number of the intended applicant;
  - b. The approximate date by which the application will be filed;
  - c. The type of services to be provided if the application is approved;
  - d. The physical addresses and toll-free telephone numbers, in Phoenix and Tucson, for the Consumer Services Section of the Commission; and
  - e. The following information:
    - i. That the recipient is a property owner within the proposed service area or extension area;
    - ii. That if the application is granted, the intended applicant will be the exclusive provider of the specific services to the proposed service area or extension area and will be required by the Commission to provide those services under rates and charges and terms and conditions established by the Commission;
    - iii. That a CC&N does not prohibit persons from providing services only to themselves using their own facilities on their own property although other applicable laws may restrict such activity;
    - iv. That the application is available for inspection during regular business hours at the offices of the Commission and at the offices of the intended applicant;
    - v. That the Commission will hold a hearing on the application;
    - vi. That the landowner may have the right to intervene in the proceeding and may appear at the hearing and make a statement on his or her own behalf even if the landowner does not intervene;
    - vii. That the landowner may contact the Commission for the date and time of the hearing and for information on intervention;
    - viii. That the landowner may not receive any further notice of the application proceeding unless requested; and
    - ix. That the landowner may contact the intended applicant or the Consumer Services Section of the Commission if the landowner has any questions or concerns about the application, has any objections to approval of the application, or wishes to make a statement in support of the application.

4. Within 10 days after filing an application for a CC&N or a CC&N extension, an applicant shall provide written notice of the application to the municipal manager or administrator of each municipality with corporate limits that overlap with or are within five miles of the proposed service area or extension area. Each written notice shall include, at a minimum:
- a. The applicant's legal name, mailing address, and telephone number;
  - b. The date the application was filed;
  - c. The type of services to be provided if the application is approved;
  - d. A description of the requested service area or extension area, expressed in terms of cadastral (quarter section) or metes and bound survey;
  - e. The Commission docket number assigned to the application; and
  - f. Instructions on how to obtain a copy of the application.
- 2.5. Six copies of each application for a new Certificate of Convenience and Necessity CC&N or CC&N extension shall be submitted in a form and number prescribed by the Commission and shall include, at a minimum, the following information:
- a. The proper applicant's legal name, and correct mailing address, and telephone number of the proposed utility company and its owner, if a sole proprietorship, each partner if a partnership, or the President and Secretary if a corporation;
  - b. If the applicant will or does operate the utility under a different business name, the name under which the applicant will be doing business;
  - c. The full name, mailing address, and telephone number of a management contact for the applicant;
  - d. The full name, mailing address, and telephone number of the attorney for the applicant, if any;
  - e. The full name, mailing address, and telephone number of the operator certified by the Arizona Department of Environmental Quality who is or will be working for the applicant;
  - f. The full name, mailing address, and telephone number of the on-site manager for the applicant;
  - g. Whether the applicant is a corporation, a partnership, a limited liability company, a sole proprietor, or another specified type of legal entity;
  - h. If the applicant is a corporation, the following:
    - i. Whether the applicant is a "C" corporation, an "S" corporation, or a non-profit corporation and whether the corporation is domestic or foreign;
    - ii. A list of the full names, titles, and mailing addresses of each of the applicant's officers and directors;
    - iii. A copy of the applicant's certificate of good standing issued by the Commission's Corporations Division;
    - iv. Unless the applicant is applying for a CC&N extension, a certified copy of the applicant's articles of incorporation and by-laws; and
    - v. If the applicant is a for-profit corporation, the number of shares of stock authorized for issue and, if any stock has been issued, the number of shares issued and date of issuance;
  - i. If the applicant is a partnership, the following:
    - i. Whether the applicant is a limited partnership or a general partnership and whether the partnership is domestic or foreign;
    - ii. The full names and mailing addresses of the applicant's general partners;
    - iii. The full names, mailing addresses, and telephone numbers of the applicant's managing partners;
    - iv. Unless the applicant is applying for a CC&N extension, a copy of the applicant's articles of partnership; and
    - v. If the applicant is a foreign limited partnership, a copy of the applicant's certificate of registration filed with the Arizona Secretary of State;
  - j. If the applicant is a limited liability company, the following:
    - i. The full names and mailing addresses of the applicant's managers or, if management is reserved to the members, the applicant's members;

- ii. Unless the applicant is applying for a CC&N extension, a copy of the applicant's articles of organization;
- k. The legal name and mailing address of each other utility in which the applicant has an ownership interest;
- l. A description of the requested service area or extension area, expressed in terms of cadastral (quarter section) or metes and bound survey;
- b. A copy of the Articles of Co-Partnership or Articles of Incorporation for the applicant and/or Bylaws if the utility is a non-profit organization or association.
- e. The type of plant, property, or facility proposed to be constructed.
- m. The name of each county in which the requested service area or extension area is located and a description of the area's location in relation to the closest municipality, which shall be named;
- d-n. A complete description of the facilities proposed to be constructed, including a preliminary engineering report with specifications in sufficient detail to properly describe the each sewer system and the principal systems and components, and final and complete engineering specifications when they become available, of each sewer system (e.g., collection mains, trunk lines, lift stations, treatment plants, effluent disposal areas, etc.) to allow verification of the estimated costs provided under subsection (B)(5)(p) and verification that the requirements of the Commission and the Arizona Department of Environmental Quality can be met;
- o. A copy of the Aquifer Protection Permit issued by the Arizona Department of Environmental Quality for the proposed service area or extension area or, if not yet obtained, the status of the application for the Aquifer Protection Permit;
- e-p. The rates proposed to be charged for the service that will be rendered because of the proposed construction. The estimated total construction cost of the proposed offsite and onsite facilities, including documentation to support the estimates, and an explanation of how the construction will be financed, such as through debt, equity, advances in aid of construction, contributions in aid of construction, or a combination thereof;
- f. The estimated total cost of the proposed construction.
- g. The manner of capitalization and method of financing for the project.
- h-q. The Documentation establishing the applicant's financial condition of the applicant, including at least the applicant's current assets and liabilities, an income statement, the applicant's estimated revenue and expenses for the first five years following approval of the application, and the estimated value of the applicant's utility plant in service for the first five years following approval of the application;
- r. The rates proposed to be charged for services rendered, shown in the form of a proposed tariff that complies with Commission standards;
- i-s. The estimated annual operating revenues and expenses that are expected to accrue from the proposed construction, for the first five years of operation for the requested service area or extension area, expressed separately for residential, commercial, industrial, and irrigation services, and including a description of each assumption made to derive the estimates;
- j-t. The A detailed description of the proposed construction timeline for facilities, with estimated starting and completion date of the proposed construction, dates and, if construction is to be phased, a description of each separate phase of construction;
- u. A copy of any requests for service from persons who own land within the proposed service area or extension area, which shall identify the applicant by name;
- k-v. Maps of the proposed service area or extension area identifying:
  - i. The boundaries of the area, with the total acreage noted;
  - ii. The land ownership boundaries within the area, with the acreage of each separately owned parcel within the area noted;
  - iii. The owner of each parcel within the area;
  - iv. Any municipality corporate limits that overlap with or are within five miles of the area;
  - v. The service area of any public service corporation, municipality, or district currently providing water or wastewater service within one mile of the area,

with identification of the entity providing service and each type of service being provided;

- vi. The location within the area of any known sewer service connections that are already being provided service by the applicant;
  - vii. The location of all proposed developments within the area;
  - viii. The proposed location of each sewer system and the principal components described in subsection (B)(5)(n); and
  - ix. The location of all parcels for which a copy of a request for service has been submitted per subsection (B)(5)(u);
  - l. Appropriate city, county and/or state agency approvals.
  - w. A copy of each notice to be sent, as required under subsection (B)(4), to a municipal manager or administrator;
  - m. Estimated number of customers to be served for the first five years of operation, including documentation to support the estimates.
  - x. A copy of each notice sent, as required under subsection (B)(3), to a landowner not requesting service;
  - y. For each landowner not requesting service, either the written response received from the landowner or, if no written response was received, a description of the actions taken by the applicant to obtain a written response;
  - z. A copy of each city, county, or state agency approval required by law to construct the proposed facilities or operate the utility within the proposed service area or extension area or, for any approval not yet obtained, the status of the applicant's application for the approval;
  - aa. The estimated number of customers to be served for each of the first five years of operation, expressed separately for residential, commercial, industrial, and irrigation customers and including documentation to support the estimates;
  - bb. A description of how water service is to be provided in the proposed service area or extension area and the name of each water service provider for the area, if any;
  - cc. A description of how effluent from the area will be reused or, if not reused, disposed of;
  - dd. If the applicant is requesting a CC&N extension:
    - i. A current compliance status report from the Arizona Department of Environmental Quality, dated no more than 30 days before the date the CC&N extension application is filed, for each wastewater system operated by the applicant, as identified by a separate Arizona Department of Environmental Quality Identification Number; and
    - ii. A wastewater flow data sheet for the wastewater system being extended by the applicant; and
  - ee. The notarized signature of the applicant.
- 3-6. Upon the receipt of such receiving an application under subsection (B)(5), the Commission Utilities Division staff shall review and process the application for compliance with the information requirements of this regulation; additional information, amendments and/or corrections to the application to bring the application into compliance with this regulation shall be governed by the Commission's rules of administrative and hearing requirements concerning incomplete applications in accordance with the requirements of R14-2-610.
- 4-7. Once the applicant has satisfied the information requirements of this regulation Utilities Division staff determines that an application submitted under subsection (B)(5) is administratively complete, the Commission shall, as expeditiously as reasonably practicable, schedule hearings a hearing to consider such the application.

**B.C.** Additions/ or extensions of service contiguous to existing Certificates of Convenience and Necessity. CC&N service areas

- 1. Each Except in the case of an emergency, a utility which that proposes to extend utility service to a person parcel not located within its certificated service area, but located in a noncertificated non-certificated area contiguous to its certificated CC&N service area, shall, prior to the extension of service, notify the Commission of such before the service extension occurs.
- 2. Such Each notification required under subsection (C)(1) shall be in writing, and shall be verified, and shall set forth, at a minimum,;

- a. The legal name, mailing address, and telephone number of the utility;
- b. the The number of persons or entities proposed to be served by such service extension, in the contiguous parcel;
- c. their location The legal description of the contiguous parcel and the location of the structures to be served therein, in relation to the certificated utility's CC&N service area; of the utility and
- d. a A statement of the utility that the service extension is will be extended only to a non-certificated area parcel which is contiguous to its-certificated the utility's CC&N service area.

- 3. Where When emergency service is required to be provided to a customer person in a non-certificated area contiguous to the utility-certificated a utility's CC&N service area, the utility shall advise notify the Commission simultaneously of such the service extension as soon as possible after the service extension occurs by providing written notice that includes the information required under subsection (C)(2) and the written notification shall set forth describes the nature and extent of the emergency.

C.D. Application for authority to abandon, sell, lease, transfer, or otherwise dispose of a utility-

- 1. A utility shall not abandon, sell, lease, transfer, or otherwise dispose of its facilities or operation without first obtaining authority therefor from the Commission.
- 2. Any A utility proposing desiring to abandon, sell, lease, transfer, or otherwise dispose of the utility its facilities or operation shall, prior to such sale, lease, transfer, or other disposal, file with the Commission an application for authority to do so including the following information that includes, at a minimum:
  - 1- a. The legal name, physical address, mailing address (if different), and telephone number of the applicant-utility;
  - 2- b. A description of the utility property proposed to be abandoned, sold, leased, transferred or otherwise disposed of;
  - 3- c. The Documentation establishing the utility's financial condition, including at least the utility's current assets and liabilities, an income statement, the utility's revenue and expenses for the most recently completed 12-month accounting period, and the value of the utility's utility plant in service of the applicant.;
  - 4- d. The legal name, physical address, mailing address (if different), and telephone number of any proposed of the purchaser, lessee, transferee, or assignee.;
  - 5- e. The terms and conditions of the proposed abandonment, sale, lease, transfer, or assignment and copies of any agreement which that has been or will be executed concerning the same-transaction;
  - 6- f. The A description of the effect of that the proposed transaction will have upon the service of the applicant- utility's services;
  - 7- g. The method by which the proposed transaction is to be financed.;
  - 8- h. The A description of the effect that the proposed transaction will have on upon any other utility-and, if so, in what respect.;
  - i. The number of customers to be affected by the proposed transaction; and
  - j. A description of the effect that the proposed transaction will have upon customers.

D.E. Application for discontinuance or abandonment of utility service

- 1. Any A utility proposing to shall not discontinue or abandon any type of utility service currently in use by the public shall prior to such action without first obtain obtaining authority therefor from the Commission.
- 2. The A utility desiring to discontinue or abandon a service shall include in the application, file with the Commission an application identifying the utility; including studies of data regarding past, present and prospective estimated future customer use of the subject service; ; describing any plant or facility that would no longer be in use if the application were approved as is necessary to support the application; and explaining why the utility desires to discontinue or abandon the service.
- 3. An application shall not be required A utility is not required to apply for Commission approval to remove individual facilities where a customer has requested service discontinuance.

# **EXHIBIT B**



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extension of a CC&N. This additional information will aid Staff in its analysis and the Commission in its determination of the public interest when granting or denying a CC&N or a CC&N extension for water service and sewer service.

**6. An explanation of the substantial change which resulted in this supplemental notice:**

The following changes in Rule 402 and Rule 602 from the proposed rules in the Notice of Proposed Rulemaking constitute a substantial change:

1. Rule 402 requires an application for authority to abandon, sell, lease, transfer, or otherwise dispose of a utility.
2. Rules 402 and 602 include requirements related to the notices that must be provided to landowners and to municipal managers or administrators.
3. Rules 402 and 602 include numerous application requirements that were not in the proposed rules.

**7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:**

Not applicable

**8. The preliminary summary of the economic, small business, and consumer impact:**

NOTE – The Arizona Corporation Commission is exempt from the requirements of A.R.S. § 41-1055 relating to economic, small business, and consumer impact statements. See A.R.S. § 41-1057(2). However, under A.R.S. § 41-1057(2), the Arizona Corporation Commission is required to prepare a “substantially similar” statement.

Companies providing water service or wastewater service may incur additional costs resulting from the requirements for notification to affected landowners, developers and nearby municipalities and nearby water and wastewater service providers of an application for a new CC&N or an extension to a CC&N. Utilities may incur additional costs resulting from additional research and other communications with landowners. However, by providing this additional information in the application, applicants may incur lower organizational costs and may reduce regulatory costs thereby reducing the upward pressure on rates of customers of water and wastewater utilities which are forming or expanding. The rule change amendments should reduce the time period between the date of application and the date of a final order in the matter which would allow for faster development of the property.

**9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:**

Name: Robin Mitchell, Esq.  
Attorney, Legal Division, Arizona Corporation Commission

Address: 1200 W. Washington St.  
Phoenix, AZ 85007

Telephone: (602) 542-3402

Fax: (602) 542-4870

E-mail: rmitchell@azcc.gov

or

Name: Steve Olea  
Assistant Director, Utilities Division, Arizona Corporation Commission

Address: 1200 W. Washington St.  
Phoenix, AZ 85007

Telephone: (602) 542-7270

Fax: (602) 542-2129

E-mail: solea@azcc.gov

**10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:**

Public comment will be held on October 14, 2008, beginning at 10:00 a.m. or as soon as practicable thereafter, in Hearing Room 1 of the Arizona Corporation Commission located at 1200 W. Washington St., Phoenix, AZ 85007. The Hearing Division requests written comments be received on or before October 14, 2008. Comments should be submitted to Docket Control at the above address. Oral comments may be made at the oral proceeding to held on October 14, 2008. Please reference docket number ACC-00000A-05-0613 on all documents.

**11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:**

None

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12. **Incorporations by reference and their location in the rules:**

None

13. **The full text of the rules follows:**

**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;  
SECURITIES REGULATION**

**CHAPTER 2. CORPORATION COMMISSION  
FIXED UTILITIES**

**ARTICLE 4. WATER UTILITIES**

Section

R14-2-402. ~~Certificate~~ Certificates of Convenience and Necessity for water utilities; abandonments Water Utilities; Extensions of Certificates of Convenience and Necessity for Water Utilities; Abandonment, Sale, Lease, Transfer, or Disposal of a Water Utility; Discontinuance or Abandonment of Water Utility Service

**ARTICLE 6. SEWER UTILITIES**

Section

R14-2-602. ~~Certificate~~ Certificates of Convenience and Necessity for sewer utilities; additions/extensions; abandonments Sewer Utilities; Extensions of Certificates of Convenience and Necessity for Sewer Utilities; Abandonment, Sale, Lease, Transfer, or Disposal of a Sewer Utility; Discontinuance or Abandonment of Sewer Utility Service

**ARTICLE 4. WATER UTILITIES**

R14-2-402. ~~Certificate~~ Certificates of Convenience and Necessity for water utilities; abandonments Water Utilities; Extensions of Certificates of Convenience and Necessity for Water Utilities; Abandonment, Sale, Lease, Transfer, or Disposal of a Water Utility; Discontinuance or Abandonment of Water Utility Service

**A. In this Section, unless otherwise specified:**

1. "Applicant" means a person who submits an application to obtain a Certificate of Convenience and Necessity to construct water utility facilities or operate as a water utility or to extend the service area under an existing Certificate of Convenience and Necessity held by the person.
2. "CC&N" means Certificate of Convenience and Necessity.
3. "Commission" means the Arizona Corporation Commission.
4. "Contiguous" means in actual contact, touching, such as by sharing a common border.
5. "Extension area" means the geographic area that an applicant is requesting to have added to the applicant's existing CC&N service area.

**A.B. Application for a new ~~Certificate of Convenience and Necessity~~ CC&N or extension of a CC&N.**

1. Any person or entity who desires to construct water utility facilities and/or or to operate as a water utility will shall, prior to commencement of commencing construction of utility facilities or operations, file with the Commission an application for a Certificate of Convenience and Necessity with the Arizona Corporation Commission CC&N and obtain Commission approval.
2. Any utility that desires to extend its CC&N service area shall file with the Commission an application for a CC&N extension.
3. Before filing an application for a CC&N or a CC&N extension, a person shall provide written notice of the person's intention to file the application to each person who owns land within the proposed service area or extension area and who has not requested service. Each written notice to a landowner shall include, at a minimum:
  - a. The legal name, physical address, mailing address (if different), and telephone number of the intended applicant;
  - b. The approximate date by which the application will be filed;
  - c. The type of services to be provided if the application is approved;
  - d. The physical addresses and toll-free telephone numbers, in Phoenix and Tucson, for the Consumer Services Section of the Commission; and
  - e. The following information:
    - i. That the recipient is a property owner within the proposed service area or extension area;
    - ii. That if the application is granted, the intended applicant will be the exclusive provider of the specific services to the proposed service area or extension area and will be required by the Commission to provide those services under rates and charges and terms and conditions established by the Commission;
    - iii. That a CC&N does not prohibit persons from providing services only to themselves using their own facilities on their own property, although other applicable laws may restrict such activity;

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- iv. That the application is available for inspection during regular business hours at the offices of the Commission and at the offices of the intended applicant;
  - v. That the Commission will hold a hearing on the application;
  - vi. That the landowner may have the right to intervene in the proceeding and may appear at the hearing and make a statement on his or her own behalf even if the landowner does not intervene;
  - vii. That the landowner may contact the Commission for the date and time of the hearing and for information on intervention;
  - viii. That the landowner may not receive any further notice of the application proceeding unless requested; and
  - ix. That the landowner may contact the intended applicant or the Consumer Services Section of the Commission if the landowner has any questions or concerns about the application, has any objections to approval of the application, or wishes to make a statement in support of the application.
4. Within 10 days after filing an application for a CC&N or a CC&N extension, an applicant shall provide written notice of the application to the municipal manager or administrator of each municipality with corporate limits that overlap with or are within five miles of the proposed service area or extension area. Each written notice shall include, at a minimum:
- a. The applicant's legal name, mailing address, and telephone number;
  - b. The date the application was filed;
  - c. The type of services to be provided if the application is approved;
  - d. A description of the requested service area or extension area, expressed in terms of cadastral (quarter section) or metes and bound survey;
  - e. The Commission docket number assigned to the application; and
  - f. Instructions on how to obtain a copy of the application.
- ~~2.5. Six copies of each~~ Each application for a new Certificate of Convenience and Necessity CC&N or CC&N extension shall be submitted in a form and number prescribed by the Commission and shall include, at a minimum, the following information:
- a. The proper applicant's legal name, and correct mailing address, and telephone number of the proposed utility company and its owner, if a sole proprietorship, each partner if a partnership, or the President and Secretary if a corporation;
  - b. If the applicant will or does operate the utility under a different business name, the name under which the applicant will be doing business;
  - c. The full name, mailing address, and telephone number of a management contact for the applicant;
  - d. The full name, mailing address, and telephone number of the attorney for the applicant, if any;
  - e. The full name, mailing address, and telephone number of the operator certified by the Arizona Department of Environmental Quality who is or will be working for the applicant;
  - f. The full name, mailing address, and telephone number of the onsite manager for the applicant;
  - g. Whether the applicant is a corporation, a partnership, a limited liability company, a sole proprietor, or another specified type of legal entity;
  - h. If the applicant is a corporation, the following:
    - i. Whether the applicant is a "C" corporation, an "S" corporation, or a non-profit corporation and whether the corporation is domestic or foreign;
    - ii. A list of the full names, titles, and mailing addresses of each of the applicant's officers and directors;
    - iii. A copy of the applicant's certificate of good standing issued by the Commission's Corporations Division;
    - iv. Unless the applicant is applying for a CC&N extension, a certified copy of the applicant's articles of incorporation and by-laws; and
    - v. If the applicant is a for-profit corporation, the number of shares of stock authorized for issue and, if any stock has been issued, the number of shares issued and date of issuance;
  - i. If the applicant is a partnership, the following:
    - i. Whether the applicant is a limited partnership or a general partnership and whether the partnership is domestic or foreign;
    - ii. The full names and mailing addresses of the applicant's general partners;
    - iii. The full names, mailing addresses, and telephone numbers of the applicant's managing partners;
    - iv. Unless the applicant is applying for a CC&N extension, a copy of the applicant's articles of partnership; and
    - v. If the applicant is a foreign limited partnership, a copy of the applicant's certificate of registration filed with the Arizona Secretary of State;
  - j. If the applicant is a limited liability company, the following:
    - i. The full names and mailing addresses of the applicant's managers or, if management is reserved to the members, the applicant's members;
    - ii. Unless the applicant is applying for a CC&N extension, a copy of the applicant's articles of organization;
  - k. The legal name and mailing address of each other utility in which the applicant has an ownership interest;
  - l. A description of the requested service area or extension area, expressed in terms of cadastral (quarter section) or

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- metes and bound survey:
- m. The name of each county in which the requested service area or extension area is located and a description of the area's location in relation to the closest municipality, which shall be named;
  - b. A copy of the Articles of Partnership or Articles of Incorporation for the applicant and/or Bylaws if the utility is a non-profit organization, or association;
  - e. The type of plant, property, or facility proposed to be constructed;
  - d-n. A complete description of the facilities proposed to be constructed, including a preliminary engineering report with specifications in sufficient detail to properly describe the each water system and the principal systems and components which meet the requirements of the health department. Final and complete engineering specifications shall be supplied when they become available, of each water system (e.g., source, storage, transmission lines, distribution lines, etc.) to allow verification of the estimated costs provided under subsection (B)(5)(o) and verification that the requirements of the Commission and the Arizona Department of Environmental Quality can be met;
  - o. The estimated total construction cost of the proposed offsite and onsite facilities, including documentation to support the estimates, and an explanation of how the construction will be financed, such as through debt, equity, advances in aid of construction, contributions in aid of construction, or a combination thereof;
  - e. The rates proposed to be charged for the service that will be rendered;
  - p. Documentation establishing the applicant's financial condition, including at least the applicant's current assets and liabilities, an income statement, the applicant's estimated revenue and expenses for the first five years following approval of the application, and the estimated value of the applicant's utility plant in service for the first five years following approval of the application;
  - f. The estimated total cost of the proposed construction;
  - q. The rates proposed to be charged for services rendered, shown in the form of a proposed tariff that complies with Commission standards;
  - g. The manner of capitalization and method of financing for the project;
  - h. The financial condition of the applicant;
  - i-r. The estimated annual operating revenues and expenses that are expected to accrue from the proposed construction for the first five years of operation for the requested service area or extension area, expressed separately for residential, commercial, industrial, and irrigation services, and including a description of each assumption made to derive the estimates;
  - j-s. The A detailed description of the proposed construction timeline for facilities, with estimated starting and completion date of the proposed construction, dates and, if construction is to be phased, a description of each separate phase of construction;
  - t. A copy of any requests for service from persons who own land within the proposed service area or extension area, which shall identify the applicant by name;
  - k-u. Maps of the proposed service area or extension area identifying:
    - i. The boundaries of the area, with the total acreage noted;
    - ii. The land ownership boundaries within the area, with the acreage of each separately owned parcel within the area noted;
    - iii. The owner of each parcel within the area;
    - iv. Any municipality corporate limits that overlap with or are within five miles of the area;
    - v. The service area of any public service corporation, municipality, or district currently providing water or wastewater service within one mile of the area, with identification of the entity providing service and each type of service being provided;
    - vi. The location within the area of any known water service connections that are already being provided service by the applicant;
    - vii. The location of all proposed developments within the area;
    - viii. The proposed location of each water system and the principal components described in subsection (B)(5)(n); and
    - ix. The location of all parcels for which a copy of a request for service has been submitted per subsection (B)(5)(t);
  - v. A copy of each notice to be sent, as required under subsection (B)(4), to a municipal manager or administrator;
  - w. A copy of each notice sent, as required under subsection (B)(3), to a landowner not requesting service;
  - x. For each landowner not requesting service, either the written response received from the landowner or, if no written response was received, a description of the actions taken by the applicant to obtain a written response;
  - t-y. Appropriate A copy of each city, county, and/or or state agency approvals, approval required by law to construct the proposed facilities or operate the utility within the proposed service area or extension area or, for any approval not yet obtained, the status of the applicant's application for the approval;

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- m-z. The estimated number of customers to be served for each of the first five years of operation, expressed separately for residential, commercial, industrial, and irrigation customers and including documentation to support the estimates;
  - aa. A description of how wastewater service is to be provided in the proposed service area or extension area and the name of each wastewater service provider for the area, if any;
  - bb. A letter from each wastewater service provider identified under subsection (B)(5)(aa), confirming the provision of wastewater service for the proposed service area or extension area;
  - cc. Plans for or a description of water conservation measures to be implemented in the proposed service area or extension area, including, at a minimum:
    - i. A description of the information about water conservation or water saving measures that the utility will provide to the public and its customers;
    - ii. A description of how the applicant will work with each wastewater service provider identified under subsection (B)(5)(aa) to encourage water conservation;
    - iii. A description of the sources of water that will be used to supply parks, recreation areas, golf courses, greenbelts, ornamental lakes, and other aesthetic water features;
    - iv. A description of any plans for the use of reclaimed water;
    - v. A description of any plans for the use of recharge facilities;
    - vi. A description of any plans for the use of surface water; and
    - vii. A description of any other plans or programs to promote water conservation;
  - dd. A backflow prevention tariff that complies with Commission standards, if not already on file;
  - ee. A curtailment tariff that complies with Commission standards, if not already on file;
  - ff. A copy of a Physical Availability Determination, Analysis of Adequate Water Supply, or Analysis of Assured Water Supply issued by the Arizona Department of Water Resources for the proposed service area or extension area or, if not yet obtained, the status of the application for such approval;
  - gg. If the applicant is requesting a CC&N extension:
    - i. A current compliance status report from the Arizona Department of Environmental Quality, dated no more than 30 days before the date the CC&N extension application is filed, for each water system operated by the applicant, as identified by a separate Arizona Department of Environmental Quality Public Water System Identification Number; and
    - ii. A water use data sheet for the water system being extended by the applicant; and
  - hh. The notarized signature of the applicant.
- 3-6. ~~Upon the receipt of such receiving an application under subsection (B)(5), the Commission staff of the Utilities Division shall review and process the application for compliance with the information requirements of this regulation; additional information, amendments and/or corrections to the application to bring the application into compliance with this regulation shall be governed by the Commission's rules of administrative and hearing requirements concerning incomplete applications in accordance with the requirements of R14-2-411.~~
- 4-7. ~~Once the applicant has satisfied the information requirements of this regulation, as well as any additional information required by the staff of the Commission's Utilities Division staff determines that an application submitted under subsection (B)(5) is administratively complete, the Commission shall, as expeditiously as reasonably practicable, schedule hearings a hearing to consider such the application.~~
- B.C.** Application for discontinuance or abandonment of utility service.
- 1. ~~Any A utility proposing to shall not~~ Any A utility proposing to shall not ~~discontinue or abandon any utility service currently in use by the public shall prior to such action without first obtain obtaining~~ discontinue or abandon any utility service currently in use by the public shall prior to such action without first obtain obtaining authority therefor from the Commission.
  - 2. ~~The A utility desiring to discontinue or abandon a service shall include in the application, file with the Commission an application identifying the utility; including studies of data regarding past, present and prospective estimated future customer use of the subject service; describing any plant or facility that would no longer be in use if the application were approved as is necessary to support the application; and explaining why the utility desires to discontinue or abandon the service.~~ The A utility desiring to discontinue or abandon a service shall include in the application, file with the Commission an application identifying the utility; including studies of data regarding past, present and prospective estimated future customer use of the subject service; describing any plant or facility that would no longer be in use if the application were approved as is necessary to support the application; and explaining why the utility desires to discontinue or abandon the service.
  - 3. ~~An application shall not be required A utility is not required to apply for Commission approval to remove individual facilities where a customer has requested service discontinuance.~~ An application shall not be required A utility is not required to apply for Commission approval to remove individual facilities where a customer has requested service discontinuance.
- D.** Application for authority to abandon, sell, lease, transfer, or otherwise dispose of a utility.
- 1. A utility shall not abandon, sell, lease, transfer, or otherwise dispose of its facilities or operation without first obtaining authority therefor from the Commission.
  - 2. A utility desiring to abandon, sell, lease, transfer, or otherwise dispose of its facilities or operation shall file with the Commission an application that includes, at a minimum:
    - a. The legal name, physical address, mailing address (if different), and telephone number of the utility;
    - b. A description of the utility property proposed to be abandoned, sold, leased, transferred, or otherwise disposed of;

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- c. Documentation establishing the utility's financial condition, including at least the utility's current assets and liabilities, an income statement, the utility's revenue and expenses for the most recently completed 12-month accounting period, and the value of the utility's utility plant in service;
- d. The legal name, physical address, mailing address (if different), and telephone number of any proposed purchaser, lessee, transferee, or assignee;
- e. The terms and conditions of the proposed abandonment, sale, lease, transfer, or assignment and copies of any agreement that has been or will be executed concerning the transaction;
- f. A description of the effect that the proposed transaction will have upon the utility's services;
- g. The method by which the proposed transaction is to be financed;
- h. A description of the effect that the proposed transaction will have upon any other utility;
- i. The number of customers to be affected by the proposed transaction; and
- j. A description of the effect that the proposed transaction will have upon customers.

~~CvE.~~ Additions or extensions of service contiguous to outside existing Certificates of Convenience and Necessity CC&N service areas.

- 1. ~~Each~~ Except in the case of an emergency, a utility which that proposes to extend utility service to a location parcel not within its certificated service area, but located in a non-certificated area contiguous to its certificated CC&N service area, shall prior to the extension of service, notify the Commission of such before the service extension occurs.
- 2. ~~Such notifications~~ Each notification required under subsection (E)(1) shall be in writing, and shall be verified, and shall set forth, at a minimum;
  - a. The legal name, mailing address, and telephone number of the utility;
  - b. ~~the~~ The number of persons or entities proposed to be served by such service extension, in the contiguous parcel;
  - c. ~~their location~~ The legal description of the contiguous parcel and the location of the structures to be served therein, in relation to the utility's CC&N service certificated area of the utility; and
  - d. ~~a~~ A statement of the utility that the service extension is will be extended only to a non-certificated area parcel which is contiguous to its certificated the utility's CC&N service area.
- 3. ~~Where~~ When emergency service is required to be provided to a ~~customer~~ person in a non-certificated area contiguous to ~~the utility-certificated~~ a utility's CC&N service area, the utility shall ~~advise~~ advise ~~notify~~ notify the Commission ~~simultaneously~~ as soon as possible after the service extension occurs by providing written notice that includes the information required under subsection (E)(2) and the written notification shall set forth describes the nature and extent of the emergency.
- 2. ~~For purpose of this rule the following definition of "contiguous" is: Contiguous—Common, ordinary and approved meaning. In actual close contact; touching; bounded or traversed by.~~

ARTICLE 6. SEWER UTILITIES

**R14-2-602. ~~Certificate~~ Certificates of Convenience and Necessity for sewer utilities; additions/extensions; abandonments Sewer Utilities; Extensions of Certificates of Convenience and Necessity for Sewer Utilities; Abandonment, Sale, Lease, Transfer, or Disposal of a Sewer Utility; Discontinuance or Abandonment of Sewer Utility Service**

**A.** In this Section, unless otherwise specified:

- 1. "Applicant" means a person who submits an application to obtain a Certificate of Convenience and Necessity to construct sewer utility facilities or operate as a sewer utility or to extend the service area under an existing Certificate of Convenience and Necessity held by the person.
- 2. "CC&N" means Certificate of Convenience and Necessity.
- 3. "Commission" means the Arizona Corporation Commission.
- 4. "Contiguous" means in actual contact, touching, such as by sharing a common border.
- 5. "Extension area" means the geographic area that an applicant is requesting to have added to the applicant's existing CC&N service area.

~~**A-B.**~~ Application for a new Certificate of Convenience and Necessity CC&N or extension of a CC&N.

- 1. Any person or entity who desires to construct sewer utility facilities and/or or to operate as a sewer utility will shall, prior to commencement of commencing construction of utility facilities or operations, file with the Commission an application for a Certificate of Convenience and Necessity with the Arizona Corporation Commission CC&N and obtain Commission approval.
- 2. Any utility that desires to extend its CC&N service area shall file with the Commission an application for a CC&N extension.
- 3. Before filing an application for a CC&N or a CC&N extension, a person shall provide written notice of the person's intention to file the application to each person who owns land within the proposed service area or extension area and who has not requested service. Each written notice to a landowner shall include, at a minimum:
  - a. The legal name, physical address, mailing address (if different), and telephone number of the intended applicant;
  - b. The approximate date by which the application will be filed;
  - c. The type of services to be provided if the application is approved;

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- d. The physical addresses and toll-free telephone numbers, in Phoenix and Tucson, for the Consumer Services Section of the Commission; and
- e. The following information:
  - i. That the recipient is a property owner within the proposed service area or extension area;
  - ii. That if the application is granted, the intended applicant will be the exclusive provider of the specific services to the proposed service area or extension area and will be required by the Commission to provide those services under rates and charges and terms and conditions established by the Commission;
  - iii. That a CC&N does not prohibit persons from providing services only to themselves using their own facilities on their own property although other applicable laws may restrict such activity;
  - iv. That the application is available for inspection during regular business hours at the offices of the Commission and at the offices of the intended applicant;
  - v. That the Commission will hold a hearing on the application;
  - vi. That the landowner may have the right to intervene in the proceeding and may appear at the hearing and make a statement on his or her own behalf even if the landowner does not intervene;
  - vii. That the landowner may contact the Commission for the date and time of the hearing and for information on intervention;
  - viii. That the landowner may not receive any further notice of the application proceeding unless requested; and
  - ix. That the landowner may contact the intended applicant or the Consumer Services Section of the Commission if the landowner has any questions or concerns about the application, has any objections to approval of the application, or wishes to make a statement in support of the application.
- 4. Within 10 days after filing an application for a CC&N or a CC&N extension, an applicant shall provide written notice of the application to the municipal manager or administrator of each municipality with corporate limits that overlap with or are within five miles of the proposed service area or extension area. Each written notice shall include, at a minimum:
  - a. The applicant's legal name, mailing address, and telephone number;
  - b. The date the application was filed;
  - c. The type of services to be provided if the application is approved;
  - d. A description of the requested service area or extension area, expressed in terms of cadastral (quarter section) or metes and bound survey;
  - e. The Commission docket number assigned to the application; and
  - f. Instructions on how to obtain a copy of the application.
- 2.5. ~~Six copies of each~~ Each application for a new Certificate of Convenience and Necessity CC&N or CC&N extension shall be submitted in a form and number prescribed by the Commission and shall include, at a minimum, the following information:
  - a. ~~The proper applicant's legal name, and correct mailing address, and telephone number; of the proposed utility company and its owner, if a sole proprietorship, each partner if a partnership, or the President and Secretary if a corporation;~~
  - b. If the applicant will or does operate the utility under a different business name, the name under which the applicant will be doing business;
  - c. The full name, mailing address, and telephone number of a management contact for the applicant;
  - d. The full name, mailing address, and telephone number of the attorney for the applicant, if any;
  - e. The full name, mailing address, and telephone number of the operator certified by the Arizona Department of Environmental Quality who is or will be working for the applicant;
  - f. The full name, mailing address, and telephone number of the onsite manager for the applicant;
  - g. Whether the applicant is a corporation, a partnership, a limited liability company, a sole proprietor, or another specified type of legal entity;
  - h. If the applicant is a corporation, the following:
    - i. Whether the applicant is a "C" corporation, an "S" corporation, or a non-profit corporation and whether the corporation is domestic or foreign;
    - ii. A list of the full names, titles, and mailing addresses of each of the applicant's officers and directors;
    - iii. A copy of the applicant's certificate of good standing issued by the Commission's Corporations Division;
    - iv. Unless the applicant is applying for a CC&N extension, a certified copy of the applicant's articles of incorporation and by-laws; and
    - v. If the applicant is a for-profit corporation, the number of shares of stock authorized for issue and, if any stock has been issued, the number of shares issued and date of issuance;
  - i. If the applicant is a partnership, the following:
    - i. Whether the applicant is a limited partnership or a general partnership and whether the partnership is domestic or foreign;
    - ii. The full names and mailing addresses of the applicant's general partners;
    - iii. The full names, mailing addresses, and telephone numbers of the applicant's managing partners;

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- iv. Unless the applicant is applying for a CC&N extension, a copy of the applicant's articles of partnership; and
- v. If the applicant is a foreign limited partnership, a copy of the applicant's certificate of registration filed with the Arizona Secretary of State;
- j. If the applicant is a limited liability company, the following:
  - i. The full names and mailing addresses of the applicant's managers or, if management is reserved to the members, the applicant's members;
  - ii. Unless the applicant is applying for a CC&N extension, a copy of the applicant's articles of organization;
- k. The legal name and mailing address of each other utility in which the applicant has an ownership interest;
- l. A description of the requested service area or extension area, expressed in terms of cadastral (quarter section) or metes and bound survey;
- b. A copy of the Articles of Co-Partnership or Articles of Incorporation for the applicant and/or Bylaws if the utility is a non-profit organization or association;
- e. The type of plant, property, or facility proposed to be constructed;
- m. The name of each county in which the requested service area or extension area is located and a description of the area's location in relation to the closest municipality, which shall be named;
- d-n. A complete description of the facilities proposed to be constructed, including a preliminary engineering report with specifications in sufficient detail to properly describe the each sewer system and the principal systems and components, and final and complete engineering specifications when they become available, of each sewer system (e.g., collection mains, trunk lines, lift stations, treatment plants, effluent disposal areas, etc.) to allow verification of the estimated costs provided under subsection (B)(5)(p) and verification that the requirements of the Commission and the Arizona Department of Environmental Quality can be met;
- o. A copy of the Aquifer Protection Permit issued by the Arizona Department of Environmental Quality for the proposed service area or extension area or, if not yet obtained, the status of the application for the Aquifer Protection Permit;
- e. The rates proposed to be charged for the service that will be rendered because of the proposed construction;
- f. The estimated total cost of the proposed construction;
- g. The manner of capitalization and method of financing for the project;
- p. The estimated total construction cost of the proposed offsite and onsite facilities, including documentation to support the estimates, and an explanation of how the construction will be financed, such as through debt, equity, advances in aid of construction, contributions in aid of construction, or a combination thereof;
- h-q. The Documentation establishing the applicant's financial condition of the applicant, including at least the applicant's current assets and liabilities, an income statement, the applicant's estimated revenue and expenses for the first five years following approval of the application, and the estimated value of the applicant's utility plant in service for the first five years following approval of the application;
- r. The rates proposed to be charged for services rendered, shown in the form of a proposed tariff that complies with Commission standards;
- i-s. The estimated annual operating revenues and expenses that are expected to accrue from the proposed construction, for the first five years of operation for the requested service area or extension area, expressed separately for residential, commercial, industrial, and irrigation services, and including a description of each assumption made to derive the estimates;
- j-t. The A detailed description of the proposed construction timeline for facilities, with estimated starting and completion date of the proposed construction, dates and, if construction is to be phased, a description of each separate phase of construction;
- u. A copy of any requests for service from persons who own land within the proposed service area or extension area, which shall identify the applicant by name;
- k-v. Maps of the proposed service area or extension area identifying:
  - i. The boundaries of the area, with the total acreage noted;
  - ii. The land ownership boundaries within the area, with the acreage of each separately owned parcel within the area noted;
  - iii. The owner of each parcel within the area;
  - iv. Any municipality corporate limits that overlap with or are within five miles of the area;
  - v. The service area of any public service corporation, municipality, or district currently providing water or wastewater service within one mile of the area, with identification of the entity providing service and each type of service being provided;
  - vi. The location within the area of any known sewer service connections that are already being provided service by the applicant;
  - vii. The location of all proposed developments within the area;
  - viii. The proposed location of each sewer system and the principal components described in subsection (B)(5)(n); and

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- ix. The location of all parcels for which a copy of a request for service has been submitted per subsection (B)(5)(u):
  - t. Appropriate city, county and/or state agency approvals.
  - w. A copy of each notice to be sent, as required under subsection (B)(4), to a municipal manager or administrator;
  - m. Estimated number of customers to be served for the first five years of operation, including documentation to support the estimates.
  - x. A copy of each notice sent, as required under subsection (B)(3), to a landowner not requesting service;
  - y. For each landowner not requesting service, either the written response received from the landowner or, if no written response was received, a description of the actions taken by the applicant to obtain a written response;
  - z. A copy of each city, county, or state agency approval required by law to construct the proposed facilities or operate the utility within the proposed service area or extension area or, for any approval not yet obtained, the status of the applicant's application for the approval;
  - aa. The estimated number of customers to be served for each of the first five years of operation, expressed separately for residential, commercial, industrial, and irrigation customers and including documentation to support the estimates;
  - bb. A description of how water service is to be provided in the proposed service area or extension area and the name of each water service provider for the area, if any;
  - cc. A description of how effluent from the area will be reused or, if not reused, disposed of;
  - dd. If the applicant is requesting a CC&N extension:
    - i. A current compliance status report from the Arizona Department of Environmental Quality, dated no more than 30 days before the date the CC&N extension application is filed, for each wastewater system operated by the applicant, as identified by a separate Arizona Department of Environmental Quality Identification Number; and
    - ii. A wastewater flow data sheet for the wastewater system being extended by the applicant; and
  - ee. The notarized signature of the applicant.
- 3-6. ~~Upon the receipt of such receiving an application under subsection (B)(5), the Commission Utilities Division staff shall review and process the application for compliance with the information requirements of this regulation; additional information, amendments and/or corrections to the application to bring the application into compliance with this regulation shall be governed by the Commission's rules of administrative and hearing requirements concerning incomplete applications in accordance with the requirements of R14-2-610.~~
- 4-7. ~~Once the applicant has satisfied the information requirements of this regulation Utilities Division staff determines that an application submitted under subsection (B)(5) is administratively complete, the Commission shall, as expeditiously as reasonably practicable, schedule hearings a hearing to consider such the application.~~
- B.C.** Additions/ or extensions of service contiguous to existing Certificates of Convenience and Necessity. CC&N service areas.
- 1. ~~Each Except in the case of an emergency, a utility which that proposes to extend utility service to a person parcel not located within its certificated service area, but located in a noncertificated non-certificated area contiguous to its certificated CC&N service area, shall, prior to the extension of service, notify the Commission of such before the service extension occurs.~~
  - 2. ~~Such Each notification required under subsection (C)(1) shall be in writing, and shall be verified, and shall set forth, at a minimum:~~
    - a. ~~The legal name, mailing address, and telephone number of the utility;~~
    - b. ~~the The number of persons or entities proposed to be served by such service extension, in the contiguous parcel;~~
    - c. ~~their location The legal description of the contiguous parcel and the location of the structures to be served therein, in relation to the certificated utility's CC&N service area; of the utility and~~
    - d. ~~a A statement of the utility that the service extension is will be extended only to a non-certificated area parcel which is contiguous to its certificated the utility's CC&N service area.~~
  - 3. ~~Where When emergency service is required to be provided to a customer person in a non-certificated area contiguous to the utility-certificated a utility's CC&N service area, the utility shall advise notify the Commission simultaneously of such the service extension as soon as possible after the service extension occurs by providing written notice that includes the information required under subsection (C)(2) and the written notification shall set forth describes the nature and extent of the emergency.~~
- C.D.** Application for authority to abandon, sell, lease, transfer, or otherwise dispose of a utility.
- 1. A utility shall not abandon, sell, lease, transfer, or otherwise dispose of its facilities or operation without first obtaining authority therefor from the Commission.
  - 2. Any A utility proposing desiring to abandon, sell, lease, transfer, or otherwise dispose of the utility its facilities or operation shall, prior to such sale, lease, transfer, or other disposal, file with the Commission an application for authority to do so including the following information that includes, at a minimum:
    - t-a. The legal name, physical address, mailing address (if different), and telephone number of the applicant utility;

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- ~~2-b.~~ A description of the utility property proposed to be abandoned, sold, leased, transferred or otherwise disposed of;
  - ~~3-c.~~ The Documentation establishing the utility's financial condition, including at least the utility's current assets and liabilities, an income statement, the utility's revenue and expenses for the most recently completed 12-month accounting period, and the value of the utility's utility plant in service of the applicant;
  - ~~4-d.~~ The legal name, physical address, mailing address (if different), and telephone number of any proposed purchaser, lessee, transferee, or assignee;
  - ~~5-e.~~ The terms and conditions of the proposed abandonment, sale, lease, transfer, or assignment and copies of any agreement ~~which that~~ has been or will be executed concerning the ~~same~~ transaction;
  - ~~6-f.~~ The A description of the effect of that the proposed transaction will have upon the service of the applicant. utility's services;
  - ~~7-g.~~ The method by which the proposed transaction is to be financed;
  - ~~8-h.~~ The A description of the effect that the proposed transaction will have on upon any other utility and, if so, in what respect;
    - ~~i.~~ The number of customers to be affected by the proposed transaction; and
    - ~~j.~~ A description of the effect that the proposed transaction will have upon customers.
- ~~D-E.~~ Application for discontinuance or abandonment of utility service.
- 1. ~~Any A utility proposing to shall not~~ discontinue or abandon any type of utility service currently in use by the public shall prior to such action without first obtain obtaining authority therefor from the Commission.
  - 2. ~~The A utility desiring to discontinue or abandon a service shall include in the application, file with the Commission an application identifying the utility; including studies of data regarding past, present and prospective estimated future customer use of the subject service; describing any plant or facility that would no longer be in use if the application were approved as is necessary to support the application; and explaining why the utility desires to discontinue or abandon the service.~~
  - 3. ~~An application shall not be required~~ A utility is not required to apply for Commission approval to remove individual facilities where a customer has requested service discontinuance.

# **EXHIBIT C**

ECONOMIC, SMALL BUSINESS AND CONSUMER IMPACT STATEMENT  
PER A.R.S. SECTION 41-1055

1. **BRIEF DESCRIPTION:** These amendments will amend existing rules (R14-2-402 and R14-2-602), both entitled "Certificate of Convenience and Necessity". The proposed amendments and changes to the existing R14-2-402 and R14-2-602 ("the Rules") are designed to provide the Arizona Corporation Commission ("the Commission") and the Commission's Staff ("the Staff") more information in the application for a new Certificate of Convenience and Necessity ("CC&N) or for an extension of a CC&N. This additional information will aid Staff in its analysis and the Commission in its determination of the public interest when granting or denying a CC&N or a CC&N extension for water service and sewer service.
2. **NEED:** Currently the Rules require certain information to be included in an application for a new CC&N or an extension of a CC&N. However, the Rules indicate that the required information is the minimum information to be included in the application. During the processing of the application and the administrative hearing on the application, the Commission and Staff often request further information either through data requests, during the administrative hearing or late-filed exhibits. This slows the process down. The Rule changes would fulfill the need to reduce delays by requiring all information necessary to review the application at the beginning of the process. This does not mean that additional, case-specific information will not be required by Staff.

The Rule change also would require information not currently requested during any part of the proceedings. This information is necessary to help Staff and the Commission determine the need for the new CC&N or the extension of a CC&N and the proximity of potential municipal providers.

The Rule change is also needed to enable Staff and the Commission to verify that affected landowners have been properly notified of the CC&N proceeding.

3. **NAME AND ADDRESS OF AGENCY EMPLOYEE WHO MAY BE CONTACTED TO SUBMIT ADDITIONAL DATA ON THE INFORMATION INCLUDED IN THIS STATEMENT:**

Steve Olea, Assistant Director, Utilities Division  
Arizona Corporation Commission  
2200 North Central Avenue, Suite 300  
Phoenix, Arizona 85007  
Telephone Number (602) 542-7270; Fax Number (602) 542-2129

4. **AFFECTED CLASSES OF PERSONS:**

- A. Land owners and developers who want to form a water or wastewater utility.
- B. Owners and operators of water and wastewater utilities who want to extend their CC&Ns.
- C. Landowners whose land is within the proposed CC&N area or the proposed CC&N extension area.
- D. Land owners or developers desiring service from a water or sewer utility.
- E. Customers of water and wastewater utilities.
- F. Nearby water and wastewater service providers.

5. RULE IMPACT ON AFFECTED CLASSES OF PERSONS:

- A. The impact on land owners and developers who want to form a water or wastewater utility should be lower organizational costs. They should experience a reduction in the frequency of interaction with the Commission Staff and a reduction in the time necessary to prepare data responses and responses to letters of insufficiency. This, in turn, should reduce accounting and attorney fees.

Also, adoption of the proposed Rule changes should reduce the time period between the date of the application and the date of a final order in the matter which would allow for faster development of the property.

- B. The impact on owners and operators of water and wastewater utilities who want to extend their CC&Ns should be similar to those impacts listed under A. However, the utilities would be required to provide more information than is currently required by the Rules. The impact on the utilities will be additional research, noticing, and other communication with landowners.
- C. Landowners whose land is included in the potential CC&N service area, will have ample opportunity to comment regarding being included in the service area.
- D. The impact on land owners or developers desiring service from a water or sewer utility should be lower organizational costs.
- E. The impact on current and future customers of the water or wastewater utilities at issue would be lower costs flowing through to rates. The costs of forming or extending a CC&N are generally capitalized and amortized over a long period of time. Those costs may be included in rates. If those costs are lower, rates will be lower than otherwise.
- F. Nearby water and wastewater providers will be provided more adequate notice, thereby allowing them more opportunity to provide comment to the Commission regarding approval of another nearby similar utility.

6. **COSTS AND BENEFITS TO THE AGENCY:** The proposed changes will have a minimal cost effect on the Commission and will have no impact on costs experienced by other state agencies. Although the proposed changes would require additional Staff time to verify that the application is administratively complete because the applications will be more comprehensive, the Commission will benefit by having necessary information at the beginning of the CC&N process rather than by delaying the process while performing extensive discovery after the application is filed.
7. **COSTS AND BENEFITS TO POLITICAL SUBDIVISIONS:** There will be no increases or decreases in costs to political subdivisions because the Commission does not have jurisdiction over political subdivisions and the Rules do not apply to them. Political subdivisions that provide water or sewer service in the vicinity of CC&N applications may benefit by being provided notice of such applications.
8. **COSTS AND BENEFITS TO PRIVATE PERSONS:** The proposed changes may reduce upward pressure on the rates of customers of water and wastewater utilities which are forming or expanding due to reduced regulatory costs.
9. **COST AND BENEFITS TO CONSUMERS OR USERS OF ANY PRODUCT OR SERVICE IN THE IMPLEMENTATION OF THE NEW RULES.** The proposed changes may reduce upward pressure on the rates of customers of water and wastewater utilities which are forming or expanding due to reduced regulatory costs.
10. **LESS COSTLY OR INTRUSIVE METHODS:** The changes to the rules are the least costly method to obtain information necessary for the Commission to decide CC&N and CC&N extension cases.
11. **ALTERNATIVE METHODS CONSIDERED:** There are no alternative methods to obtain the desired information in a timely manner.