

ORIGINAL

OPEN MEETING ITEM



0000089966

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



BRIAN C. McNEIL
Executive Director

ARIZONA CORPORATION COMMISSION

DATE: OCTOBER 27, 2008

DOCKET NO: RW-00000B-07-0051 AND RSW-00000A-07-0051

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Sarah N. Harpring. The recommendation has been filed in the form of an Opinion and Order on:

RULEMAKING
(AMEND/ESTABLISH NEW RULES)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

NOVEMBER 5, 2008

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

NOVEMBER 12, 2008 AND NOVEMBER 13, 2008

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

RECEIVED
2008 OCT 27 P 12:14
AZ CORP COMMISSION
DOCKET CONTROL

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

Arizona Corporation Commission
DOCKETED

OCT 27 2008

DOCKETED
KK MA

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

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

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

DOCKET NO. RW-00000B-07-0051
DOCKET NO. RSW-00000A-07-0051
DECISION NO. _____

OPINION AND ORDER

12 DATES OF HEARING: April 14 and 15, 2008; October 14, 2008

13 PLACE OF HEARING: Phoenix, Arizona

14 ADMINISTRATIVE LAW JUDGE: Sarah N. Harpring

15 IN ATTENDANCE: Mike Gleason, Chairman
Kristin Mayes, Commissioner

16 APPEARANCES: Robin Mitchell, Staff Attorney, Legal Division, on
17 behalf of the Utilities Division of the Arizona
Corporation Commission.

18 **BY THE COMMISSION:**

19 This docket was opened upon the direction of the Arizona Corporation Commission
20 ("Commission") during the January 2007 Open Meeting to amend the existing rules or establish new
21 rules regarding the application requirements for a new Certificate of Convenience and Necessity
22 ("CC&N") to provide water and/or sewer service or an extension of an existing CC&N to provide
23 water and/or sewer service.

24 On March 6, 2007, the Commission's Utilities Division Staff ("Staff") distributed proposed
25 rule changes to approximately 400 interested persons, with an invitation to provide written
26 comments. Written comments were docketed by 11 interested persons.

27 On June 8, 2007, a special Open Meeting was held to allow interested persons and
28 Commissioners to discuss the proposed rule changes.

1 At the Open Meeting on January 15, 2008, the Commission considered a Staff Order
2 recommending that a Notice of Proposed Rulemaking ("NPRM") be completed for changes to
3 Arizona Administrative Code ("A.A.C.") R14-2-402 ("Rule 402") and R14-2-602 ("Rule 602"). The
4 Commission passed Staff's Order along with several amendments.

5 On January 23, 2008, the Commission issued Decision No. 70128, which ordered that the
6 proposed changes to Rule 402 and Rule 602, as amended, be forwarded to the Secretary of State's
7 Office for a NPRM and that the Hearing Division schedule a public comment proceeding on the
8 NPRM no earlier than 30 days after publication in the *Arizona Administrative Register* ("*Register*"),
9 but as soon as practicable thereafter, in Phoenix and/or Tucson.

10 On January 24, 2008, a Procedural Order was issued that, among other things, scheduled oral
11 proceedings on the NPRM for April 14 and 15, 2008, in Tucson and Phoenix, respectively; ordered
12 Staff to cause a NPRM to be published in the *Register* by February 15, 2008; and required Staff to
13 file, by April 10, 2008, written comments in response to any written comments filed by interested
14 persons.

15 On February 15, 2008, a Notice of Rulemaking Docket Opening and a NPRM for Rule 402
16 and Rule 602 were published in the *Register*.¹

17 Between March 14 and April 10, 2008, written comments on the proposed changes to Rule
18 402 and Rule 602 were filed by Pulte Home Corporation, Arizona Water Company, the City of
19 Surprise, the City of Avondale, the City of Goodyear, the Town of Gilbert, and the Town of Queen
20 Creek.

21 On April 10, 2008, Staff filed a Memorandum responding to the comments of the Pulte Home
22 Corporation, Arizona Water Company, the City of Surprise, the City of Avondale, and the City of
23 Goodyear. In its Memorandum, Staff recommended the insertion of a new subsection in Rule 602 to
24 address the situation when a landowner has not responded to a notice of application.

25 On April 11, 2008, the Town of Buckeye filed comments on the proposed changes to Rule
26 402 and Rule 602.

27
28 ¹ Staff docketed copies of these documents, as submitted to the Secretary of State, on April 11, 2008.

1 On April 14, 2008, an oral proceeding on the NPRM was held in Tucson, Arizona. Staff
2 appeared through counsel and responded to questions from the Administrative Law Judge (“ALJ”).
3 No members of the public attended.

4 On April 15, 2008, an oral proceeding on the NPRM was held in Phoenix, Arizona. Staff
5 appeared through counsel. During the oral proceeding, Staff was requested to file several late-filed
6 exhibits, oral comments were received from the City of Surprise, and counsel for Arizona Water
7 Company asked a procedural question.

8 On April 15, 2008, Arizona Water Company also filed a response to certain comments on the
9 NPRM.

10 On April 18 and May 15, 2008, Staff filed the late-filed exhibits requested.

11 On June 26, 2008, representatives of Staff, the Legal Division, and the Hearing Division met
12 to discuss the rulemaking.

13 On July 10, 2008, a Recommended Opinion and Order (“ROO”) was issued recommending
14 “substantial changes” to Rule 402 and Rule 602, as published in the NPRM, and completion of a
15 Notice of Supplemental Proposed Rulemaking (“NSPRM”).

16 On July 21, 2008, the Global Utilities² filed exceptions to the ROO.

17 The Commission considered the ROO at the Open Meeting on July 30, 2008, and passed it
18 without amendment. The Commission issued Decision No. 70461 on August 6, 2008. Among other
19 things, Decision No. 70461 required Staff to prepare and file a NSPRM, including the text of the
20 rules as included in the ROO, for publication in the *Register* no later than September 12, 2008;
21 required the Hearing Division to hold an oral proceeding to receive public comment on the NSPRM
22 on October 14, 2008, in Phoenix; required Staff to file a revised version of its Economic, Small
23 Business, and Consumer Impact Statement (“EIS”) by September 15, 2008; required Staff to file a
24 summary of written comments on the NSPRM and responses thereto by October 10, 2008; and
25 required Staff to file by October 20, 2008, a summary of comments and responses for any comments
26

27 ² The Global Utilities includes Global Water—Santa Cruz Water Company; Global Water—Palo Verde Utilities
28 Company; Hassayampa Utility Company, Inc.; Global Water—Picacho Cove Water Company; Global Water—Picacho
Cove Utilities Company; CP Water Company; Francisco Grande Utility Company; Willow Valley Water Company, Inc.;
Water Utility of Northern Scottsdale, Inc.; Valencia Water Company, Inc.; and Water Utility of Greater Tonopah, Inc.

1 (written or oral) not included in the prior summary.

2 On September 15, 2008, Staff filed Notice that the NSPRM had been published in the
3 *Register* on September 12, 2008, along with a copy of the NSPRM and of the EIS.

4 On October 14, 2008, an oral proceeding was held before a duly authorized ALJ of the
5 Commission at the Commission's offices in Phoenix. Staff appeared through counsel. Arizona
6 Water Company attended and provided brief comments. Arizona Water Company also filed
7 comments on the same day.

8 On October 20, 2008, Staff filed a Notice of Filing of Summary of Rules Comments.

9 * * * * *

10 Having considered the entire record herein and being fully advised in the premises, the
11 Commission finds, concludes, and orders that:

12 **FINDINGS OF FACT**

13 1. On January 23, 2008, the Commission issued Decision No. 70128, which ordered that
14 proposed changes to Rule 402 and Rule 602 be forwarded to the Secretary of State's Office for
15 publication as a NPRM. Decision No. 70128 further ordered the Hearing Division to schedule a
16 public comment proceeding on the NPRM no earlier than 30 days after publication in the *Register*,
17 but as soon as practicable thereafter, in Phoenix and/or Tucson.

18 2. On January 24, 2008, a Procedural Order was issued scheduling oral proceedings on
19 the NPRM for April 14 and 15, 2008, in Tucson and Phoenix, respectively; ordering Staff to cause a
20 NPRM to be published in the *Register* by February 15, 2008; requiring Staff to include certain
21 procedural language within the NPRM; requiring Staff to make changes to the text of the proposed
22 rules to correct a clerical error in the manner in which an amendment had been incorporated into the
23 text of the proposed rules in Decision No. 70128; requiring Staff to ensure that written comments
24 submitted to Staff were filed with Docket Control; and requiring Staff to file, by April 10, 2008,
25 written comments in response to any written comments filed by interested persons.

26 3. On February 15, 2008, a Notice of Rulemaking Docket Opening and a NPRM for Rule
27
28

1 402 and Rule 602 were published in the *Register*.³

2 4. Between March 14 and April 10, 2008, written comments on the proposed changes to
3 Rule 402 and Rule 602 were filed by Pulte Home Corporation, Arizona Water Company, the City of
4 Surprise, the City of Avondale, the City of Goodyear, the Town of Gilbert, and the Town of Queen
5 Creek.

6 5. On April 10, 2008, Staff filed a Memorandum responding to the comments of the
7 Pulte Home Corporation, Arizona Water Company, the City of Surprise, the City of Avondale, and
8 the City of Goodyear. In its Memorandum, Staff recommended the insertion of a new subsection in
9 Rule 602 to address the situation when a landowner has not responded to a notice of application.

10 6. On April 11, 2008, the Town of Buckeye filed comments on the proposed changes to
11 Rule 402 and Rule 602.

12 7. On April 14, 2008, an oral proceeding on the proposed changes to Rule 402 and Rule
13 602 was held in Tucson, Arizona. Staff appeared through counsel and responded to questions from
14 the ALJ. No members of the public attended.

15 8. On April 15, 2008, an oral proceeding on the NPRM was held in Phoenix, Arizona.
16 Staff appeared through counsel. During the oral proceeding, Staff was requested to file, as late-filed
17 exhibits, a statement regarding whether a Certificate of Assured Water Supply, Designation of
18 Assured Water Supply, or Designation of Adequate Water Supply should be acceptable to satisfy
19 proposed Rule 402(B)(2)(v) in the context of a CC&N extension; a separate EIS; and a summary of
20 all of the public comments made regarding the rule changes from February 15, 2008, through April
21 15, 2008, and Staff's responses to them. Oral comments were received from the City of Surprise, and
22 counsel for Arizona Water Company asked a procedural question that was answered by the ALJ.

23 9. On April 15, 2008, Arizona Water Company filed a response to certain comments on
24 the proposed changes to Rule 402 and Rule 602.

25 10. On April 18, 2008, Staff filed a Memorandum stating that the Arizona Department of
26 Water Resources ("ADWR") will not issue, amend, or expand a Designation of Assured Water

27 ³ Staff docketed copies of these documents, as submitted to the Secretary of State, on April 11, 2008. Both of these
28 documents requested that all documents submitted reference an incorrect docket number, Docket No. ACC-00000A-05-
0613, but no comments or other documents were filed in the incorrect docket.

1 Supply or a Designation of Adequate Water Supply until a water utility has received a decision from
 2 the Commission approving a CC&N or CC&N extension and that Staff believes there are no
 3 instances where these approvals could be included in an application for a CC&N or CC&N extension.
 4 Staff recommended against including such language in the rules.⁴

5 11. On May 15, 2008, Staff filed a Memorandum summarizing both the oral and written
 6 comments received and providing Staff's response to them, along with the separate EIS for the
 7 rulemaking.

8 12. On June 26, 2008, representatives of Staff, the Legal Division, and the Hearing
 9 Division met to discuss the rulemaking.

10 13. On July 10, 2008, a ROO was issued recommending "substantial changes" to Rule 402
 11 and Rule 602, as proposed in the NPRM, and completion of a NSPRM.

12 14. On July 21, 2008, the Global Utilities filed exceptions to the ROO.

13 15. The Commission considered the ROO and the exceptions filed by the Global Utilities
 14 at the Open Meeting on July 30, 2008, and passed the ROO without amendment. Decision No. 70461
 15 was issued on August 6, 2008. Among other requirements, Decision No. 70461 required Staff to
 16 prepare and file a NSPRM, including the text of the rules as included in the ROO, for publication in
 17 the *Register* no later than September 12, 2008; required the Hearing Division to hold an oral
 18 proceeding to receive public comment on the NSPRM on October 14, 2008, at 10:00 a.m., at the
 19 Commission's offices in Phoenix; required Staff to file a revised version of its EIS by September 15,
 20 2008; required Staff to file by October 10, 2008, a document summarizing and responding to written
 21 comments received between August 6 and October 9, 2008; and required Staff to file by October 20,
 22 2008, a document summarizing any written comments filed by interested persons between August 6
 23 and October 14, 2008, and not included in the prior summary and summarizing any oral comments

24 _____
 25 ⁴ Staff's recommendation is consistent with A.A.C. R12-15-718, which provides that a private water company applicant
 26 for a Certificate of Assured Water Supply or Water Report must submit evidence (1) that the applicant has a CC&N and
 27 that the subdivision is located within the geographic area described in the CC&N or any other area in which the
 28 Commission authorizes the applicant to serve water, (2) that the applicant has an Order Preliminary and that the
 subdivision is located within the area described in the Order Preliminary, or (3) that the applicant is not a public service
 corporation. (A.A.C. R12-15-718(B)(3).) The rule further provides that a private water company applicant for a
 Designation of Assured Water Supply or Designation of Adequate Water Supply must submit evidence that the applicant
 has a CC&N or an Order Preliminary authorizing the applicant to serve the proposed use. (A.A.C. R12-15-718(C).)

1 provided at the oral proceeding on October 14, 2008, along with Staff's response to the comments.

2 16. On September 15, 2008, Staff filed a copy of the NSPRM, which had been published
3 in the *Register* on September 12, 2008, and a copy of its EIS, which Staff stated had not required
4 revision in spite of the substantial changes made to Rule 402 and Rule 602 as reflected in the
5 NSPRM. The NSPRM is attached hereto as Exhibit A and incorporated herein. The EIS is attached
6 hereto as Exhibit B and incorporated herein.

7 17. On October 14, 2008, an oral proceeding to obtain public comment on the NSPRM
8 was held before a duly authorized ALJ of the Commission at the Commission's offices in Phoenix.
9 Staff appeared through counsel. Arizona Water Company attended and provided comments. No
10 other persons attended to provide public comment.

11 18. On October 14, 2008, Arizona Water Company also filed comments on the
12 rulemaking. In its comments, Arizona Water Company primarily reiterated its prior comments made
13 on Staff's Order in January 2008 and on the NPRM, but also provided several new comments on the
14 changes made in the NSPRM.

15 19. On October 20, 2008, Staff filed a Notice of Filing of Summary of Rules Comments.
16 In the Notice, Staff summarized the exceptions filed by the Global Utilities on July 21, 2008, and the
17 October 14, 2008, comments filed by Arizona Water Company. Staff also provided its responses to
18 those filings.

19 20. Staff's summary of the comments, written and oral, that the Commission received on
20 the NPRM between February 15 and April 15, 2008, along with Staff's responses, is attached hereto
21 as Exhibit C and incorporated herein.

22 21. Staff's summary of the written comments that the Commission received on the
23 NSPRM between July 21 and October 14, 2008, along with Staff's responses, is attached hereto as
24 Exhibit D and incorporated herein.

25 22. A summary of all of the written and oral comments received on the NPRM, on the
26 ROO, and on the NSPRM is attached hereto as Exhibit E and incorporated herein. This summary
27 was prepared in accordance with A.R.S. § 41-1001(14)(d)(iii) and is to be included in the Preamble
28 for the Notice of Final Rulemaking.

1 IT IS FURTHER ORDERED that the Commission's Utilities Division is authorized to make
2 non-substantive changes in the adopted Arizona Administrative Code R14-2-402 and R14-2-602; the
3 adopted summary of comments and responses; the adopted Economic, Small Business, and
4 Consumer Impact Statement; and any additional documents required by the Office of the Attorney
5 General in response to comments received from the Office of the Attorney General during the
6 approval process under Arizona Revised Statutes § 41-1044 unless, after notification of those
7 changes, the Commission requires otherwise.

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

9 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

CHAIRMAN _____ COMMISSIONER

COMMISSIONER _____ COMMISSIONER _____ COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2008.

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

SNH.db

| | | |
|----|--|--|
| 1 | SERVICE LIST FOR: | RULEMAKING |
| 2 | DOCKET NO.: | RW-00000B-07-0051 AND RSW-00000A-07-0051 |
| 3 | | |
| 4 | A PETERSON WATER CO P O BOX 1270 SHOW LOW AZ 85902-1270 | ARROYO WATER CO INC HC 6 BOX 1048 L PAYSON AZ 85541 |
| 5 | ABRA WATER CO INC P O BOX 515 PAULDEN AZ 86334 | ASH CREEK WATER CO P O BOX 824 THATCHER AZ 85552 |
| 6 | | |
| 7 | ADAMAN MUTUAL WATER CO 16251 W GLENDALE AVE LITCHFIELD PARK AZ 85340 | ASH FORK DEV ASSOC P O BOX 293 ASH FORK AZ 86320 |
| 8 | AGUILA WATER SERVICES INC P O BOX 1086 SUN CITY AZ 85372 | AVM-2005 LLC 15051 N KIERLAND BLVD SUITE 200 SCOTTSDALE AZ 85254 |
| 9 | | |
| 10 | AJO IMPROVEMENT CO P O DRAWER 9 AJO AZ 85321 | AVRA WATER CO-OP INC 11821 W PICTURE ROCKS RD TUCSON AZ 85743 |
| 11 | ALPINE WATER SYSTEM INC P O BOX 822 ALPINE AZ 85920 | BACA FLOAT WATER CO P O BOX 1536 TUBAC AZ 85646 |
| 12 | | |
| 13 | HACIENDA ACRES WATER SYSTEM P O BOX 232 WITTMAN AZ 85361 | BACHMANN SPGS UTILITY CO P O BOX 9 TOMBSTONE AZ 85638 |
| 14 | ANTELOPE LAKES WATER CO P O BOX 350 CHINO VALLEY AZ 86323 | BALTERRA SEWER CO c/o JAY SHAPIRO 3003 N CENTRAL AVE SUITE 2600 PHOENIX AZ 85012 |
| 15 | | |
| 16 | ANTELOPE RUN WATER CO 35730 ANTELOPE DR WELLTON AZ 85356 | BEARDSLEY WATER CO INC P O BOX 1020 APACHE JUNCTION AZ 85217-1020 |
| 17 | ANTELOPE WATER CO 35730 ANTELOPE DR WELLTON AZ 85356 | BEAVER DAM WATER CO INC P O BOX 550 LITTLEFIELD AZ 86432 |
| 18 | | |
| 19 | ANWAY MANVILLE LLC WATER CO 7400 N ORACLE RD SUITE 236 TUCSON AZ 85704 | BEAVER VALLEY WATER CO P O BOX 421 PAYSON AZ 85547 |
| 20 | APPALOOSA WATER CO P O BOX 3150 CHINO VALLEY AZ 86323 | BELLA VISTA WATER CO INC 12725 W INDIAN SCHOOL RD SUITE D101 AVONDALE AZ 85323 |
| 21 | | |
| 22 | ARIVACA TOWNSITE CO-OP WATER P O BOX 398 ARIVACA AZ 85601 | BELLEMONT WATER CO INC P O BOX 31176 FLAGSTAFF AZ 86003 |
| 23 | ARIZONA WATER CO P O BOX 29006 PHOENIX AZ 85038-9006 | BENSCH RANCH UTILITIES LLC 6825 E TENNESSEE AVE SUITE 547 DENVER CO 80224 |
| 24 | | |
| 25 | ARIZONA WINDSONG REALTY INC P O BOX 261 SANDERS AZ 86512 | BERMUDA WATER CO 2335 SANDERS RD NORTHBROOK IL 60062 |
| 26 | AZ-AMERICAN WATER CO 19820 N 7TH ST SUITE 201 PHOENIX AZ 85024 | BERNEIL WATER CO P O BOX 219 TEMPE AZ 85280-0219 |
| 27 | | |
| 28 | | |

| | | |
|----|---|--|
| 1 | BIASI WATER CO INC P O BOX 518 BEAVER DAM AZ 86432 | Q MTN WATER INC 12486 S FOOTHILLS BLVD YUMA AZ 85367 |
| 2 | BIDEGAIN WATER CO P O BOX 538 KEARNY AZ 85237 | QUAIL CREEK WATER CO 9532 E RIGGS RD SUN LAKES AZ 85248 |
| 3 | BIG PARK WATER CO 45 CASTLE ROCK RD SUITE 4 SEDONA AZ 86351 | QUEEN CREEK WATER CO 22713 S ELLSWORTH RD BLDG A QUEEN CREEK AZ 85242 |
| 4 | BLACK MTN SEWER CORP 12725 W INDIAN SCHOOL RD SUITE D101 AVONDALE AZ 85392 | RAINBOW PARKS INC 100 RAINBOW DR LIVINGSTON TX 77351 |
| 5 | EAST SLOPE WATER CO 301 N GARDEN AVE SIERRA VISTA AZ 85635 | RQNCHELOS BONITOS WATER CO LLC 14550 S AVENUE 4E YUMA AZ 85365 |
| 6 | BONITA CREEK LAND & HOMEOWNERS ASSOC HC7 BOX 271R PAYSON AZ 85541 | RANCHO DEL CONEJO COMMUNITY WATER CO-OP 13130 W RUDASILL RD TUCSON AZ 85743 |
| 7 | BOYNTON CANYON ENCHANTMENT 525 BOYNTON CANYON RD SEDONA AZ 86336 | RANCHO SAHUARITA WATER CO LLC 4549 E FT LOWELL RD TUCSON AZ 85712 |
| 8 | BRADSHAW WATER CO INC P O BOX 12758 PRESCOTT VALLEY AZ 86304 | RAY WATER CO 414 N COURT TUCSON AZ 85701 |
| 9 | BROOKE WATER LLC P O BOX 82218 BAKERSFIELD CA 93380 | RED ROCK UTILITIES LL P O BOX 70108 TUCSON AZ 85737 |
| 10 | PINE MEADOWS UTILITIES LLC 6825 E TENNESSE AVE SUITE 547 DENVER CO 80224 | RIDGEVIEW UTILITY CO 9532 E RIGGS RD SUN LAKES AZ 85248 |
| 11 | PINE VALLEY WATER CO 480 RAINTREE RD SEDONA AZ 86351 | RIGBY WATER CO P O BOX 1020 APACHE JUNCTION AZ 85217-1020 |
| 12 | PINE WATER CO INC P O BOX 82218 BAKERSFIELD CA 93380 | RILLITO WATER USERS ASSOC P O BOX 668 RILLITO AZ 85654 |
| 13 | PINECREST WATER CO P O BOX 97 NUTRIOSIO AZ 85932 | RINCON RANCH ESTATES WATER CO 3750 S OLD SPANISH TRAIL TUCSON AZ 85730 |
| 14 | PINEVIEW WATER CO 5198 CUB LAKE RD SHOW LOW AZ 85901 | RINCON WATER CO HC #70 BOX 3601 SAHUARITA AZ 85629 |
| 15 | PONDEROSA UTILITY CORP 3 A OSAGE ST FLAGSTAFF AZ 86001 | RIO RICO UTILITIES INC 12725 W INDIAN SCHOOL RD SUITE D101 AVONDALE AZ 85392 |
| 16 | PUEBLO DEL SOL WATER CO 4226 AVENIDA COCHISE SUITE 13 SIERRA VISTA AZ 85635 | RIO VERDE UTILITIES 25609 DANNY LANE SUITE 1 RIO VERDE AZ 85263 |
| 17 | PUESTA DEL SOL WATER CO 2732 W GLENDALE AVE PHOENIX AZ 85051 | ROOSEVELT LAKE RESORT INC HCO 2 BOX 901 ROOSEVELT AZ 85545 |
| 18 | Q MTN MOBILE HOME PARK P O BOX 4930 QUARTZSITE AZ 85359 | ROSE VALLEY WATER CO P O BOX 1444 GREEN VALLEY AZ 85622 |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | | |

- 1 SABROSA WATER CO C/O TOWN OF CAVE CREEK
400 E VAN BUREN SUITE 800
PHOENIX AZ 85004
- 2 SADDLEBROOK UTILITY CO
9532 E RIGGS RD
SUN LAKES AZ 85248
- 3 SAGUARO WATER CO
4572 E CAMP LOWELL DR
TUCSON AZ 85712
- 4 SANDARIO WATER CO
P O BOX 85160
TUCSON AZ 85754
- 5 SANTA ROSA UTILITY CO
9532 E RIGGS RD
SUN LAKES AZ 85248
- 6 SANTA ROSA WATER CO
9532 E RIGGS RD
SUN LAKES AZ 85248
- 7 SEVEN CANYONS WATER CO
15333 N PIMA RD SUITE 305
SCOTTSDALE AZ 85260
- 8 SEVEN CANYONS WATER TREATMENT CO
15333 N PIMA RD SUITE 305
SCOTTSDALE AZ 85260
- 9 SHEPARD WATER CO
10430 N MARTINEZ LAKE RD
YUMA AZ 85365
- 10 SITGREAVES WATER CO
2961 E COOLEY
SHOW LOW AZ 85901
- 11 SLEEPY HOLLOW MOBILE HOME ESTATES
6001 S PALO VERDE
TUCSON AZ 85706
- 12 SONOTIA VALLEY WATER CO
2102 N FORBES SUITE 107
TUCSON AZ 85745
- 13 CABALLEROS WATER CO INC
1551 S VULTURE MINE RD
WICKENBURG AZ 85390
- 14 CACTUS-STELLAR LTD
12625 W CACTUS RIDGE, HCR#2 BOX 469
TUCSON AZ 85735
- 15 CAMP VERDE WATER SYSTEM
P O BOX 340
CAMP VERDE AZ 86322
- 16 CARTER'S WATER CO
1157 E SUNSET DR
CASA GRANDE AZ 85222
- 17 CASA GRANDE SOUTH WATER CO
117 E SECOND ST
CASA GRANDE AZ 85222
- 18 CASA GRANDE WEST WATER CO INC
117 E SECOND ST
CASA GRANDE AZ 85222
- 19

- CAYETANO INC
P O BOX 733
AMADO AZ 85645
- C-D OASIS WATER CO
1665 10TH ST
DOUGLAS AZ 85607
- CERBAT WATER CO
2409 RICCA DR
KINGMAN AZ 86401
- CHAPARRAL CITY WATER CO
630 E FOOTHILLS BLVD
SAN DIMAS CA 91773
- CHAPARRAL WATER CO
2601 W DUNLAP SUITE 10
PHOENIX AZ 85021
- CHINO MEADOWS II WATER CO
P O BOX 350
CHINO VALLEY AZ 86323
- CIBOLA MUTUAL WATER CO
RR2 BOX 77
CIBOLA AZ 85328
- CIENEGA WATER CO INC
P O BOX 3518
PARKER AZ 85344
- CIRCLE CITY WATER CO INC
P O BOX 82218
BAKERSFIELD CA 93380
- CITRUS PARK WATER CO INC
9361 CITRUS CIRCLE SE
TACNA AZ 85352
- CLEAR SPGS UTILITY CO INC
P O BOX 85160
TUCSON AZ 85754
- CLEARWATER UTILITIES CO INC
20441 W CHEYENNE
BUCKEYE AZ 85326
- CLOUD NINE WATER CO INC
96 BEL AIRE PL SUITE 140
SIERRA VISTA AZ 85635
- COLDWATER CANYON WATER CO
P O BOX 637
BLACK CANYON CITY AZ 85324
- COMMUNITY WATER OF GREEN VALLEY
1501 S LA CANADA DR
GREEN VALLEY AZ 85614
- CORDES LAKES WATER CO
P O BOX 219
TEMPE AZ 85280
- CORONADO UTILITIES INC
6825 E TENNESSEE AVE SUITE 547
DENVER CO 80224
- CP WATER COMPANY
21410 N 19TH AVE SUITE 201
PHOENIX AZ 85027

- 1 CROSS CREEK RANCH WATER CO
6586 HWY 179, SUITE C-1
SEDONA AZ 86351
- 2 CROWN KING WATER CO INC
6428 W GARDEN DR
GLENDALE AZ 85304
- 3 DAIRYLAND WATER CO-OP
16707 E HAPPY RD
QUEEN CREEK AZ 85242
- 4 DATELAND PUBLIC SERVICE
P O BOX 3011
DATELAND AZ 85333
- 5 DATELAND WATER LLC
3412 W 2ND ST
ANACORTES WA 98221
- 6 DELLS WTER CO
P O BOX 870
CLARKDALE AZ 86324
- 7 DESERT VALENCIA WATER SYSTEM
P O BOX 1605
IDYLLWILD CA 92549
- 8 DIABLO VILLAGE WATER CO
P O BOX 13145
TUCSON AZ 85732
- 9 DIAMOND VALLEY WATER USERS CORP
P O BOX 13070
PRESCOTT AZ 86304-3070
- 10 DIVERSIFIED WATER UTILITIES INC
4700 E THOMAS RD SUITE 203
PHOENIX AZ 85018-7703
- 11 MCADAMS WATER CO
10434 230TH ST
DELTA IA 52550
- 12 DONEY PARK WATER
5290 E NORTHGATE LOOP
FLAGSTAFF AZ 86004
- 13 DOUBLE R WATER DISTRIBUTORS INC
1515 N LAKE HAVASU AVE SUITE 100
LAKE HAVASU CITY AZ 86404
- 14 DRAGOON WATER CO
7459 E ALMERIA RD
SCOTTSDALE AZ 85257
- 15 DS WATER CO
P O BOX 786
DESERT SPRINGS AZ 86432
- 16 EAGLETAIL WATER CO LC
P O BOX 576
TONOPAH AZ 85354
- 17 EDEN WATER CO INC
9488 E HOT SPRINGS RD
EDEN AZ 85535
- 18 EHRENBERG IMPROVEMENT ASSOC
P O BOX 50
EHRENBERG AZ 85334
- 28

- EL PRADO WATER CO INC
P O BOX 5450
YUMA AZ 85366
- ELFRIDA DOMESTIC WATER USERS ASSOC
P O BOX 356
ELFREDA AZ 85610
- EMPIRITA WATER CO LLC
2090 N KOLB RD SUITE 120
TUCSON AZ 85716
- ENTRADA DEL ORO SEWER CO
11811 N TATUM BLVD SUITE 1060
PHOENIX AZ 85028
- WEST VILLAGE WATER CO
1120 W UNIVERSITY AVE SUITE 200
FLAGSTAFF AZ 86001
- FAR WEST WATER & SEWER INC
13157 E 44TH ST
YUMA AZ 85367
- FARMERS WATER CO
P O BOX 7
SAHUARITA AZ 85629
- FISHER'S LANDING WATER & SEWER ORKS
P O BOX 72188
YUMA AZ 85365
- FLAGSTAFF RANCH WATER CO INC
P O BOX 10775
PHOENIX AZ 85064
- FOOLS HOLLOW WATER CO
P O BOX 484
SHOW LOW AZ 85902
- FOREST HIGHLANDS WATER CO
657 FOREST HIGHLANDS
FLAGSTAFF AZ 86001
- VERDE LEE WATER CO
P O BOX 984
CLIFTON AZ 85533
- FT MOHAVE TRIBAL UTILITIES AUTHORITY
P O BOX 5559
MOHAVE VALLEY AZ 86440
- FRANCESCA WATER CO INC
P O BOX 17991
TUCSON AZ 85731
- FRANCISCO GRANDE UTILITY CO
26000 GILA BEND HWY
CASA GRANDE AZ 85222
- GADSDEN WATER CO INC
P O BOX 519
SOMERTON AZ 85350
- GW-PALO VERDE UTILITIES CO
21410 N 19TH AVE SUITE 201
PHOENIX AZ 85027
- GW-SANTA CRUZ
21410 N 19TH AVE SUITE 201
PHOENIX AZ 85027

- 1 GOLD CANYON SEWER CO
12725 W INDIAN SCHOOL RD SUITE D101
AVONDALE AZ 85323
- 2 GOLDEN CORRIDOR/ARIZONA WATER CO.
P O BOX 29006
PHOENIX AZ 85038-9006
- 3 GOLDEN SHORES WATER CO INC
P O BOX 37
TOPOCK AZ 86436
- 4 GOODMAN WATER CO
6340 N CAMPBELL SUITE 278
TUCSON AZ 85718
- 5 GRAHAM COUNTY UTILITIES - WATER
P O DRAWER B
PIMA AZ 85543
- 6 GRAND CANYON CAVERNS & INN LLC
P O BOX 180
PEACH SPRINGS AZ 83634
- 7 GRANDVIEW WATER CO INC
11632 S 194TH DR
BUCKEYE AZ 85326
- 8 GRANITE DELLS WATER CO
3025 N HWY 89
PRESCOTT AZ 86301
- 9 GRANITE MTN WATER CO INC
2465 SHANE DR
PRESCOTT AZ 86305
- 10 GRANITE OAKS WATER USERS ASSOC
P O BOX 4947
CHINO VALLEY AZ 86323
- 11 SUNLAND WATER CO
P O BOX 10450
CASA GRANDE AZ 85230
- 12 GREEN ACRES WATER CO
P O BOX 4995
YUMA AZ 85366
- 13 GREENHAVEN SEWER CO INC
P O BOX 5122
PAGE AZ 86040
- 14 GREENHAVEN WATER CO INC
P O BOX 5122
PAGE AZ 86040
- 15 GROOM CREEK WATER USERS ASSOC
4209 S ADELIN DR
PRESCOTT AZ 86303
- 16 H2O INC
41502 N SCHNEPF RD
QUEEN CREEK AZ 85242
- 17 HALCYON ACRES ANNEX #@2 WATER CO INC
8715 E 20TH ST
TUCSON AZ 85710
- 18 HALCYON ACRES WATER USERS ASSOC
P O BOX 18448
TUCSON AZ 85731
- 19

HASSAYAMPA UTILITIES CO INC
21410 N 19TH AVE SUITE 201
PHOENIX AZ 85028

HATCH VALLEY WATER CO
P O BOX 271
PEACH SPRINGS AZ 86434

SULGER WATER CO #2
P O BOX 580
SIERRA VISTA AZ 85636

HIGH COUNTY PINES WATER CO INC
5555 N 7TH ST SUITE 134, PMB 342
PHOENIX AZ 85014

HILLCREST WATER CO
915 E BETHANY HOME RD
PHOENIX AZ 85014

HOLIDAY WATER CO
P O BOX 309
TOMBSTONE AZ 85638

HOPEVILLE WATER CO
1415 S PALO VERDER RD RT 2
BUCKEYE AZ 85326

HUMBOLDT WATER SYSTEM INC
P O BOX 10593
SEDONA AZ 86339

ICR WATER USERS ASSOC
P O BOX 5669
CHINO VALLEY AZ 86323

INDIADA WATER CO INC
310 N GARDEN AVE
SIERRA VISTA AZ 85635

WEST END WATER CO
9098 W PINNACLE PEAK RD
PEORIA AZ 85383

JACKSON SPG ESTATE HOME & PROPERTY
4439 E HOBART
MESA AZ 85205

WORDEN WATER CO
15150 W AJO SUITE 568
TUCSON AZ 85735

JAMES P WATER CO
4455 E CAMELBACK RD SUITE 215-A
PHOENIX AZ 85018

JOHNSON UTILITIES CO
5230 E SHEA BLVD SUITE 200
SCOTTSDALE AZ 85254

JOSHUA VALLEY UTILITY CO
P O BOX 80070
PHOENIX AZ 85060

JAKE'S CORNER WATER SYSTEM
HC6 BOX 1048 H
PAYSON AZ 85541

ARROYO WATER CO
HC6 BOX 1048 L
PAYSON AZ 85541

- 1 KATHERIN RESORT WATER CO
6126 CHRISMARK AVE
SAN DIEGO CA 92120
- 2 KEATON DEVELOPMENT CO
P O BOX 905
SALOME AZ 85348
- 3 KHOL'S RANCH WATER CO
2111 E HIGHLAND AVE SUITE 200
PHOENIX AZ 85016
- 4 SHANGRI-LA RANCH
44444 N SHANGRI-LA LANE
NEW RIVER AZ 85087
- 5 BRADSHAW MT VIEW WATER CO
P O BOX 10593
SEDONA AZ 86339
- 6 LA CASIT WATER CO INC
P O BOX 13208
TUCSON AZ 85732
- 7 LAGO DEL ORO WATER CO
9532 E RIGGS RD
SUN LAKES AZ 85248
- 8 LAGOON ESTATES WATER CO
2600 N 44TH ST SUITE 203
PHOENIX AZ 85008
- 9 LAKE PLEASANT SEWER CO
2390 E CAMELBACK RD SUITE 310
PHOENIX AZ 85016
- 10 LAKE PLEASANT WATER CO
2390 E CAMELBACK RD SUITE 310
PHOENIX AZ 85016
- 11 LAKE VERDE WATER CO
P O BOX 2777
CAMP VERDE AZ 86322
- 12 LAS QUINTAS SERENAS WATER CO
P O BOX 68
SAHUARITA AZ 85629
- 13 LAZY C WATER SERVICE
P O BOX 1
TUCSON AZ 85702
- 14 LITCHFIELD PARK SERVICE CO
12725 W INDIAN SCHOOL RD SUITE D101
AVONDALE AZ 85323
- 15 LITCHFIELD PARK SERVICE CO - SEWER
12725 W INDIAN SCHOOL RD SUITE D101
AVONDALE AZ 85323
- 16 LITTLE PARK WATER CO
45 CASTLE ROCK #4
SEDONA AZ 86351
- 17 LIVCO SEWER CO
P O BOX 659
CONCHO AZ 85924
- 18 LIVCO WATER CO
P O BOX 659
CONCHO AZ 85924
- 19

- LOMA ESTATES WATER CO
11620 BELLA SIERRA TRL
PRESCOTT AZ 86305
- LOMA LINDA WATER CO
P O BOX 967
THATCHER AZ 85552
- LORD AZ WATER SYSTEMS INC
2961 E COOLEY
SHOW LOW AZ 85901
- LOS CERROS WATER CO INC
4003 N FLOWING WELLS RD
TUCSON AZ 85705
- LUCKY HILLS WATER CO
P O BOX 309
TOMBSTONE AZ 85638
- LYN LEE WATER
2321 W CATALPA
TUCSON AZ 85741
- MARTINEZ LAKE SEWER CO
10430 N MARTINEZ LAKE RD
YUMA AZ 85365
- MEADOW WATER CO
P O BOX 3937
PRESCOTT AZ 86302
- MESCAL LAKES WATER SYSTEM INC
P O BOX 85160
TUCSON AZ 85754
- MHC OPERATING LTD PARTNERSHIP
2 N RIVERSIDE PLAZA SUITE 800
CHICAGO IL 60606
- RINCON CREEK WATER CO
14545 E RINCON CREEK RANCH RD
TUCSON AZ 85747
- MICHAELS RANCH WATER USERS ASSOC
1 MICHAELS RANCH RD
SEDONA AZ 86336
- MIRABELL WATER CO INC
1037 S ALVERNON SUITE 250
TUCSON AZ 85711
- MOBILE WATER CO
6720 N SCOTTSDALE RD SUSITE 335
SCOTTSDALE AZ 85253
- MOHAWK UTILITY CO
36140 ANTELOPE DR
WELLTON AZ 85356
- MONTE VISTA WATER CO LLC
4762 N RUSTLER PLACE
DOUGLAS AZ 85607
- MONTEZUMA RIMROCK WATER CO LLC
P O BOX 10
RIMROCK AZ 86335
- MORENCI WATER & ELECTRIC CO
P O BOX 68
MORENCI AZ 85540

- 1 MORMON LAKE WATER CO
P O BOX 29041
PHOENIX AZ 85038
- 2 MORRISTOWN WATER CO
P O BOX 156
MORRISTOWN AZ 85342
- 4 MT TIPTON WATER CO
P O BOX 38
DOLAN SPRINGS AZ 86441
- 5 MTN DELL WATER INC
1341 W PALMER AVE
FLAGSTAFF AZ 86001
- 6 MTN GLEN WATER SERVICE
P O BOX 897
CLAY SPRINGS AZ 85923
- 7 MTN PASS UTILITY CO
9532 E RIGGS RD
SUN LAKES AZ 85248
- 8 MWC INC
P O BOC 12776
FT HUACHUCA AZ 85670
- 9 NACO WATER CO LLC
P O BOX 85160
TUCSON AZ 85754
- 10 SUNIZONA WATER CO
5416 E HWY 181
PEARCE AZ 85625
- 11 NAVAJO WATER CO INC
P O BOX 82218
BAKERSFIELD CA 93380
- 12 NEW RIVER UTILITIES CO
7839 W DEER VALLEY RD
PEORIA AZ 85382
- 13 NORTH MOHAVE VALLEY CORP
P O BOX 22495
BULLHEAD CITY AZ 86439-2495
- 14 NORTHERN SUNRISE WATER CO
12725 W INDIAN SCHOOL RD SUITE D101
AVONDALE AZ 85323
- 15 OAK CREEK PUBLIC SERVICE LLC
P O BOX 103
CORNVILLEAZ 86325
- 16 OAK CREEK UTILITY CO
P O BOX 48
CAVE CREEK AZ 85327
- 17 OAK CREEK WATER CO NO 1
90 OAK CREEK BLVD
SEDONA AZ 86336
- 18 OATMAN WATER CO LLC
9184 N 81ST STREET
SCOTTSDALE AZ 85258
- 19 ORANGE GROVE WATER CO
P O BOX 889
YUMA AZ 85366
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28

PARK VALLEY WATER CO INC
P O BOX 487
SHOW LOW AZ 85902

PARK WATER CO INC
P O BOX 16173
PHOENIX AZ 85011

PARKER SPRINGS WATER CO
HC 2 BOX 193
PATAGONIA AZ 85624

PAYSON WATER CO INC
P O BOX 82218
BAKERSFIELD CA 93380

PEEPLS VALLEY WATER CO
15811 N 9TH AVE
PHOENIX AZ 85023

DESPOBLADO WATER CO
8815 N VERCH WAY
TUCSON AZ 85737

PICACHO PEAK WATER CO
28784 STONEHENGE DR
CHESTERFIELD MI 48047

PICACHO SEWER CO
9532 E RIGGS RD
SUN LAKES AZ 85248

PICACHO WATER CO
9532 E RIGGS RD
SUN LAKES AZ 85248

PICACHO WATER IMPROVEMENT
P O BOX 44
PICACHO AZ 85421

PIMA UTILITY CO - SEWER
9532 E RIGGS RD
SUN LAKES AZ 85248

PIMA UTILITIES CO - WATER
9532 E RIGGS RD
SUN LAKES AZ 85248

S RAINBOW VALLEY WATER CO-OP
27205 S 170TH AVE
BUCKEYE AZ 85326

SOUTHERN SUNRISE WATER CO
12725 W INDIAN SCHOOL RD SUITE D101
AVONDALE AZ 85323

SOUTHLAND SANITATION CO
2730 E BROADWAY SUITE 135
TUCSON AZ 85716

SOUTHLAND UTILITIES CO INC
2730 E BROADWAY SUITE 135
TUCSON AZ 85716

SPANISH TRAIL WATER CO
2200 E RIVER RD SUITE 115
TUCSON AZ 85718

SPRING BRANCH WATER CO INC
1223 S CLEARVIEW AVE SUITE 103
MESA AZ 85209

- 1 ST DAVID SPRINGS LLC
1600 N KOLB RD SUITE 118
TUCSON AZ 85715
- 2 STARLIGHT WATER CO INC
P O BOX 1842
WENATCHEE WA 98807
- 3 STERLING WATER CO
4525 N 66TH ST #63
SCOTTSDALE AZ 85251
- 4 STONEMAN LAKE WATER CO INC
7250 E GRAY ST
MESA AZ 85207
- 5 STRAWBERRY WATER CO INC
P O BOX 82218
BAKERSFIELD CA 93380
- 6 STRAWBERRY WATER CO
203A W AIRPORT RD
PAYSON AZ 85541
- 7 SUE JUAN WATER CO
10570 S NOGALES HWY
TUCSON AZ 85706
- 8 SUN LEISURE ESTATES UTIL CO INC
P O BOX 5681
YUMA AZ 85366
- 9 SUN VALLEY FARMS UNIT VI WATER CO
3698 E HASH KNIFE DRAW RD
QUEEN CREEK AZ 85242
- 10 SUNRISE UTILITIES LLC
P O BOX 3630
MESQUITE NV 89024
- 11 SUNRISE VISTAS UTILITIES CO
P O BOX 8555
FT MOHAVE AZ 86427
- 12 SUNRISE WATER CO
9098 W PINNACLE PEAK RD
PEORIA AZ 85383
- 13 SWEETWATER CREEK UTILITIES INC
6825 E TENNESSEE AVE SUITE 547
DENVER CO 80224
- 14 TACNA WATER CO
2993 S ARIZONA AVE
YUMA AZ 85365
- 15 TALL PINE ESTATES WATER
HC 31 BOX 25
MORMON LAKE AZ 86038
- 16 AUBREY WATER CO C/O BNSF
P O BOX 961050
FT WORTH TX 76161
- 17 LINKS AT COYOTE WASH UTILITIES LLC
6825 E TENNESSEE AVE SUITE 547
DENVER CO 80224
- 18 THIM UTILITY CO
P O BOX 1345
TUCSON AZ 85732
- 19

- TIERRA BUENA WATER CO
12540 W BETHANY HOME
LITCHFIELD PARK AZ 85340
- TIERRA LINDA HOMEOWNERS ASSOC
6262 N SWAN RD SUITE 125
TUCSON AZ 85718
- TIERRA MESA ESTATES WATER CO INC
P O BOX 4893
YUMA AZ 85366
- T K WATER SERVICE
P O BOX 200
VERNON AZ 85940
- TONTO BASIN WATER CO INC
P O BOX 82218
BAKERSFIELD CA 93380
- TONTO CREEK UTILITY CO
HC 2 BOX 94-G
PAYSON AZ 85541
- TONTO HILLS UTILITY CO
11802 E BLUE WASH RD
CAVE CREEK AZ 85331
- TONTO VILLAGE WATER CO
P O BOX 9116
MESA AZ 85214
- TORTOLITA WATER CO INC
3567 E SUNRISE DR SUITE 119
TUCSON AZ 85718
- TRUXTON CANYON WATER CO INC
2409 RICCA DR
KINGMAN AZ 86401
- TUBAC WATER CO INC
1444 WAZEE ST SUITE 350
DENVER CO 80202
- TURNER RANCHES WATER
P O BOX 1020
APACHE JUNCTION AZ 85217-1020
- TUSAYAN WATER DEV ASSOC
P O BOX 520
GRAND CANYON AZ 86023
- TWIN HAWKS UTILITY INC
P O BOX 70022
TUCSON AZ 85737
- UTILITY SOURCE LLC
721 E SAN PEDRO
GILBERT AZ 85234
- UTILITY SYSTEMS LLC
HC 2 BOX 164-H
PAYSON AZ 85541
- VAIL WATER CO
1010 N FINANCE CENTER DR SUITE 200
TUCSON AZ 85710
- VALENCIA WATER CO INC
21410 N 19TH AVE SUITE 201
PHOENIX AZ 85027

- | | | |
|----|--|---|
| 1 | VALLE VERDE WATER CO 12 GARDEN VIEW DR NOGALES AZ 85621 | WHY UTILITY CO INC P O BOX 69 AJO AZ 85321 |
| 2 | VALLEY PIONEERS WATER CO INC 5998 W CHINO DR GOLDEN VALLEY AZ 86413 | WICKENBURG RANCH WATER LLC 4222 E CAMELBACK H100 PHOENIX AZ 85018 |
| 3 | VALLEY UTILITIES WATER CO INC 6808 N DYSART RD SUITE 112 GLENDALE AZ 85307 | WILHOT WATER CO INC P O BOX 870 CLARKDALE AZ 85324 |
| 4 | VALLEY VIEW WATER CO INC 10030 W MCDOWELL RD SUITE 150-402 AVONDALE AZ 85392 | HECKETHORN WATER CO 4400 E BUTTON LANE FLAGSTAFF AZ 86001 |
| 5 | VERDE LAKES WATER CORP 2867 S VERDE LAKES DR #B CAMP VERDE AZ 86322 | SALOME WATER CO P O BOX 550 SALOME AZ 85348 |
| 6 | VERDE SANTA FE WASTEWATER CO INC 6825 E TENNESSEE AVE SUITE 547 DENVER CO 80224 | WILLOW LAKES PROPERTY OWNERS ASSOC P O BO 875 BENSON AZ 85602 |
| 7 | VIRGIN MTN UTILITIES CO P O BOX 668 BEAVER DAM AZ 85432 | WILLOW SPRINGS UTILITIES LLC 1600 E HANLEY BLVD SUITE 128 ORO VALLEY AZ 85737 |
| 8 | VIVA DEVELOPMENT CORP P O BOX 12863 TUCSON AZ 85732 | WILLOW VALLEY WATER CO INC 21410 N 19TH AVE SUITE 201 PHOENIX AZ 85027 |
| 9 | VOYAGER AT WHITE MTN LAKES WATER CO 1993 JUNIPER RIDGE RESORT SHOW LOW AZ 85901 | WINCHESTER WATER CO LLC 7616 N LA CHOLLA BLVD TUCSON AZ 85741 |
| 10 | VOYAGER WATER CO 8701 S KOLB RD TUCSON AZ 85706 | WINSLOW WEST WATER CO INC P O BOX 3339 SCOTTSDALE AZ 85271 |
| 11 | WALDEN MEADOWS COMMUNITY CO-OP 9325 DONEGAL DR SUITE A WILHOIT AZ 86332 | WOODRUFF UTILITY CO INC 2555 E CAMELBACK RD SUITE 700 PHOENIX AZ 85016 |
| 12 | WALNUT CREEK WATER CO INC 119 E ANDY DEVINE AVE KINGMAN AZ 86401 | WOODRUFF WATER CO INC 2555 E CAMELBACK RD SUITE 700 PHOENIX AZ 85016 |
| 13 | WATCO INC P O BOX 1270 SHOW LOW AZ 85902 | HO-TYE WATER CO 580 W WICKENBURG WAY WICKENBURG AZ 85390 |
| 14 | WATER UTILITY OF GREATER BUCKEYE 21419 N 19TH AVE SUITE 201 PHOENIX AZ 85027 | YARNELL WATER IMPROVEMENT ASSOC P O BOX 727 YARNELL AZ 85362 |
| 15 | WATER UTILITY OF GREATER TONOPAH 21410 N 19TH AVE SUITE 201 PHOENIX AZ 85027 | YUCCA WATER ASSOC INC P O BOX 575 YUCCA AZ 86438 |
| 16 | WATER UTILITY OF NORTHERN SCOTTSDALE 21410 N 19TH AVE SUITE 201 PHOENIX AZ 85027 | ERNEST G. JOHNSON, DIRECTOR UTILITIES DIVISION ARIZONA CORPORATION COMMISSION 1200 WEST WASHINGTON STREET PHOENIX, AZ 85007 |
| 17 | WHITE HORSE RANCH OWNERS ASSOC P O BOX 6710 DEWEY AZ 86327-0660 | JANICE ALWARD, CHIEF COUNSEL LEGAL DIVISION ARIZONA CORPORATION COMMISSION 1200 WEST WASHINGTON STREET PHOENIX, AZ 85007 |
| 18 | WHITE MTN WATER CO P O BOX 1760 PAYSON AZ 85547 | |
| 19 | | |

Arizona Administrative Register / Secretary of State

Notices of Supplemental Proposed Rulemaking

NOTICES OF SUPPLEMENTAL PROPOSED RULEMAKING

After an agency has filed a Notice of Proposed Rulemaking with the Secretary of State's Office for *Register* publication and the agency decides to make substantial changes to the rule after it is proposed, the agency must prepare a Notice of Supplemental Proposed Rulemaking for submission to the Office, and the Secretary of State shall publish the Notice under the Administrative Procedure Act (A.R.S. § 41-1001 et seq.). Publication of the Notice of Supplemental Proposed Rulemaking shall appear in the *Register* before holding any oral proceedings (A.R.S. § 41-1022).

NOTICE OF SUPPLEMENTAL PROPOSED RULEMAKING**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;
SECURITIES REGULATION****CHAPTER 2. CORPORATION COMMISSION
FIXED UTILITIES**

[R08-290]

PREAMBLE**1. Register citation and date for the Notice of Rulemaking Docket Opening, the Notice of Proposed Rulemaking, and any Notices of Supplemental Proposed, if applicable:**

Notice of Rulemaking Docket Opening: 13 A.A.R. 4219, November 30, 2007

Notice of Proposed Rulemaking: 14 A.A.R. 450, February 15, 2008

2. Sections Affected

R14-2-402

R14-2-602

Rulemaking Action

Amended

Amended

3. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Authorizing statute: Arizona Constitution Article XV § 3; A.R.S. §§ 40-202; 40-203; 40-321, 40-322, 40-281, 40-282

Implementing statute: Arizona Constitution Article XV § 3; A.R.S. §§ 40-202; 40-203; 40-321, 40-322, 40-281, 40-282

4. The name and address of agency personnel with whom persons may communicate regarding the rule:Name: Robin Mitchell, Esq.
Attorney, Legal Division, Arizona Corporation CommissionAddress: 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 CommissionAddress: 1200 W. Washington St.
Phoenix, AZ 85007

Telephone: (602) 542-7270

Fax: (602) 542-2129

E-mail: 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

DECISION NO.

*Arizona Administrative Register / Secretary of State***Notices of Supplemental Proposed Rulemaking**

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

DECISION NO. _____

Notices of Supplemental Proposed Rulemaking

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;

DECISION NO. _____

*Arizona Administrative Register / Secretary of State***Notices of Supplemental Proposed Rulemaking**

- 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 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

DECISION NO.

*Arizona Administrative Register / Secretary of State***Notices of Supplemental Proposed Rulemaking**

- 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;~~

DECISION NO. _____

*Arizona Administrative Register / Secretary of State***Notices of Supplemental Proposed Rulemaking**

- 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 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;

DECISION NO. _____

*Arizona Administrative Register / Secretary of State***Notices of Supplemental Proposed Rulemaking**

- 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;

*Arizona Administrative Register / Secretary of State***Notices of Supplemental Proposed Rulemaking**

- 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;

*Arizona Administrative Register / Secretary of State***Notices of Supplemental Proposed Rulemaking**

- 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

DECISION NO. _____

*Arizona Administrative Register / Secretary of State***Notices of Supplemental Proposed Rulemaking**

- 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;~~

DECISION NO. _____

Notices of Supplemental Proposed Rulemaking

- 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 "B"

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.

EXHIBIT "C"

MEMORANDUM

TO: Docket Control Center

FROM: Ernest G. Johnson
 Director
Utilities Division

DATE: May 15, 2008

RE: IN THE MATTER OF RULEMAKING TO AMEND EXISTING RULES AND/OR ESTABLISH NEW RULES REGARDING THE COMMISSION'S REQUIREMENTS FOR APPLICATIONS REQUESTING APPROVAL TO OBTAIN A NEW CERTIFICATE OF CONVENIENCE AND NECESSITY OR EXTEND AN EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER AND SEWER UTILITIES (DOCKET NOS. RW-00000B-07-0051 AND RSW-00000A-07-0051)

At the Public Comment session held in this matter in Phoenix on April 15, 2008, the Administrative Law Judge ("ALJ") requested that Staff prepare a summary of the comments on the proposed rulemaking received after February 15, 2008 and requested the agency response to the comments. February 15, 2008 was the date of publication of the Notice of Rulemaking Docket Opening in the Arizona Administrative Register. The ALJ also requested that Staff use Decision No. 69675 issued June 28, 2007, regarding Pipeline Safety rules, A.R.S. Section 41-101 (14) (d) (iii) and a 2002 Notice of Final Rulemaking as a guides "for form and content".

The Commission received nine written comments and two oral comments from interested parties since the publication of the proposed rules. As requested, the following lists the summaries of the written and oral comments received since the publishing of the Notice of Rulemaking Docket Opening on February 15, 2008.

Pulte Home Corporation

March 13, 2008

Michele Van Quathem, Ryley, Carlock & Applewhite

Pulte is primarily concerned about the changes to the Rules which would require more information about the landowner's or developer's land use, water use and conservation plans and that the Commission might use this information to limit water and land uses in a manner inconsistent with existing rights or laws.

Pulte also is concerned about language adopted at the January 15, 2008 Open Meeting which listed the specific plans and information which would be required. The adopted language

Docket No. RW-00000B-07-0051
Docket No. RSW-00000A-07-0051
Page 2

used the verb "shall" in relation to what the utility must do. Pulte believes that the language could be interpreted to mean that the information listed is mandatory and that such information may not be available at the time of the application. Thus Pulte recommends that for R14-2-402(B)(2)(r) and (s), the phrase "if available" be included.

Arizona Water Company
March 17, 2008

Arizona Water reiterated comments made previously, before publication of the Rules. Arizona Water believes that the information required in 14-2-B.2.q and .s (information regarding conservation) should be provided on a voluntary basis and that the Department of Water Resources adequately addresses these issues. It also states that the proposed mapping and notice requirements are unduly burdensome. Arizona Water also believes that the new section 14-2-402.B.2.k and 14-2-402.B.2.n and 14-2-402.B.2.j are burdensome and unnecessary. It also objects to 14-2-402.B.2.i because it believes this rule implies that the Commission would be allowing the person or entity requesting service to determine who the service provider will be.

City of Surprise
March 28, 2008
Danielle D. Janitch, Osborn Maledon

The City of Surprise submitted comments responding to comments submitted by Arizona Water Company. Specifically, the City of Surprise supports the requirement to provide notice to any municipality within five miles of the area under application because such notice ensures that municipalities will be able to provide the Commission relevant information about the area to be served and such notice will reduce the costs of monitoring Commission proceedings. The City of Surprise also supports the inclusion of municipal city limits within five miles of the area under application on the map required as part of the application. Surprise believes this requirement will "address the rapid pace of municipal annexation now occurring across Arizona."

City of Avondale
April 3, 2008
Charles P. McClendon, City Manager

The City of Avondale supports the comments of the City of Goodyear.

Docket No. RW-00000B-07-0051
Docket No. RSW-00000A-07-0051
Page 3

City of Goodyear

April 4, 2008

Shawn Bradford, Director of Water Resources

The City of Goodyear supports the comments provided by the City of Surprise on March 28, 2008. It "strongly" believes that the provision of a "notice of application" be provided to municipalities near the area under application and the submission of a map that includes the municipalities in the area are in the public interest. This helps in service and annexation decisions. Goodyear has three private utilities operating in the incorporated City limits.

Town of Gilbert

April 9, 2008

Steven M. Berman, Mayor

The Town of Gilbert supports the comments of the City of Surprise filed on March 28, 2008.

Town of Queen Creek

April 10, 2008

Arthur Sanders, Mayor

The Town of Queen Creek supports the comments of the City of Surprise filed on March 28, 2008.

Town of Buckeye

April 11, 2008

Jeanine Guy, Interim Town Manager

The Town of Buckeye supports the comments of the City of Surprise filed on March 28, 2008. The Town believes the noticing and mapping requirements will facilitate communication among interested parties.

Arizona Water Company

April 15, 2008

Robert Geake

In its comments, Arizona Water responds to the comments of the Cities of Surprise, Goodyear and Avondale. Arizona Water reiterates that the new notice and map requirements would "add to the regulatory burden that CCN applicants would face..." and that those sections

Docket No. RW-00000B-07-0051
Docket No. RSW-00000A-07-0051
Page 4

(Sections 14-2-402(B)(2)(j) and (l)) are not necessary. Arizona Water believes that the Commission's e-docket service provides ease of monitoring CC&N applications.

Arizona Water Company

Patrick Black
April 15, 2008
Oral Comment at Public Comment Proceeding

A representative of Arizona Water expresses concern about having an opportunity to respond to the Economic Impact Statement, the summary of comments and Staffs responses to the comments. His concerns were procedural and the ALJ explained the procedural process at the public comment session.

City of Surprise

Danielle D. Janitch
April 15, 2008
Oral Comment at Public Comment Proceeding

A representative of the City of Surprise spoke in support of the proposed notice requirements because the City had determined the requirements would ensure that the Commission would receive all the information necessary and relevant to the applicant in a timely and efficient manner.

Staff Response

The comments from the cities uniformly supported the notice and mapping requirements which they believe will be helpful in their efforts to monitor CC&N dockets relevant to their interests. Thus, these comments need no resolution.

As to the written comments of Arizona Water Company, the Company reiterated previously submitted comments. The Commission weighed those comments in its deliberations on January 15, 2008, at Open Meeting, and rejected them. Arizona Water believes the proposed notice and mapping requirements to be especially burdensome. Staff believes the cities have made a strong case in their support of these proposed requirements and that the time and effort expended by the utilities to comply with the mapping and notice requirements will be at least partially offset by the time savings experienced by the cities in their efforts to be informed about utility matters that affect them. Also, it is in the public interest for the cities to be fully informed regarding which utility may or may not be serving in their planning areas to avoid duplication or excess plant and to facilitate planning.

Arizona Water's oral comments were limited to procedural issues and addressed by the ALJ.

Docket No. RW-00000B-07-0051

Docket No. RSW-00000A-07-0051

Page 5

Finally, Pulte requests that the requirement to include the applicants' plans for how water will be provided for golf courses and other water features in the proposed CC&N area be altered. The Company requests that the language requiring that the applicant "shall" file certain information be changed to "shall file, if available". Such a change would allow an application to be found sufficient even if the plans for water features have not been determined. This is counter to the Commission's general policy stressing the importance of conservation. The Commission clearly desires to review such plans. Also, filing such plans with the application would save time and possibly shorten the processing of the case compared to later in the case through a data request or request from an ALJ. Staff does not recommend a change in the language from that published.

During the public comment session in Tucson on April 14, 2008, the ALJ questioned Staff in regard to specific language or the lack thereof. Staff has reviewed the transcripts and maintains the positions reflected in the transcript.

EGJ:LAJ:lm

ORIGINAL

EXHIBIT "D"

BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

RECEIVED

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

OCT 20 2008

2008 OCT 20 P 3:11

DOCKETED BY [Signature]

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF RULEMAKING TO AMEND EXISTING RULES AND/OR ESTABLISH NEW RULES REGARDING THE COMMISSIONS REQUIREMENTS FOR APPLICATIONS REQUESTING APPROVAL TO OBTAIN A NEW CERTIFICATE OF CONVENIENCE AND NECESSITY OR EXTEND AN EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER AND SEWER UTILITIES

DOCKET NOS. RW-00000B-07-0051
RSW-00000A-07-0051

NOTICE OF FILING OF SUMMARY OF RULES COMMENTS

Pursuant to Decision No 70461, the Utilities Division of the Arizona Corporation Commission ("Staff"), files a summary of written comments received between the effective date of the Decision and October 14, 2008 and Staff's response thereto. Also included in this filing are comments that were received just prior to the effective date of the Decision.

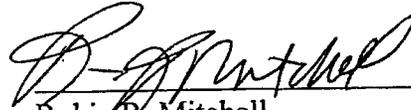
On July 21, 2008, Global¹ filed exceptions to the Recommended Opinion and Order issued in this proceeding on July 10, 2008. Global wanted to exclude applicants for CC&N extension (water and sewer) from having to provide in their applications estimated revenue and expenses and estimated value of plant in service for the first five years following approval of the application. During the Open Meeting held on July 29-30, 2008 Staff indicated its opposition to Global's proposal.

On October 14, 2008, Arizona Water Company ("AWC") filed comments regarding the proposed rule modifications for Water and Sewer CC&Ns. AWC had previously filed comments on January 10, 2008 and March 17, 2008. The comments filed by AWC on October 14, 2008, were of the same basic nature as its previous comments. In other words, Staff finds nothing new in AWC's comment and nothing that would have Staff recommend any changes or modifications to the August

¹ Global Water - Santa Cruz Water Company, Global Water - Palo Verde Utilities Company, Hassayampa Utility Company, Inc., Global Water - Picacho Cove Water Company, Global Water - Picacho Cove Utilities Company, CP Water Company, Francisco Grande Utility Company, Willow Valley Water Company, Inc., Water Utility of Northern Scottsdale, Inc., Valencia Water Company, Inc. and Water Utility of Greater Tonopah, Inc. (collectively, the "Global Utilities" or "Global")

1 6, 2008 version of the rule changes.

2 RESPECTFULLY SUBMITTED this 20th day of October, 2008.

3
4 

5 Robin R. Mitchell
6 Attorney, Legal Division
7 Arizona Corporation Commission
8 1200 West Washington Street
9 Phoenix, AZ 85007
10 (602) 542-3402

11 The original and fifteen (15) copies
12 of the foregoing were filed this 20th day
13 of October, 2008 with:

14 Docket Control
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 Copies of the foregoing were mailed
19 this 20th day of October, 2008, to:

20 A. Petersen Water Company
21 PO Box 1270
22 Show Low, AZ 859021270

Alpine Water System, Inc.
PO Box 822
Alpine, AZ 85920

23 Abra Water Company, Inc.
24 PO Box 515
25 Paulden, AZ 86334

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

26 Adaman Mutual Water Company
27 16251 W Glendale Ave
28 Litchfield Park, AZ 85340

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

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

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

Ajo Improvement Company
PO Drawer 9
Ajo, AZ 85321

Antelope Water Company
35730 Antelope Dr
Wellton, AZ 85356

Exhibit E**Summary of the Comments Made on the Rulemaking and the Agency Response to Them,
Prepared Pursuant to A.R.S. § 41-1001(14)(d)(iii)**

The written and oral comments received by the Commission after the Notice of Proposed Rulemaking was published, after the Recommended Opinion and Order recommending a Notice of Supplemental Proposed Rulemaking was issued, and after the Notice of Supplemental Proposed Rulemaking was published are included in the following table, along with the Commission response to them.

| Comments on Notice of Proposed Rulemaking | | |
|--|---|---|
| Section | Public Comment | Commission Response |
| Rulemaking Generally | In a March 17, 2008, letter, Arizona Water Company thanked the Commission for allowing it the opportunity to amplify its previous comments and expressed support for the Commission's decision to have additional public comment sessions concerning the rulemaking and to provide the opportunity to comment on other utilities' comments. | The Commission acknowledges the supporting comment. No change is needed in response to this comment. |
| Rulemaking Process | At the oral proceeding on April 15, 2008, Arizona Water Company asked whether there would be another public comment session after the economic impact statement and Staff's responses to comments had been filed. | The ALJ responded to the question at the oral proceeding and explained that another oral proceeding would be scheduled if a Notice of Supplemental Proposed Rulemaking were necessary, which had not yet been determined, and that there would in any event be an opportunity to comment through the Open Meeting process. The ALJ also requested that Staff docket the economic impact statement that had been prepared by Staff so that it would be available for review before a Recommended Opinion and Order was issued. |
| 402 Generally | In its March 17, 2008, letter, Arizona Water Company stated that applicants for CC&N extensions should not be required to provide the same information as should applicants for new CC&Ns. Arizona Water Company stated that it and other water utilities had previously commented | The Commission Staff believes that this information is necessary to evaluate CC&N extension applications. The Commission believes that it is appropriate to treat applicants evenhandedly and to include in the application rules the baseline information requirements that |

| | | |
|--------------|--|--|
| | that for Class A utilities, which often file applications for CC&N extensions, it is not necessary that identical and redundant information be filed with every extension application. | all applicants must submit, in keeping with the Administrative Procedure Act. In addition, it should be noted that information submitted in one application docket is not made a part of the evidentiary record in another application docket unless done expressly. No change is needed in response to this comment. |
| 402(A) | In its March 17, 2008, letter, Arizona Water Company stated that inserting the definition of "contiguous" at the beginning of Article 4 is out of place and not germane to the sections that follow. Arizona Water Company stated that the definition should remain at the end of Article 4. | It is standard practice in rulemaking to provide definitions at the beginning of the rule provisions to which they pertain. No change is needed in response to this comment. |
| 402(B)(2)(i) | In its March 17, 2008, letter, Arizona Water Company stated that requiring that a request for service identify the water service provider implies that someone other than the Commission selects which water service provider should serve in a particular case, which conflicts with the Commission's lawful role. Arizona Water Company stated that it is the Commission, not a landowner or developer, that must determine what is in the public interest and who is a fit and proper water service provider. | The Commission agrees that it is the Commission, not a landowner or developer, that must determine what is in the public interest. The Commission does not believe that having a landowner express a preference for a particular water service provider implies that the landowner is making the determination of which water service provider will provide service or that the Commission is in any way failing to fulfill its lawful role. No change is needed in response to this comment. |
| 402(B)(2)(j) | In its March 17, 2008, letter, Arizona Water Company stated that the requirement for submission of detailed maps with CC&N extension applications is unduly burdensome, unnecessary, and practically impossible to comply with. Arizona Water Company particularly took issue with a requirement to include land ownership boundaries indicating the acreage of each parcel within the requested extension area. Arizona Water Company stated that the better | The Commission believes that it is not unduly burdensome to require an applicant to provide ownership boundaries and acreage information on the maps submitted with an application. This type of information is now often gathered through Staff data requests or late-filed exhibit requirements, and it is far more efficient for all parties to have it provided up front. The Commission believes that it is important to have this information if there are multiple |

| | | |
|----------------------|--|---|
| | <p>practice is the current practice, where Staff requests, on a case-by-case basis, that additional information be added to the detailed maps that most applicants already provide. Arizona Water Company also stated that showing the boundaries of cities and towns that are within five miles of the requested extension area will substantially increase the burden on applicants without a showing that the information is relevant, needed, or useful.</p> | <p>owners, particularly when large areas are involved, because it allows the Commission to better evaluate whether granting an application as to the entire area requested or only a portion of the area requested is in the public interest. As to the requirement to provide the boundaries of municipalities located within five miles, the Commission believes that it is important to have this information so that the Commission is aware of the municipalities that may be interested in the application and of the potential for an area to be annexed. No change is needed in response to this comment.</p> |
| 402(B)(2)(j) | <p>In a March 28, 2008, filing, the City of Surprise stated that numerous municipalities had requested that the maps submitted with an application identify municipal limits within a greater distance from the requested service area, five miles instead of one mile, to address the rapid pace of municipal annexation now occurring in Arizona. The City of Surprise also stated that applicants will still be pulling the information from the same publicly available sources as for the smaller range and that the five-mile range should not materially impact applicants' costs or the time necessary to prepare the maps. The City of Surprise stated that the map requirements make sense and should not be removed, as they are designed solely to help ensure that the Commission will receive all relevant information before making decisions on pending application.</p> | <p>The Commission acknowledges the supporting comment. No change is needed in response to this comment.</p> |
| 402(B)(2)(k) and (l) | <p>In its March 17, 2008, letter, Arizona Water Company stated that the current procedures for providing public notice of initial filing of an application for a CC&N or a CC&N extension are</p> | <p>The Commission believes that the requirement to provide notice to municipalities is necessary, as demonstrated by those municipalities who have expressed support for it.</p> |

| | | |
|---------------------|---|---|
| | <p>adequate and that there is no evidence that landowners or other interested persons, including municipalities, are not already receiving adequate notice under the Commission's current procedures. Arizona Water Company stated that the notice provisions would significantly burden the application process and are not necessary.</p> | <p>While the Commission's e-docket service is valuable, it can be difficult to locate dockets thereon unless one is aware of their existence beforehand. Thus, as the municipalities have indicated, it is difficult for a municipality to determine that it has an interest in an ongoing application without having first received notice of the application. The Commission believes that the burden of the notice requirement is minor in comparison to the benefit of having potentially interested municipalities become aware of applications and participate in the proceedings if they are interested.</p> <p>The Commission already requires notice to all landowners for both CC&N and CC&N extension applications, through publication and/or mailing. Because the Commission specifically desires to receive information about which landowners have requested service and which have not, the Commission believes that it is appropriate to revise the rules so that written notice will always be provided to each landowner. This requirement is not unduly burdensome, as there are generally not many owners for a given area. Any added burden is outweighed by the benefit, as the information to be derived from interested landowners will assist the Commission in determining whether granting an application is in the public interest. No change is needed in response to this comment.</p> |
| <p>402(B)(2)(k)</p> | <p>In a filing dated March 28, 2008, the City of Surprise stated that, contrary to Arizona Water Company's assertions, substantial evidence exists supporting the requirement for an applicant to provide notice to all municipalities</p> | <p>The Commission acknowledges the supporting comment. No change is needed in response to this comment.</p> |

| | | |
|----------------------|---|---|
| | <p>located within five miles of the area under application. The City of Surprise stated that the notice provision had been expressly requested in writing by the City of Surprise, the City of Peoria, the City of Litchfield Park, the Town of Buckeye, the Town of Queen Creek, the City of Avondale, and the City of Goodyear. The City of Surprise further stated that the notice provision had been specifically added through unanimous agreement of the Commissioners. The City of Surprise also stated that the notice requirement ensures that interested municipalities learn promptly of applications and are well positioned to provide the Commission with any relevant information concerning the area to be served and that the modest additional time required to send out the notice is insignificant in comparison to having municipalities implement time-consuming and costly monitoring programs for applications filed with the Commission or, if such programs fail, having the Commission make decisions on applications without the benefit of all relevant information regarding the area to be served.</p> | |
| 402(B)(2)(j) and (k) | <p>In a letter dated April 1, 2008, the City of Avondale expressed support for the comments provided by the City of Surprise. The City of Avondale stated that providing notice of applications to nearby municipalities and identifying the municipalities in maps is in the public's best interest. The City of Avondale stated that these requirements will ensure that municipalities learn of applications promptly and are in a position to provide the Commission with any relevant information concerning the area to be served, such as whether the city expects to annex the area in the</p> | <p>The Commission acknowledges the supporting comment. No change is needed in response to this comment.</p> |

| | | |
|----------------------|---|---|
| | near future and/or is capable of serving the area itself. The City of Avondale stated that facilitating such communication can only improve the Commission's decisionmaking process. | |
| 402(B)(2)(j) and (k) | In a letter dated April 3, 2008, the City of Goodyear echoed the statements made by the City of Avondale. | The Commission acknowledges the supporting comment. No change is needed in response to this comment. |
| 402(B)(2)(j) and (k) | In a letter dated April 2, 2008, the Town of Gilbert echoed the statements made by the City of Avondale. | The Commission acknowledges the supporting comment. No change is needed in response to this comment. |
| 402(B)(2)(j) and (k) | In a letter dated April 10, 2008, the Town of Queen Creek echoed the statements made by the City of Avondale. The Town of Queen Creek also included a copy of a January 2008 letter to the Commission in which it had requested that applicants be required to provide proof of notification, that all notifications be made to the municipal manager or administrator, and that notification requirements be for areas within five miles from corporate limits. The January 2008 letter further stated that if the notice requirements had existed previously, unincorporated master planned communities near the Town of Queen Creed would have had better opportunities to coordinate regional planning with neighboring jurisdictions in a much more proactive manner. Finally, the letter stated that adequate coordination and planning for utilities would improve the quality of life for everyone. | The Commission acknowledges the supporting comment. No change is needed in response to this comment. |
| 402(B)(2)(j) and (k) | In a letter dated April 11, 2008, the Town of Buckeye echoed the statements made by the City of Avondale. | The Commission acknowledges the supporting comment. No change is needed in response to this comment. |
| 402(B)(2)(j) and (k) | In a letter dated April 15, 2008, Arizona Water Company provided comments in response to the comments | While it is true that the Commission's e-docket service is valuable and allows persons with computers to access |

| | | |
|----------------------|--|---|
| | <p>of the Cities of Surprise, Goodyear, and Avondale. Arizona Water Company again stated that the requirements are not necessary and are burdensome. Arizona Water Company also stated that the Commission's e-docket service makes it possible for applications to be "easily monitored by anyone with even rudimentary computer skills."</p> | <p>dockets at any time from a remote location, it is equally true that it is not possible to search on e-docket by geographic location. Thus, it is only easy to monitor an ongoing docket once one knows that the docket exists and has the docket number, information that will be provided to the municipalities through the notice required by the rules. As stated previously, the Commission believes that these notice requirements will provide the Commission with valuable information and are not overly burdensome.</p> <p>No change is needed in response to this comment.</p> |
| 402(B)(2)(j) and (k) | <p>At the oral proceeding on April 15, 2008, the City of Surprise repeated its support for the requirement that applicants provide direct notice to municipalities located within five miles of the area at issue. The City of Surprise stated that, in the absence of a direct notice requirement, the cities are periodically having people search the dockets to determine whether any applications concern areas that are in their vicinity and on which they may have valuable input to provide the Commission.</p> | <p>The Commission acknowledges the supporting comment.</p> <p>No change is needed in response to this comment.</p> |
| 402(B)(2)(n) | <p>In its March 17, 2008, letter, Arizona Water Company stated that requiring the applicant to contact landowners who did not respond to the company's notice and ask them to respond in writing is extraordinary, not required in the sewer rule, not warranted, and would significantly burden the application process without any evidence that it is necessary.</p> | <p>The Commission believes that it is appropriate to require an applicant to describe the actions taken to obtain a written response from a landowner who has not requested service because the Commission believes it is important for an applicant to ensure that notice was actually provided and to determine the landowner's actual position. It is possible for notice not to have been received, in spite of the applicant's having sent it, and the Commission believes that it is not overly burdensome for an applicant to contact a landowner who has not</p> |

| | | |
|----------------------|---|---|
| | | <p>responded to determine that notice was received, what the landowner's position is, and whether the landowner will provide a written response. This requirement is not overly burdensome because there are generally not very many landowners for a requested area. No changes are needed in Rule 402 as a result of this comment.</p> <p>However, at Staff's suggestion, Rule 602 was revised to be consistent with Rule 402, because as Arizona Water Company stated, Rule 602 as proposed had simply required a written response from each landowner not requesting service and had not allowed for the possibility that a landowner would not have provided a written response.</p> |
| 402(B)(2)(r) and (s) | <p>In its March 17, 2008, letter, Arizona Water Company stated that the requirements in these two subsections are burdensome, that the Arizona Department of Water Resources ("ADWR") already adequately addresses these issues, and that there are better ways of addressing these issues, such as allowing applicants to submit this sort of information on a voluntary basis or requiring submission of additional information on a case-by-case basis. Arizona Water Company also stated that one alternative would be for an applicant to file, where available and applicable, copies of plans or information about water conservation filed with ADWR.</p> | <p>The Commission believes that responsible water use is essential in Arizona and that, to meet its duty to evaluate whether granting a CC&N or CC&N extension is in the public interest, it is necessary to obtain from applicants information about their plans for water use, reuse, and conservation. Furthermore, as stated elsewhere, the Commission believes that all applicants should be required to submit baseline information up front, in keeping with the Administrative Procedure Act. No change is needed in response to this comment.</p> |
| 402(B)(2)(r) and (s) | <p>In a letter dated March 12, 2008, Pulte Home Corporation ("Pulte") expressed concern about an applicant's being required to provide substantially more information about the landowner's or developer's land use, water use, and conservation plans and that the Commission may intend to use the CC&N approval and extension processes to attempt to influence or</p> | <p>The Commission believes that responsible water use is essential in Arizona and that, to meet its duty to evaluate whether granting a CC&N or CC&N extension is in the public interest, it is necessary to obtain from applicants information about their plans for water use, reuse, and conservation.</p> |

| | | |
|--|--|--|
| | <p>restrict a landowner's water or land uses in a manner inconsistent with existing rights or other laws already in place. Pulte also stated that the language is not clear that if the required information is not available at the time of application, or not applicable to a particular parcel of land, the application can be determined complete and processed through a decision and hearing without it. Pulte stated that the requested information may not be available at the time of application, or plans may change. Pulte stated that the rule should be changed to reflect the possibility that the listed information may not be available, such as by adding "if available" within the subsections.</p> | <p>In the Notice of Supplemental Proposed Rulemaking, the language (now consolidated in R14-2-402(B)(5)(cc)) continues to mandate submission of either plans or a description of water conservation measures, but includes in subsections (B)(5)(cc)(iv) through (vi), the word "any" to allow for the possibility that an applicant may not have plans for one or more of these specific items. No additional changes are needed in response to this comment.</p> |
| 402(D) | <p>In its letter dated March 17, 2008, Arizona Water Company stated that R14-2-402(D) is inconsistent with A.R.S. § 40-281(B), which provides for extensions into non-contiguous territory within a city, county, or town within which a utility has lawfully commenced operations and asked whether the Commission's intention was not to require prior notification for such extensions.</p> | <p>The Commission is aware of the provisions of A.R.S. § 40-281(B) and is simply clarifying the notice requirement that has existed in the Commission's rules since the current provision (402(C)) was adopted in 1982. The current provision requires notice of an extension of service to an area contiguous to an existing service area and, consistent with A.R.S. § 40-281(B), does not require that a CC&N extension be obtained for such an extension. No change is needed in response to this comment.</p> |
| Comments on Recommended Opinion and Order Recommending Notice of Supplemental Proposed Rulemaking | | |
| Rulemaking Generally | <p>In written exceptions filed on July 21, 2008, and at the Open Meeting on July 30, 2008, the Global Utilities generally expressed support for the changes in the rulemaking, particularly the requirement for applicants to provide information about water conservation plans and facilities and the greater transparency concerning items to be submitted with an application.</p> | <p>The Commission acknowledges the supporting comment. No change is needed in response to this comment.</p> |

| | | |
|---|--|---|
| 402(B)(5)(p) and 602(B)(5)(q) | In written exceptions filed on July 21, 2008, and at the Open Meeting on July 30, 2008, the Global Utilities stated that these two subsections should be revised so that applicants for CC&N extensions are not required to submit estimated revenue and expenses and the estimated value of the applicant's utility plant in service for the first five years following approval of the application. The Global Utilities stated that this information is typically used to set rates for new utilities, is not needed for CC&N extension applications, and will not be used by the Commission for those applications. The Global Utilities stated that preparing the information can be time consuming and expensive and that, as the projections are based on speculation, would be of relatively little value. Global Utilities stated that the burden of preparing the information outweighs any benefits that it affords the Commission. | At the Open Meeting on July 30, 2008, an amendment that would have made the changes requested by the Global Utilities was not adopted by the Commission. Commission Staff stated that companies should be making these projections already so that they are aware how a CC&N extension is going to affect them. Staff stated that it desires to have this information so that it can determine, among other things, whether Staff should recommend that a company file a rate increase because the pro forma information, along with the company's annual reports, shows that the company will have difficulty remaining viable without a rate increase. Staff stated that this is especially important when a company is requesting a large extension area. Staff acknowledged that it could ask for the information on a case-by-case basis through data requests. The Commission determined that the application rules should set out the baseline information that all applicants are to provide up front and that all applicants should be treated consistently, in keeping with the Administrative Procedure Act. In addition, the Commission does not believe that this requirement is overly burdensome. No change is needed in response to this comment. |
| Comments on the Notice of Supplemental Proposed Rulemaking | | |
| Rulemaking Process | In its written comments dated October 14, 2008, Arizona Water Company thanked the Commission for the opportunity to comment on the water rule and to amplify its previous comments. Arizona Water Company also stated that it supported the Commission's decision to have additional public comment sessions concerning the changes to the rules. | The Commission acknowledges the supporting comment. No change is needed in response to this comment. |

| | | |
|-------------------|--|---|
| 402 Generally | In its written comments dated October 14, 2008, and at the oral proceeding on October 14, 2008, Arizona Water Company expressed displeasure that additional changes had not been made in the Notice of Supplemental Proposed Rulemaking in response to its prior comments. | The Commission believes that the prior comments of Arizona Water Company have been addressed to the extent appropriate, in keeping with the Commission's desire to ensure that the Commission and its Staff have the full information necessary to determine whether approving an application for a water CC&N or CC&N extension is in the public interest. No change is needed in response to this comment. |
| 402(B)(3) and (4) | In its written comments dated October 14, 2008, Arizona Water Company stated that there is no evidence that property owners or other interested persons are not already receiving adequate notice under the Commission's current procedures. Arizona Water Company also stated that the specific notice requirements included in the supplemental proposed rulemaking are complex and overly complicated, would require the application to be prepared before the notice is completed, and would overburden the application process without producing any discernable benefit to the Commission or the public. | As stated previously, the Commission believes that written notice should always be provided to landowners and certain municipalities and that the benefits of such notice outweigh any additional burden to applicants. The elements of the notice to landowners were derived from the notice requirements in the Commission's current application forms. The Commission does not believe that the notice requirement is any more complex, complicated, or burdensome than the notice that is already being provided to landowners. The provision does expressly require that the notice to landowners be provided before the application is filed, because the Commission had previously determined, as reflected in the Notice of Proposed Rulemaking, that proof of notice to landowners should be provided with the application rather than afterwards. The application forms currently require that notice be mailed within 15 days after the application is filed, so the requirement to provide notice beforehand does not substantially change an applicant's timeline. No change is needed in response to this comment. |
| 402(B)(5) | In its written comments dated October 14, 2008, Arizona Water Company | The requirements at issue are derived almost entirely from the CC&N |

| | | |
|---------------|--|---|
| | <p>stated that the supplemental proposed rulemaking “ladled on” additional application requirements, thereby “mak[ing] matters worse,” rather than reducing the requirements as Arizona Water Company had previously requested. Arizona Water Company stated that Commission Staff already has the authority to require on a case-by-case basis such information as it finds to be necessary and stated that Class A utilities, which file applications frequently, should not be required to file the same information for CC&N extensions as for new CC&Ns. Arizona Water Company specifically cited as new requirements provisions requiring information for management contact, attorney contact, ADEQ operator, on-site manager, classification of legal entity, information about the legal entity, construction costs and supporting information, estimated revenue and expenses for five years following approval, estimated value of plant in service for five years following approval, estimated annual revenue and expenses for five years following approval (by type of service), and estimated number of customers for five years following approval (by customer type). Arizona Water Company stated that these requirements are burdensome and costly and that little is to be gained by requiring a utility like Arizona Water Company to submit the information for each new application, when it is already on file with the Commission or known to Staff through prior applications. Arizona Water Company urged the Commission either to reject the requirements or make them applicable only on a case-by-case basis.</p> | <p>application form that the Commission Staff currently requires to be submitted by applicants, and most of the information is also required by the CC&N extension application form that Commission Staff currently requires to be submitted. Commission Staff believes that this information is necessary to evaluate CC&N and CC&N extension applications. The Commission believes that it is appropriate to treat applicants evenhandedly and to include in the application rules requirements for the baseline information that all applicants must submit, in keeping with the Administrative Procedure Act. In addition, it should be noted that information submitted in one application docket is not made a part of the evidentiary record in another application docket unless done expressly. No change is needed in response to this comment.</p> |
| 402(B)(5)(cc) | In its October 14, 2008, letter, Arizona | As stated previously, the Commission |

| | | |
|--------|--|---|
| | <p>Water Company stated that it agrees with other commenters that the subject of water conservation is already adequately regulated by ADWR. Arizona Water Company also stated that the rule should be changed to allow applicants to submit their water conservation plans or similar information that they have already filed with ADWR and that the requirements for such filings be limited to water systems located within active management areas.</p> | <p>believes that responsible water use is essential in Arizona and that, to meet its duty to evaluate whether granting a CC&N or CC&N extension is in the public interest, it is necessary to obtain from applicants information about their plans for water use, reuse, and conservation. Furthermore, as stated elsewhere, the Commission believes that all applicants should be required to submit baseline information up front, in keeping with the Administrative Procedure Act. No change is needed in response to this comment.</p> |
| 402(E) | <p>In its written comments dated October 14, 2008, Arizona Water Company expressed disappointment that the rule provision had not been changed in response to its prior comments and that it now also requires a legal description of the contiguous parcel and the location of structures thereon and a statement that service will be extended only to a non-certificated parcel that is contiguous. Arizona Water Company stated that an unduly burdensome rule has been made more burdensome. Arizona Water Company also repeated that the rule is inconsistent with A.R.S. § 40-281(B).</p> | <p>As stated previously, the Commission is aware of the provisions of A.R.S. § 40-281(B) and in 402(E) simply clarifies the notice requirement that has existed in the Commission's rules since the current provision (402(C)) was adopted in 1982. The current provision requires notice of an extension of service to an area contiguous to an existing service area and, consistent with A.R.S. § 40-281(B), does not require that a CC&N extension be obtained for such an extension. The Commission does not believe that requiring provision of a legal description or the location of structures is overly burdensome, as the Commission is charged with enforcing A.R.S. § 40-281(A), which requires a CC&N extension if A.R.S. § 40-281(B) does not actually apply. No change is needed in response to this comment.</p> |