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MEMORANDUM

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TO: Docket Control

2009 JUN 30 P 3:33

FROM: Ernest G. Johnson
for Director
Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

Date: June 30, 2009

RE: STAFF REPORT FOR MOBILE WATER COMPANY – APPLICATION FOR THE CANCELLATION OF CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICE (DOCKET NO. W-01849A-08-0534)

Attached is the Staff Report for Mobile Water Company's application for cancellation of its Certificate of Convenience and Necessity in portions of Maricopa County, Arizona. Staff is recommending approval.

EGJ:BNC:lmh

Originator: Blessing Chukwu

Arizona Corporation Commission
DOCKETED

JUN 30 2009

DOCKETED BY	<i>MS</i>
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Service List for: Mobile Water Company
Docket No. W-01849A-08-0534

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

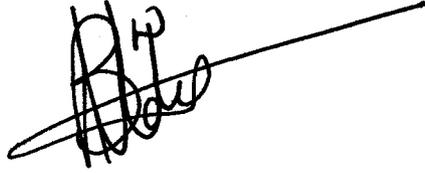
MOBILE WATER COMPANY
W-01849A-08-0534

APPLICATION FOR THE CANCELLATION OF THE
CERTIFICATE OF CONVENIENCE AND NECESSITY
TO PROVIDE WATER SERVICE

JULY 1, 2009

STAFF ACKNOWLEDGMENT

The Staff Report for Mobile Water Company (Docket No. W-01849A-08-0534) was the responsibility of the Staff member signed below. Blessing Chukwu was responsible for the review and analysis of the Company's application.

A handwritten signature in black ink, appearing to be 'Blessing Chukwu', written over a long horizontal line that extends to the right.

Blessing Chukwu
Executive Consultant III

EXECUTIVE SUMMARY
MOBILE WATER COMPANY
DOCKET NO. W-01849A-08-0534

On October 15, 2008, Mobile Water Company (“Mobile” or “Applicant”) filed an application with the Arizona Corporation Commission (“ACC” or “Commission”) for cancellation of its Certificate of Convenience and Necessity (“CC&N”) to provide water service in portions of Maricopa County, Arizona. On May 14, 2009, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of Arizona Administrative Code (“A.A.C.”) R14-2-402.

Mobile is authorized “to construct, operate and maintain a domestic water system” in portions of Maricopa County, Arizona, by Decision No. 34094 (September 24, 1962). The Company is certificated to provide water service in approximately 138,240 acres. The Company was incorporated as an Arizona corporation on or about July 19, 1982. According to the Corporations Division’s record, Mobile is not in good standing with the Corporations Division due to failure to file its 2009 Annual Report. Utilities Division records show that Mobile failed to file Annual Reports for calendar years 2006, 2007, and 2008. Forty-six (46) years has elapsed since Mobile was granted a CC&N and it still has no customers and no plant.

Based on Staff’s review and analysis of the application, Staff believes that the approval of the Application would be in the public interest. The approval would release the land within Mobile’s certificated area and make it available to prospective water providers for future development of the lands. Staff also believes that the denial of the Application, on the other hand, would hinder future development of the lands within the Mobile’s certificated area.

Staff recommends the Commission approve Mobile’s application to cancel the Certificate of Convenience and Necessity to provide water service, for the above mentioned reasons.

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Introduction

On October 15, 2008, Mobile Water Company (“Mobile”, “Company” or “Applicant”) filed an application with the Arizona Corporation Commission (“ACC” or “Commission”) for cancellation of its Certificate of Convenience and Necessity (“CC&N”) to provide water service in portions of Maricopa County, Arizona.

On November 13, 2008, the ACC Utilities Division (“Staff”) filed an Insufficiency Letter, indicating that the Company’s application did not meet the sufficiency requirements of Arizona Administrative Code (“A.A.C.”). A copy of the Insufficiency Letter was sent to the Company via U.S. mail. In the letter, Staff listed the deficiencies that needed to be cured for administrative purposes.

On April 20, 2009, the Company provided additional documentation to support the relief requested.

On May 14, 2009, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of A.A.C. R14-2-402.

Background

Mobile is authorized “to construct, operate and maintain a domestic water system” in portions of Maricopa County, Arizona, by Decision No. 34094, issued on September 24, 1962, in Docket No. U-1849. The Company is certificated to provide water service in approximately 138,240 acres.

According to the Corporations Division’s records, Mobile is not in good standing with the Corporations Division due to failure to file its 2009 Annual Report. The Company was incorporated as an Arizona corporation on or about July 19, 1982. Mobile is owned by Sonora Valley Property, LLC.

Proposed Cancellation

Mobile’s CC&N encompasses all of Townships 4, 5, 6 South, Range 1 East and 1 West, Maricopa County, Arizona.

By this application, Mobile is requesting that the Commission issue an Order canceling the CC&N issued to the Company pursuant to Decision No. 34094. Mobile’s CC&N was secured over forty-six (46) years ago. According to Mobile’s April 20, 2009 Response to Staff’s Insufficiency Letter, it “has never served, nor plans to serve any customers in the future. Also, MWC holds no assets or infrastructure.”

A review of the information reported in the Company’s Annual Reports (for the periods 2002, 2003, and 2005) filed with the Utilities Division indicates that Mobile has no customers

and no water plant or facilities.¹ A portion of the CC&N is located in the City of Goodyear. The closest providers of water service to Mobile's CC&N area are South Rainbow Valley Water Co., Global Santa Cruz Water Company, and Hacienda Acres Water Company. These providers are located within approximately six (6) miles to Mobile's CC&N area.

Staff believes that the approval of the Application would be in the public interest. The approval would release the land within Mobile's certificated area and make it available to prospective water providers for future development of the lands. Staff also believes that denial of the Application, on the other hand, would hinder future development of the lands within the Mobile's certificated area.

ACC Compliance

Utilities Division records show that Mobile failed to file Annual Reports for calendar years 2006, 2007, and 2008. As a result, in May 2008, the Commission issued an Order to Show Cause in Decision No. 70346 against Mobile and numerous other utilities. In response to Decision No. 70346, Mobile filed a letter stating that it has no intention of providing water service at any time in its CC&N area and that it will be filing the instant application. Further, Mobile sought relief from the Order to Show Cause. Staff did not pursue the Order to Show Cause against Mobile since Mobile filed to cancel its CC&N.

Recommendations

Staff recommends the Commission approve Mobile's application to cancel its CC&N to provide water service in portions of Maricopa County, Arizona. Forty-six (46) years has elapsed since Mobile was granted a CC&N and it still has no customers and no plant.

¹ According to ADWR Well Registry Report, ADWR Well No. 55-805159 identified in the Annual Reports is registered under Eli and William Gates. The well is located within the 10,000 acres of land owned by Sonora Valley Property, LLC in the CC&N area.

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III
Utilities Division

FROM: Barb Wells 
Information Technology Specialist
Utilities Division

THRU: Del Smith 
Engineering Supervisor
Utilities Division

DATE: November 12, 2008

RE: **MOBILE WATER COMPANY (DOCKET NO. W-01849A-08-0534)**

Mobile Water Company has filed an application to cancel their CC#N.

Attached is a copy of the map for your files.

:bsw

Attachments

cc: Mr. Tim Keenan
Ms. Deb Person (Hand Carried)

