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FROM: Ernest G. Johnson  
 Director  
 Utilities Division

Arizona Corporation Commission  
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JUL 03 2003

DOCKETED BY	<i>CR</i>
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Date: July 3, 2003

RE: BEAVER DAM SEWER COMPANY, L.L.C. - APPLICATION FOR APPROVAL OF THE SALE OF ASSETS AND CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NO. SW-03638A-03-0252)

Attached is the Staff Report for Beaver Dam Sewer Company, L.L.C. application for the Sale of Assets and Cancellation of its Certificate of Convenience and Necessity. Staff recommends approval of the sale of assets and cancellation of the Certificate of Convenience and Necessity.

Originator: Jim Fisher

Service List for: Beaver Dam Sewer Company, L.L.C.  
Docket No. SW-03638A-03-0252

Mr. Brain Whittaker  
Manager  
Beaver Dam Sewer Company, L.L.C.  
Post Office Box 481  
Beaver Dam, Arizona 86432

Mr. Bill Evan  
Chairman  
Virgin River Domestic Wastewater  
Improvement District of Mohave County  
145 West Brigham Road  
St. George, Utah 84790

Mr. Christopher C. Kempley  
Chief, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
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Mr. Ernest G. Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
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Phoenix, Arizona 85007

Ms. Lyn Farmer  
Chief, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
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STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

BEAVER DAM SEWER COMPANY L.L.C.  
DOCKET NO. W-03638A-03-0252

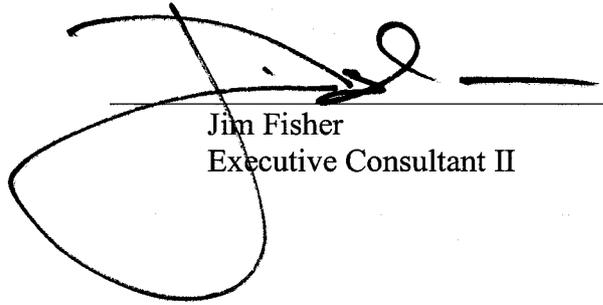
APPLICATION FOR APPROVAL OF THE SALE  
OF ASSETS AND CANCELLATION OF ITS  
CERTIFICATE OF CONVENIENCE AND NECESSITY

June 2003

## STAFF ACKNOWLEDGEMENT

The Staff Report for Beaver Dam Sewer Company, L.L.C. (Docket No. SW-03638A-03-0252) was the responsibility of the Staff member listed below. Jim Fisher was responsible for the review and analyses of the Company's application.

Contributing Staff:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

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Jim Fisher  
Executive Consultant II

**EXECUTIVE SUMMARY**  
**BEAVER DAM SEWER COMPANY, L.L.C.**  
**DOCKET NO. SW-03638A-03-0252**

On April 22, 2003, Beaver Dam Sewer Company, L.L.C. ("Beaver Dam" or "Company") filed an application with the Arizona Corporation Commission ("ACC") requesting approval of the sale of assets to the Virgin River Domestic Wastewater Improvement District of Mohave County, Arizona ("the District"), and Cancellation of its Certificate of Convenience and Necessity ("CC&N").

Beaver Dam is an Arizona limited liability corporation authorized to provide wastewater service to certain portions of Mohave County pursuant to authority granted by the ACC in Decision No. 62239 (January 12, 2000). The Company is located 9 miles north of Mesquite, Nevada, near Beaver Dam, Arizona. The Company is currently serving approximately 120 customers.

By this Application, Beaver Dam is seeking ACC authorization for the sale of assets to the District, a political subdivision of Mohave County. On April 8, 2003, Beaver Dam and the District signed a Purchase Agreement which provides that the District shall pay the Company \$85,000 over a seven (7) year period for the utility system. According to Section 1.7 of the Purchase Agreement, the District agrees to be bound by all existing service and main extension agreements and commitments.

Staff recommends that the Commission approve Beaver Dam Sewer Company's Application for the Sale and Transfer of its Assets to the Virgin River Domestic Wastewater Improvement District of Mohave County, Arizona.

Staff further recommends that the Commission Cancel Beaver Dam Sewer Company's CC&N subsequent to the closing of the sale and transfer of its assets to the Virgin River Domestic Wastewater Improvement District of Mohave County, Arizona.

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## **Introduction**

On April 22, 2003, Beaver Dam Sewer Company, L.L.C. ("Beaver Dam" or "Company") filed an application with the Arizona Corporation Commission ("ACC") requesting approval of the sale of assets to the Virgin River Domestic Wastewater Improvement District of Mohave County, Arizona ("the District"), and Cancellation of its Certificate of Convenience and Necessity ("CC&N").

## **Background**

Beaver Dam is an Arizona limited liability corporation authorized to provide wastewater service to certain portions of Mohave County pursuant to authority granted by the ACC in Decision No. 62239 (January 12, 2000). The Company is located nine (9) miles north of Mesquite, Nevada, near Beaver Dam, Arizona. The Company is currently serving approximately 120 customers. According to Beaver Dam's last Annual Report to the ACC, the Company obtained \$30,186 in revenue, resulting in a \$3,560 operating loss.

Beaver Dam acquired the wastewater treatment facilities of the Beaver Dam Estates Homeowners Association in the initial CC&N authorization. At that time, the facilities were serving seven (7) customers. The Company was requested by Beaver Dam Resort to provide service to its property which provided significant customer growth for the Company.

By this Application, Beaver Dam is seeking ACC authorization for the sale of assets to the District, a political subdivision of Mohave County. In July of 2001, the Company and the District entered into a Memorandum of Understanding in which the District would be formed, utility assets transferred and Company compensated. The District was subsequently formed by the Mohave County Board of Supervisors and the transaction submitted for regulatory authorization.

## **The Transaction**

On April 8, 2003, Beaver Dam and the District signed a Purchase Agreement which provides that the District shall pay the Company \$85,000 over a seven (7) year period for the utility system. At closing of the transaction, the parties will execute a deed of trust and note for the entire purchase price. The District is to begin making monthly payments of \$700 twenty-four (24) months after the closing and provide a \$40,000 payment forty-eight (48) months after closing. The entire remaining purchase price is due and payable seven (7) years after the closing. The District retains the right to refinance.

According to Section 1.7 of the Purchase Agreement, the District agrees to be bound by all existing service and main extension agreements and commitments.

According to Section 1.10 of the Purchase Agreement, the Company shall provide to the District an accounting of all customer deposits and unused main extension agreement funds. The

District agrees to treat the funds under the terms obtained by the Company and refund the funds accordingly.

### **ACC Compliance**

A check with the Utilities Division, Compliance Section showed no outstanding compliance issues for the Company.

### **Arizona Department of Environmental Quality (ADEQ) Compliance**

ADEQ regulates the wastewater system under ADEQ Public System I.D. #102428. On May 28, 2003, ADEQ reported that the system has a number of reporting deficiencies, but that no compliance or enforcement action is pending.

### **Recommendations**

Staff recommends that the Commission approve Beaver Dam Sewer Company's Application for the Sale and Transfer of its Assets to the Virgin River Domestic Wastewater Improvement District of Mohave County, Arizona.

Staff further recommends that the Commission cancel Beaver Dam Sewer Company's CC&N subsequent to the closing of the sale and transfer of its assets to the Virgin River Domestic Wastewater Improvement District of Mohave County, Arizona.

## MEMORANDUM

TO: Jim Fisher  
Executive Consultant II  
Utilities Division

FROM: Barb Wells  
Information Technology Specialist  
Utilities Division

THRU: Del Smith  
Engineering Supervisor  
Utilities Division

DATE: June 2, 2003

RE: **BEAVER DAM SEWER COMPANY (DOCKET NO. SW-03638A-03-0252)**

Beaver Dam has filed an application to cancel their CC#N. Their area will be served by the Virgin River Domestic Wastewater Improvement District.

Attached are copies of the maps for your files.

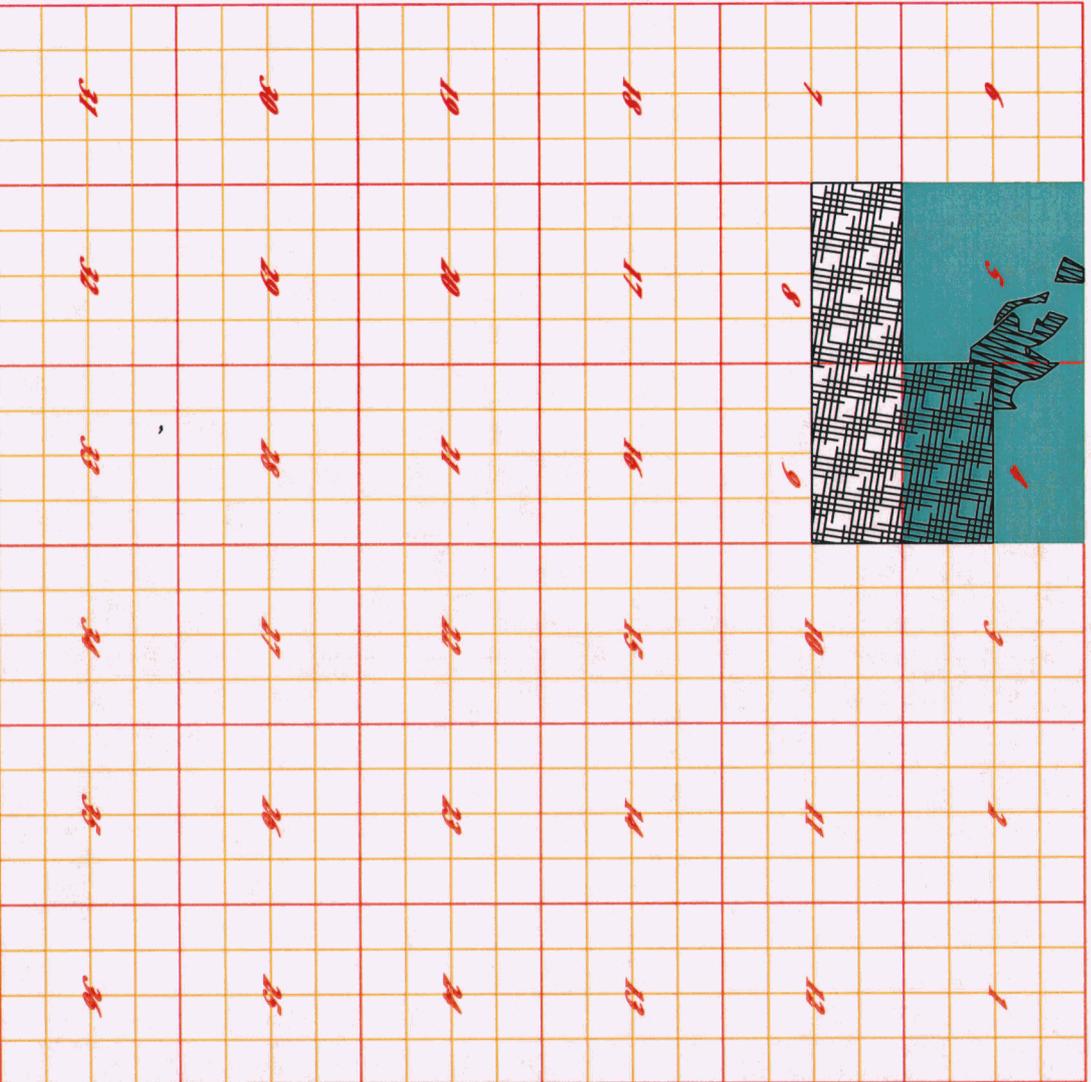
:bsw

Attachments

cc: Docket Control  
Mr. David Nuffer  
File

# COUNTY: Mohave

## RANGE 15 West



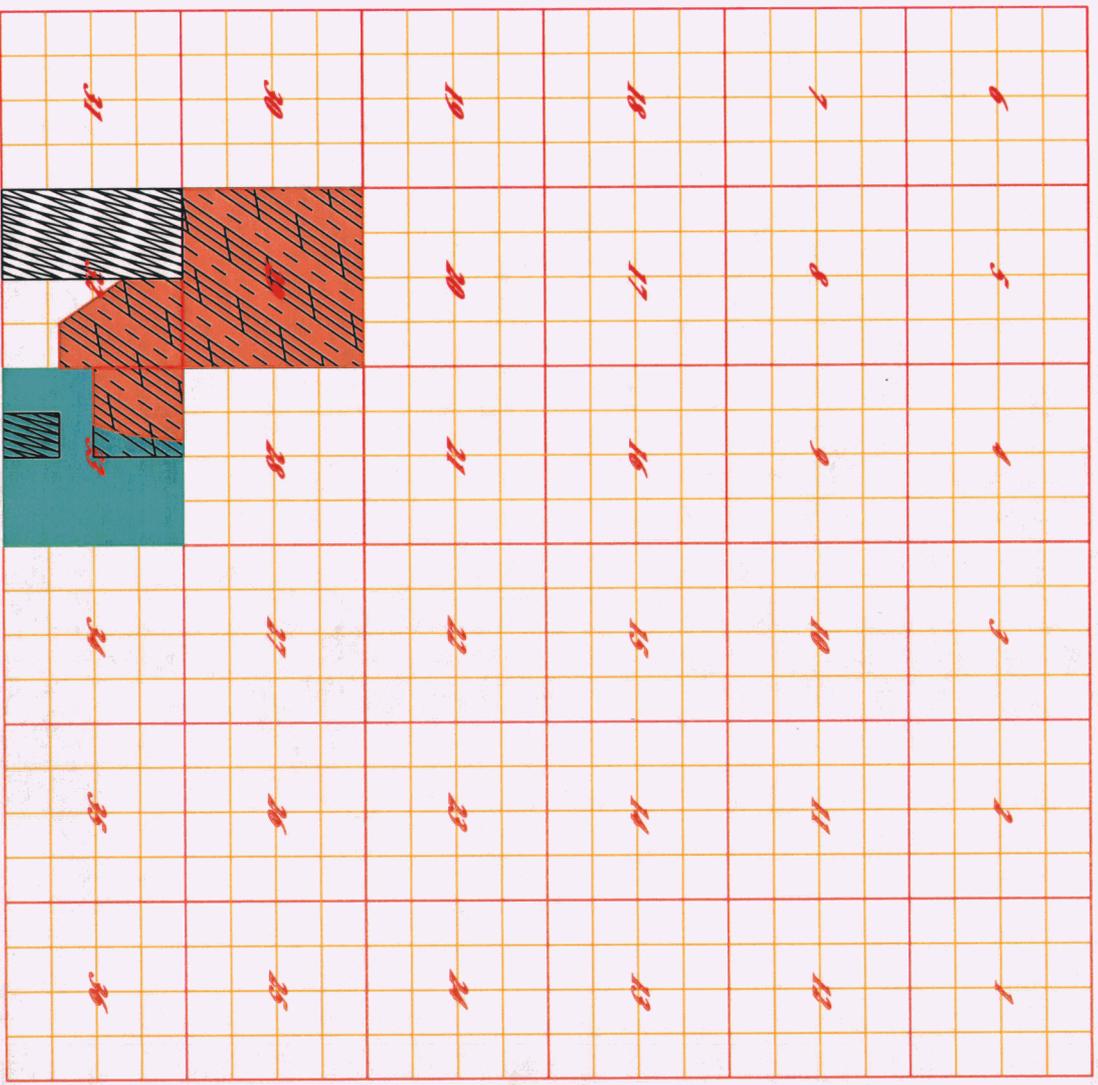
## TOWNSHIP 40 North

-  Sewer SW-3638 (2)
-  Beaver Dam Sewer Company W-3067 (4)
-  Beaver Dam Water Company, Inc. W-2298 (1)
-  Littlefield Water Company

Beaver Dam Sewer Company  
 Docket No. SW-3638-03-252  
 Application for Cancellation - to  
 Virgin River Domestic Wastewater  
 Improvement District

# COUNTY: Mohave

## RANGE 15 West



## TOWNSHIP 41 North

-  Sewer SW-3638 (2)  
Beaver Dam Sewer Company
-  W-3067 (4)  
Beaver Dam Water Company, Inc.
-  WS-2812 (1)  
Biasi Water Company, Inc.
-  Sewer

Beaver Dam Sewer Company  
 Docket No. SW-3638-03-252  
 Application for Cancellation - to  
 Virgin River Domestic Wastewater  
 Improvement District