

TUI
RANCHES

Water & Sanitation Company



0000106315

Mailing Address: P.O. Box 1020 • Apache Junction, Arizona 85217-1020

Street Address: 3880 S. De Niza Road
Apache Junction, Arizona 85219

RECEIVED

Telephone: (480) 677-6080 • Fax No.: (480) 677-6082

ORIGINAL

2009 DEC 18 P 2:52T

December 11, 2009

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

DEC 18 2009

Ms. Blessing Chukwu
Executive Consultant III
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

DOCKETED BY
MM

RE: Turner Ranches Water and Sanitation Company – Application for authorization to sell the water system assets of its Alpine Division to Alpine Domestic Water Improvement District and cancellation of its Certificate of Convenience and Necessity located in Apache County, Arizona
Docket No. W-01677A-09-0464

Dear Ms. Chukwu:

In response to your Insufficiency Letter received by us on October 22, 2009, we submit the following:

1. Please provide a copy of the most recent Letter of Good Standing issued by the Corporation Division of the Arizona Corporation Commission to Turner Ranches Water & Sanitation Company (TRW&S).

Attached is a copy of the Certificate of Good Standing dated November 19, 2009.

2. Please provide a copy of the bill of sale, purchase contract or other instrument which conveys the assets to Alpine Domestic Water Improvement District.

Attached is a copy of the Purchase Agreement.

3. Please provide a complete listing of the Applicant's plant facility items and assets that will be transferred to Alpine Domestic Water Improvement District.

Attached is a list of the plant facilities and assets that are being transferred.

4. Please provide a breakdown of the cost estimate of each plant facility and asset to be transferred.

Attached is a breakdown of the estimated cost of each plant facility and asset to be transferred.

5. Does TRW&S serve any customers through its Alpine Division? If yes, how many?

Yes. TRW&S Alpine Division currently has 118 customers.

6. If the answer to No. 5 above is yes, have all customers security deposits been refunded? If no, please explain the proposed disposition of security deposit.

TRW&S did not require security deposits from any Alpine customers. Therefore, no security deposits needed to be refunded.

7. Has a Notice of Application been sent to the affected customers/property owners? If so, please file a copy in the docket. If not, when will the Applicant send a Notice of the Application to the affected customers/property owners? Please explain.

Each customer was noticed as required via U.S. Mail sent October 2, 2009. Attached is a copy of the Notice. In addition, the Notice of Application was published in the White Mountain News on October 6, 2009. A copy of the Affidavit of Publication is attached.

8. Please provide an updated Drinking Water Compliance Status Report From ADEQ.

Attached is a copy of the Drinking Water Compliance Status Report noting that the water system is in compliance.

9. Please provide a detail description of Alpine Domestic Water Improvement District.

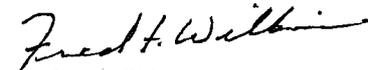
Please see the attached response of Mr. Steve Wenes, attorney for the Buyer.

10. Please describe any change to the operation and maintenance of the system that will occur if the proposed transfer is approved.

Please see the attached response of Mr. Steve Wenes, attorney for the Buyer

We trust the above responses are adequate and, should you have any additional questions or comments please contact us.

Sincerely,



Fred T. Wilkinson
Vice President

Cc: RF
File

STATE OF ARIZONA



Office of the CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****TURNER RANCHES WATER AND SANITATION COMPANY*****
a domestic corporation organized under the laws of the State of Arizona,
did incorporate on June 27, 1972.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-121, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 19th Day of November, 2009, A. D.



Executive Director

By: _____

SCHEDULE OF ASSETS TO BE TRANSFERRED TO BUYER

ALPINE VILLAGE EAST

12,206 L/F 6" PVC PIPE AND RELATED FITTINGS.
698 L/F 4" PVC PIPE AND RELATED FITTINGS
42 EACH 6" GATE VALVES WITH BOX AND COVER
XX EACH SINGLE SERVICE LINES
3 EACH FIRE HYDRANT ASSY. COMPLETE
1 ONLY 250,000 GALLON STEEL WATER TANK
1 ONLY WELL (DWR #55-508886) AND RELATED PUMP AND FENCING
1 ONLY CONCRETE VAULT WITH STEEL COVER
WATER TANK SITE (APN #

ALPINE VILLAGE ACRES

5,115 L/F 6" PVC PIPE AND RELATED FITTINGS
7 EACH 6" GATE VALVES WITH BOX AND COVER
XX EACH SINGLE SERVICE LINES
1 ONLY PRESSURE REDUCING STATION
1 ONLY CONCRETE VAULT WITH STEEL COVER
3 EACH PRESSURE REDUCING VALVES

ALPINE FOREST ESTATES

5,838 L/F 6" PVC PIPE AND RELATED FITTINGS
13 EACH 6" GATE VALVES WITH BOX AND COVER
1 ONLY 6" AIR RELEASE VALVE
8 EACH FIRE HYDRANT ASSY. COMPLEAT
33 EACH DUAL SERVICE LINES
9 EACH SINGLE SERVICE LINES
3 EACH 6" X 2" BLOWOFF ASSY.
2 EACH PRESSURE REDUCING VALVES

**TURNER RANCHES - ALPINE DIVISION
COST ESTIMATE OF PLANT FACILITIES**

G/L #	Description	Costs
101-301-6	Organization	16,162.22
101-302-6	Franchises & Consents	2,000.00
101-303-6	Land and Land Rights	
	Water Tank Site	4,813.00
101-321-6	Structures & Improvements	
Alpine Vlg East	Underground Conc. Vault @ Pressure Reducing Sta.	4,430.00
" " "	Fence @ Well Site	1,561.17
" " "	Sump Pump - from AWID	0.00
101-307-6	Wells & Springs	
Alpine Vlg East	Active Well (ADWR 55-508886)	78,683.00
AVE & AVA	1 - Concrete Vault with Steel Cover	44,275.00
Alpine Vlg East	Well Site No. 2 - 8" Steel Case Hole (55-519659)	64,199.00
" " "		
101-311-6	Electric Pumping Equipment	
Alpine Vlg East	1 - 35 HP Pump, Piping, Valves & Electrical	8,223.00
" " "	Piping, Valves	2,530.00
" " "	Install Sump Pump to reduce power from 480 volt to 120 volt for ADEQ requirement Sump pump	2,700.00
101-330-6	Distribution Reservoir & Standpipes	
Alpine Vlg East	250,000 Gallon Steel Reservoir	101,200.00
" " "	Fence @ Reservoir	8,061.00
101-331-6	Transmission & Distribution Mains	
Alpine Vlg East	12,206 L/F 6" PVC Pipe & Related Fittings	133,778.00
" " "	698 L/F 4" PVC Pipe & Related Fittings	6,736.00
" " "	42 - 6" Gate Valves w/Box and Cover	10,485.00
Alpine Vlg Acres	5,115 L/F 6" PVC Pipe & Related Fittings	56,060.00
" " "	7 - 6" Gate Valves w/Box and Cover	2,746.00
" " "	3 - Pressure Reducing Valves	495.00

COST ESTIMATE OF PLANT FACILITIES

G/L #	Description	Costs
Alpine Forest Estates	5,838 L/F 6" PVC Pipe, Bedding & Related Fittings	138,177.20
" " "	13 - 6" Gate Valves w/Box and Cover plus Bedding	8,940.05
" " "	2 - 6" Air Release Valve w/Bedding	4,770.91
" " "	1 - 6" Tapping Sleeve w/Valve	850.00
" " "	3 - 6"x 2" Blow-Off Assembly w/Bedding	3,178.87
" " "	2 - Pressure Reducing Station w/Bedding	23,740.68
" " "	Chlorination of Water System	600.00
Elementary School	2" PVC Blow-Off	200.00
101-333-6	Services	
Alpine Vlg East	146 - Service Lines, corp stops, meter boxes & lids	46,172.50
Alpine Vlg Acres	66 - Service Lines, corp stops, meter boxes & lids	20,872.50
Elementary School	922 L/F 6" C-900 Onsite	23,972.00
" "	320 L/F 6" C-900 Offsite	8,320.00
Alpine Forest Estates	75 - Service Lines w/Bedding	92,749.21
101-334-6	Meters & Meter Installations	
	Meters - up to 10/26/09	2,942.00
	Meter Installation - up to 10/26/09	7,049.64
101-335-6	Hydrants	
Alpine Vlg East	1- Fire Hydrant Assembly Complete	1,900.00
" " "	Hydrant Repair	417.81
" " "	2 - Fire Hydrants (paid for by Fire Dept.)	0.00
Elementary School	2 - 6" C-900 Fire Hydrants	1,300.00
" "	1 - 6" C-900 Siamese Fire Service	780.00
Alpine Forest Estates	8 - 6" Fire Hydrant Assembly Complete w/Bedding	26,564.54
101-339-6	Other Plant Structures/Improvements	
Alpine Vlg Acres	1 - Pressure Reducing Station	6,325.00
		<u>\$ 968,960.30</u>

**PUBLIC NOTICE OF AN APPLICATION FOR SALE OF ASSETS
AND/OR TRANSFER OF THE CERTIFICATE
OF CONVENIENCE AND NECESSITY**

BY Turner Ranches Water and Sanitation Company

Turner Ranches Water and Sanitation Company – Alpine Division has filed with the Arizona Corporation Commission (“Commission”) an application for authority to sell its assets to the Alpine Domestic Water Improvement District. If the application is granted, Alpine Domestic Water Improvement District would be the exclusive provider of domestic water service to your area. Alpine Domestic Water Improvement District is not under the jurisdiction of the Commission.

If you have any claims against Turner Ranches Water and Sanitation Company – Alpine Division, including claims for refunds of security deposits, service line and meter installations or main extension agreements and you have not already been contacted by the Company, you must present your claim to Turner Ranches Water and Sanitation Company – Alpine Division on or before October 31, 2009. Direct your claims(s) to Turner Ranches Water and Sanitation Company – Alpine Division, P.O. Box 1020, Apache Junction, AZ 85217-1020, 480-677-6080.

The Commission will hold a hearing on this matter. As a property owner or customer, you may have the right to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application, have any objections to approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

State of Arizona)
County of Apache)

ss.

Affidavit of Publication

White Mountain Independent

PUBLIC NOTICE OF AN APPLICATION FOR SALE OF ASSETS AND/OR TRANSFER OF THE CERTIFICATE OF CONVENIENCE AND NECESSITY

BY Turner Ranches Water and Sanitation Company

Turner Ranches Water and Sanitation Company - Alpine Division has filed with the Arizona Corporation Commission ("Commission") an application for authority to sell its assets to the Alpine Domestic Water Improvement District. If the application is granted, Alpine Domestic Water Improvement District would be the exclusive provider of domestic water service to your area. Alpine Domestic Water Improvement District is not under the jurisdiction of the Commission.

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Published in the White Mountain Independent October 6, 2009 (WMI 3555 T, 1x, 10/06/09)

I, Diane R. Janot being first duly sworn, depose and say: I am the agent of the White Mountain Publishing Company, publisher of the White Mountain Independent, a semi-weekly newspaper of general circulation published at St. Johns, County of Apache, Arizona and that the copy hereto attached is a true copy of the advertisement as published in the White Mountain Independent on the following date

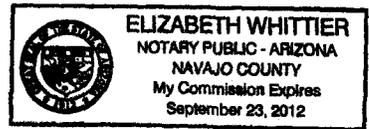
October 06, 2009

White Mountain Independent
Diane R. Janot

Sworn to me this day of

October 27, 2009 A.D.

Elizabeth Whittier
Notary Public



**Arizona Department of Environmental Quality
Drinking Water Monitoring and Protection Unit
Mail Code 5415B-2
1110 West Washington Street
Phoenix, AZ 85007**

Drinking Water Compliance Status Report

Water System Name	Community	Yes, to PWS #
TURNER RANCHES WATER	<input checked="" type="checkbox"/> Community	<input type="checkbox"/> Yes, to PWS #
Water Service	<input type="checkbox"/> Non-transient Non-community	<input checked="" type="checkbox"/> No
01053	<input type="checkbox"/> Transient Non-community	

Does the supplier provide...	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
Does the supplier provide...	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies

Comments: None

Inspection Date	<input checked="" type="checkbox"/> No major deficiencies	<input type="checkbox"/> Major deficiencies
8-14-08		
Inspector Name	Steve Camp, NRO	

Major unresolved/ongoing operation and maintenance deficiencies:

- | | |
|---|---|
| <input type="checkbox"/> unable to maintain 20psi | <input type="checkbox"/> inadequate storage |
| <input type="checkbox"/> cross connection/backflow problems | <input type="checkbox"/> surface water treatment rule |
| <input type="checkbox"/> treatment deficiencies | <input type="checkbox"/> ATC/AOC |
| <input type="checkbox"/> certified operator | <input type="checkbox"/> other = |

Comments: 8/14/08: Sanitary Survey: Recommendations made on the source. 2/23/09: NOV for backflow prevention (escalated from NOC during 8/14/08 inspection). 11/16/09: Closure of 10/24/08 NOC for backflow prevention.

Is the system in compliance?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Comments: None

Number of violations	325
Number of violations	115
Number of violations	1
Number of violations	1
Year	1995
Compliance Status	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Prepared by	Donna Calderon, Manager
Unit	Drinking Water Monitoring and Protection Unit
Phone	602-771-4641
Date	December 8, 2009

- | | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and PWS is in compliance. |
| <input type="checkbox"/> | Based upon the monitoring and reporting deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or PWS is not in compliance. |
| <input type="checkbox"/> | Based upon the operation and maintenance deficiencies noted above, ADEQ cannot determine if this system is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and/or PWS is not in compliance. |

This compliance status report does not guarantee the water quality for this system in the future, and does not reflect the status of any other water system owned by this utility company.

MOYES SELLERS & SIMS

STEVE WENE • 602-604-2189 • swene@lawms.com
1850 N. Central Ave., #1100 • Phoenix, AZ 85004 • fax 602.274.9335

VIA ELECTRONIC MAIL

December 4, 2009

Stanley B. Lutz
Bryan Cave LLP
Two N. Central Avenue
Suite 2200
Phoenix, Arizona 85004

Re: Alpine Domestic Water Improvement District

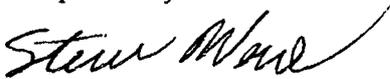
Dear Stan:

The purpose of this letter is to provide Turner Ranches Water & Sanitation Company ("Company") information so the Company may respond to the Arizona Corporation Commission ("Commission") staff's request for a detailed description of the Alpine Domestic Water Improvement District ("District").

The District is a water provider serving approximately 208 customers in Alpine, Arizona. The District was created on June 5, 2007 by the Apache County Board of Supervisors. *See Attachment 1.* Soon thereafter, the District acquired the assets of the Alpine Water Systems, Inc. pursuant to Commission Decision No. 70614. *See Attachment 2.* The District boundaries are shown on the map set forth in Attachment 3. The District does not anticipate any change to the operation and maintenance of the Company water system if the proposed transfer is approved.

If you need further information, please let me know.

Respectfully,



Steve Wene

SW/dah
Attachments

ATTACHMENT 1

DAVID A. BROWN
CHAIRMAN OF THE BOARD
DISTRICT III
P.O. BOX 428 ST. JOHNS, AZ 85936

TOM M. WHITE, JR.
VICE CHAIR OF THE BOARD
DISTRICT II
P.O. BOX 994 CANADO, AZ 85936

JIM CLAW
MEMBER OF THE BOARD
DISTRICT I
P.O. BOX 1923 CHENILLE, AZ 85936

**BOARD OF SUPERVISORS
OF APACHE COUNTY**

P.O. BOX 428
ST. JOHNS, ARIZONA 85936

TELEPHONE: (928) 337-7503
FACSIMILE: (928) 337-2000



DELWIN R. WENGBERT, MANAGER-CLERK
ST. JOHNS, AZ 85936

RESOLUTION NO.2007-07

**A RESOLUTION OF THE APACHE COUNTY BOARD OF SUPERVISORS
ESTABLISHING THE "ALPINE DOMESTIC WATER DISTRICT"**

WHEREAS, the Apache County Board of Supervisors has been presented a Petition to create the "Alpine Domestic Water District" (hereafter "District"); and

WHEREAS, it appears that said Petition has been signed by a majority of the persons owning real property or by the owners of fifty-one per cent or more of the real property within the limits of the proposed District as required by A.R.S. 48-903(A); and

WHEREAS, the organizers of the District have requested that the proposed District be governed by an elected Board of Directors pursuant to A.R.S. § 48-903(G) and Title 48, Chapter 6, Article 4; and

WHEREAS notice of the hearing establishing the District has been published in a newspaper of general circulation in the County where the District is located, said publications occurring at least one week apart with the first publication not less than ten days prior to the date of the hearing, pursuant to A.R.S. § 48-905(B); and

WHEREAS notice of the hearing has also been mailed by first class mail at least twenty days before the hearing to the owners of real property located within the area of the proposed district and the corporation commission as required by A.R.S. § 48-905(B)(1) & (2); and

WHEREAS, it appears that the public convenience, necessity or welfare will be promoted by the establishment of the District;

NOW THEREFORE, BE IT THEREFORE RESOLVED, that the Board of Supervisors of Apache County, hereby establishes the "Alpine Domestic Water Improvement District." Said District shall be a body corporate with the powers of a municipal corporation for the purposes of carrying out its authorized functions;

BE IT THEREFORE RESOLVED, that the District shall be governed by an elected Board of Directors composed of five members, the initial members of which shall include the following individuals who are electors in the District:

- 1.) Frank Barnes
- 2.) Lee Barnes
- 3.) Melvin O'Dell
- 4.) Marvin Sexton
- 5.) Harold Dusick

As required by A.R.S. § 48-1012(B), the appointed Directors shall meet and divide themselves by lot into two classes as nearly equal as possible. The Directors of the first class shall serve for a term of four years, and the Directors of the second class shall serve a term of two years. Thereafter, at each regular election, one director for each expired term shall be elected and shall hold office for a term of four years;

BE IT THEREFORE RESOLVED that the purpose of the District shall consist of, but are not limited to, those purposes prescribed in A.R.S. § 48-909(A)(5) and (6), as well as the related powers prescribed in A.R.S. § 48-909(B) & (E), and A.R.S. § 48-910 that are not in conflict with the Improvement District Act;

BE IT THEREFORE RESOLVED THAT the legal description of the District's boundaries shall be as described in "Exhibit A," attached hereto and incorporated herein by reference.

BE IT THEREFORE RESOLVED that pursuant to A.R.S. § 48-906(B), the costs of the Board of Supervisors in establishing the District shall be recovered from the bond previously ordered by the Board at the time the Petition was initially presented;

Adopted this 5th day of June, 2007.



David Brown
Chairman of the Board

Attest:


Delwin Wengert
Clerk of the Board

DAVID A. BROWN
CHAIRMAN OF THE BOARD
DISTRICT II
P.O. BOX 423 ST. JOHNS, AZ 85936

TOM M. WHITE, JR.
VICE CHAIR. OF THE BOARD
DISTRICT II
P.O. BOX 994 GANADO, AZ 85834

JIM CLAW
MEMBER OF THE BOARD
DISTRICT I
P.O. BOX 1952 CHINLE, AZ 85805

**BOARD OF SUPERVISORS
OF APACHE COUNTY**

P.O. BOX 423
ST. JOHNS, ARIZONA 85936

TELEPHONE: (928) 337-7500
FACSIMILE: (928) 337-4000



DELWIN F. WENBERT, MANAGER-CLERK
ST. JOHNS, AZ 85936

CERTIFICATION OF MINUTES

Chairman Brown called for a Public Hearing for discussion and possible approval of the proposed Alpine Domestic Water Improvement District. Mr. Wengert stated that Jason Moore with the County Attorney's Office had worked closely with Mr. Wene, the attorney for the water district and everything was in order and recommended approval. Mr. Brown opened the floor for comments. Mr. Wene addressed the Board and explained why the water company wanted to convert to a water district. Mr. Wene provided an example of a cost savings by the creation of the district. Mr. Wene stated that the pledge that he has from his clients is that if there is anyone that does not want to be in the water district, they can opt out and there is an easy legal mechanism for that so no one is being forced into the district. Mr. Wene stated that of the 160 people that were actually contacted, there was one person that said they did not want to be in the district, a handful that said they would think about it and the rest signed on and were happy to do so. Mr. Brown called for any other comments or questions. Hearing none, Mr. White moved to approve the formation of the district, seconded by Mr. Brown. Motion passed.

RESOLUTION NO. 2007-07

**A RESOLUTION OF THE APACHE COUNTY BOARD OF SUPERVISORS
ESTABLISHING THE "ALPINE DOMESTIC WATER DISTRICT"**

WHEREAS, the Apache County Board of Supervisors has been presented a Petition to create the "Alpine Domestic Water District" (hereafter "District"); and

WHEREAS, it appears that said Petition has been signed by a majority of the persons owning real property or by the owners of fifty-one per cent or more of the real property within the limits of the proposed District as required by A.R.S. 48-903(A); and

WHEREAS, the organizers of the District have requested that the proposed District be governed by an elected Board of Directors pursuant to A.R.S. § 48-903(G) and Title 48, Chapter 6, Article 4; and

WHEREAS notice of the hearing establishing the District has been published in a newspaper of general circulation in the County where the District is located, said publications occurring at least one week apart with the first publicatio not less than ten

days prior to the date of the hearing, pursuant to A.R.S. § 48-905(B); and

WHEREAS notice of the hearing has also been mailed by first class mail at least twenty days before the hearing to the owners of real property located within the area of the proposed district and the corporation commission as required by A.R.S. § 48-905(B)(1) & (2); and

WHEREAS, it appears that the public convenience, necessity or welfare will be promoted by the establishment of the District;

NOW THEREFORE, BE IT THEREFORE RESOLVED, that the Board of Supervisors of Apache County, hereby establishes the "Alpine Domestic Water Improvement District." Said District shall be a body corporate with the powers of a municipal corporation for the purposes of carrying out its authorized functions;

BE IT THEREFORE RESOLVED, that the District shall be governed by an elected Board of Directors composed of five members, the initial members of which shall include the following individuals who are electors in the District:

- 1.) Frank Barnes
- 2.) Lee Barnes
- 3.) Melvin O'Dell
- 4.) Marvin Sexton
- 5.) Harold Dusick

As required by A.R.S. § 48-1012(B), the appointed Directors shall meet and divide themselves by lot into two classes as nearly equal as possible. The Directors of the first class shall serve for a term of four years, and the Directors of the second class shall serve a term of two years. Thereafter, at each regular election, one director for each expired term shall be elected and shall hold office for a term of four years;

BE IT THEREFORE RESOLVED that the purpose of the District shall consist of, but are not limited to, those purposes prescribed in A.R.S. § 48-909(A)(5) and (6), as well as the related powers prescribed in A.R.S. § 48-909(B) & (E), and A.R.S. § 48-910 that are not in conflict with the Improvement District Act;

BE IT THEREFORE RESOLVED THAT the legal description of the District's boundaries shall be as described in "Exhibit A," attached hereto and incorporated herein by reference.

BE IT THEREFORE RESOLVED that pursuant to A.R.S. § 48-906(B), the costs of the Board of Supervisors in establishing the District shall be recovered from the bond previously ordered by the Board at the time the Petition was initially presented;

Adopted this 5th day of June, 2007.

/s/ David Brown
Chairman of the Board

/s/ Delwin Wengert
Clerk of the Board

I, Delwin Wengert, Clerk of the Board of Supervisors do hereby certify that the above is a true and correct copy of the minutes of a meeting of the Apache County Board of Supervisors held on June 5, 2007.

IN WITNESS WHEREOF, I have affixed the official seal of Apache County at St. Johns, the county seat this 19th day of June, 2007.



Delwin Wengert
Clerk/Manager

(SEAL)

ATTACHMENT 2

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

NOV 24 2008

MOYES SELLERS & SIMS

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

NOV 19 2008

DOCKETED BY	nl
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IN THE MATTER OF THE APPLICATION
OF ALPINE WATER SYSTEMS, INC. FOR
APPROVAL OF THE SALE OF ASSETS
AND/OR FOR CANCELLATION OF ITS
CERTIFICATE OF CONVENIENCE AND
NECESSITY.

DOCKET NO. W-01731A-08-0285

DECISION NO. 70614

OPINION AND ORDER

DATE OF HEARING: September 2, 2008

PLACE OF HEARING: Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE: Yvette B. Kinsey

APPEARANCES: Mr. Steve Wene, MOYES SELLERS & SIMS, on behalf of Alpine Water Systems, Inc.; and
Mr. Wesley C. Van Cleve, Staff Attorney, Legal Division on behalf of Utilities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

On June 2, 2008, Alpine Water Systems, Inc., ("Alpine" or "Applicant") filed with the Arizona Corporation Commission ("Commission") an application for approval of the sale of assets to Alpine Domestic Water Improvement District ("District") and/or for cancellation of its existing Certificate of Convenience and Necessity ("Certificate" or "CC&N") to provide water utility services, in Apache County.

On June 24, 2008, the Commission's Utilities Division ("Staff") filed a Sufficiency Letter in this docket stating that Alpine's application had met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C.").

On July 2, 2008, by Procedural Order, the above-captioned matter was scheduled to be heard on September 2, 2008, and other procedural deadlines were established.

1 On August 4, 2008, Alpine filed an Affidavit of Publication, showing that notice of the
2 application and hearing date had been published on July 25, 2008, in the *White Mountain*
3 *Independent*, a newspaper of general circulation on July 25, 2008, and Certification that notice had
4 been mailed to each customer in the service territory.

5 On September 2, 2008, a full public hearing was convened before a duly authorized
6 Administrative Law Judge ("ALJ") of the Commission at its offices in Phoenix, Arizona. Alpine and
7 Staff appeared through counsel at the hearing and presented evidence and testimony. No members of
8 the public appeared to give public comments. During the proceeding, the parties jointly presented
9 some proposed language to modify Staff's recommendation. At the conclusion of the hearing, Staff
10 was directed to file, as a late-filed exhibit, the proposed language.

11 On September 8, 2008, Staff filed a Notice of Filing of Late-Filed Exhibit.

12 After receipt of the late-filed exhibit, the matter was taken under advisement pending
13 submission of a Recommended Opinion and Order to the Commission.

14 * * * * *

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

17 FINDINGS OF FACT

- 18 1. Alpine is an Arizona non-profit Arizona Corporation, engaged in the business of
19 providing water service to approximately 208 customers in Alpine, Arizona.
- 20 2. Alpine's service territory is located approximately 30 miles south of Springerville,
21 Arizona, on state highway AZ-260 in Apache County, and encompasses two and one half square
22 miles.
- 23 3. After reviewing a petition from Alpine customers and homeowners to form a water
24 improvement district, the Apache County Board of Supervisors approved the formation the Alpine
25 Domestic Water Improvement District ("District") on June 5, 2007.
- 26 4. On May 9, 2008, Alpine and the District entered into a Purchase Agreement
27 ("Agreement"), in which the close of the transaction was conditioned upon Alpine cancelling its
28 CC&N with the Commission. Under the Agreement, the District will pay the purchase price of \$10

1 and the District will assume responsibility for Alpine's existing customer accounts, including
2 customer deposits, meter advance credits, and main extension agreements.

3 5. On June 2, 2008, Alpine filed the above-captioned application seeking Commission
4 approval to sell its assets and transfer ownership of Alpine's assets to the District. The application
5 also requested to cancel Alpine's CC&N.

6 6. On August 1, 2008, Staff filed a Staff Report recommending approval of Alpine's
7 application.

8 7. Mr. Gavin Lamont, Manager and Operator for Alpine, testified that Alpine is a
9 cooperative owned by the customers of Alpine, it has 208 service connections and is comprised of
10 commercial and residential customers. He further testified that two-thirds of Alpine's customers are
11 seasonal. (Tr. at 7)

12 8. Mr. Lamont testified that becoming a District will be beneficial to Alpine customers
13 because it will enable Alpine to get better financing rates, make it easier to file for rate increases and
14 further plans to merge the water company with the town's existing sanitary district. He testified that
15 the merger of the water and sewer companies will improve the efficiency of operations in the service
16 territory. (Tr. at 8-9)

17 9. Alpine's witness testified that the transition from Alpine to the District will be
18 seamless to Alpine's customers because there will be no change in operations or management and all
19 Alpine employees will be transferred to the District. (Tr. at 10)

20 10. According to Staff's Engineering Report, Alpine's water system consists of three
21 wells with a total production capacity of 67 gallons per minute ("GPM"), a 280,000 gallon storage
22 tank, and a distribution system serving a maximum of 213 metered connections. Staff's Report states
23 the average annual growth rate for the previous five-years has been very modest, with less than two
24 new connections per year. ¹

25 11. Staff concluded that Alpine's water system has adequate production and storage
26 capacity.

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28 ¹ Staff's Engineering Report, pg. 2.

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6. Staff's recommendations, as set forth herein, are reasonable and should be adopted.

ORDER

IT IS THEREFORE ORDERED that the application of Alpine Water Systems, Inc., to sell its assets to the Alpine Domestic Water Improvement District, and to cancel its Certificate of Convenience and Necessity is hereby approved, with cancellation of Alpine's Water Systems, Inc's, Certificate of Convenience and Necessity being effective upon the closing of the sale of its assets to the Alpine Domestic Water Improvement District.

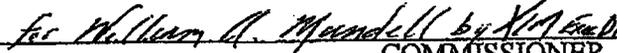
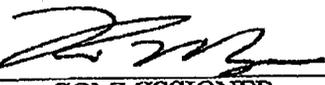
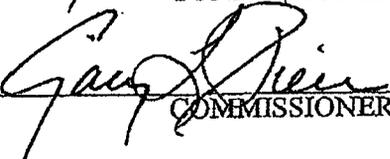
IT IS FURTHER ORDERED that Alpine Water Systems, Inc., shall file with Docket Control, as a compliance item in this docket, notice of the closing of the sale of assets to Alpine Domestic Water Improvement District, within 15 days of such event.

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IT IS FURTHER ORDERED that approval of the application in this matter is conditioned on Alpine Domestic Water Improvement District's commitment to honor all liabilities of Alpine Water Systems, Inc., relating to customer accounts; including customer deposits, meter advance credits, and main extension agreements.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

	
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 19th day of Nov., 2008.


 BRIAN C. McNEIL
 EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____
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SERVICE LIST FOR:

ALPINE WATER SYSTEMS, INC.

DOCKET NO.:

W-01731A-08-0285

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ATTACHMENT 3

