

ORIGINAL

OPEN MEETING



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MEMORANDUM RECEIVED

Arizona Corporation Commission  
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2010 JAN 20 1 P 4: 27

JAN 20 2010

TO: THE COMMISSION

FROM: Utilities Division

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: January 20, 2010

DOCKETED BY	<i>MS</i>
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RE: IN COMPLIANCE TO DECISION NO. 70955 - SOUTHERN SUNRISE WATER COMPANY, INC. AND EAST SLOPE WATER COMPANY FOR AN ORDER APPROVING A BORDERLINE AGREEMENT

IN THE MATTER OF THE APPLICATION OF NORTHERN SUNRISE WATER COMPANY, INC. AND SOUTHERN SUNRISE WATER COMPANY, INC. FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICE IN COCHISE COUNTY, ARIZONA (DOCKET NOS. W-20453A-06-0247 AND W-20454A-06-0248)

IN THE MATTER OF THE JOINT APPLICATION OF NORTHERN SUNRISE WATER COMPANY, INC. AND SOUTHERN SUNRISE WATER COMPANY, INC. FOR THE APPROVAL OF SALE AND TRANSFER OF WATER UTILITY ASSETS, AND CANCELLATION OF CERTIFICATES OF CONVENIENCE AND NECESSITY, FOR MIRACLE VALLEY WATER COMPANY, COCHISE WATER COMPANY, HORSESHOE RANCH WATER COMPANY, CRYSTAL WATER COMPANY, MUSTANG WATER COMPANY, CORONADO ESTATES WATER COMPANY, AND SIERRA SUNSET WATER COMPANY, LOCATED IN COCHISE COUNTY, ARIZONA (DOCKET NOS. W-20453A-06-0251, W-20454A-06-0251, W-01646A-06-0251, W-01868A-06-0251, W-02235A-06-0251, W-02316A-06-0251, W-02230A-06-0251, W-01629A-06-0251 AND W-02240A-06-0251)

On October 16, 2009, Southern Sunrise Water Company, Inc. ("SSWC") and East Slope Water Company ("ESWC") filed, in compliance with Decision No. 70955, a Borderline Agreement to allow SSWC to continue providing water service to customers of the Mountainside subdivision. Both SSWC and ESWC are engaged in providing water service within portions of Cochise County, Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission").

The Mountainside subdivision is located within ESWC's certificated territory. According to the Borderline Agreement, the SSWC owns the infrastructure used to serve the customers in the Mountainside subdivision and SSWC will continue to maintain the infrastructure at no cost to ESWC.

THE COMMISSION

January 20, 2010

Page 2

the right to serve the Mountainside subdivision customers with the next seven years, ESWC will purchase the infrastructure that meets the current standards at a depreciated value as well as the cost of any additional infrastructure after the date of this Decision. The original value of the infrastructure in 1998 was \$61,112 and any additional infrastructure value will be demonstrated by invoices.

In Section IV of the Borderline Agreement, ESWC agrees to support SSWC's (or its successor in interest) application to the Arizona Corporation Commission to cancel and transfer the portion of its Certificate of Convenience and Necessity pertaining to Mountainside customers, if it has not been able to provide adequate water service within seven years of this Decision.

Staff believes that the Borderline Agreement between SSWC and ESWC is a reasonable solution to allow continuation of water service to the Mountainside subdivision and is in the public interest. Therefore, Staff recommends the Commission approve the Borderline Agreement between SSWC and ESWC.

Staff further recommends that the Commission specify in its Order that approval of the Borderline Agreement at this time does not guarantee any future ratemaking treatment of the Borderline Agreement between SSWC and ESWC.



Steven M. Olea  
Director  
Utilities Division

SMO:KS:lhmkOT

ORIGINATORS: Kiana Sears

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

KRISTIN K. MAYES  
Chairman

GARY PIERCE  
Commissioner

PAUL NEWMAN  
Commissioner

SANDRA D. KENNEDY  
Commissioner

BOB STUMP  
Commissioner

IN THE MATTER OF THE APPLICATION )  
OF NORTHERN SUNRISE WATER )  
COMPANY, INC. AND SOUTHERN )  
SUNRISE WATER COMPANY, INC. FOR A )  
CERTIFICATE OF CONVENIENCE AND )  
NECESSITY TO PROVIDE WATER )  
SERVICE IN COCHISE COUNTY, )  
ARIZONA )

DOCKET NOS. W-20453A-06-0247  
W-20454A-06-0248

IN THE MATTER OF THE JOINT )  
APPLICATION OF NORTHERN SUNRISE )  
WATER COMPANY, INC. AND )  
SOUTHERN SUNRISE WATER )  
COMPANY, INC. FOR THE APPROVAL OF )  
SALE AND TRANSFER OF WATER )  
UTILITY ASSETS, AND CANCELLATION )  
OF CERTIFICATES OF CONVENIENCE )  
AND NECESSITY, FOR MIRACLE )  
VALLEY WATER COMPANY, COCHISE )  
WATER COMPANY, HORSESHOE )  
RANCH WATER COMPANY, CRYSTAL )  
WATER COMPANY, MUSTANG WATER )  
COMPANY, CORONADO ESTATES )  
WATER COMPANY, AND SIERRA )  
SUNSET WATER COMPANY, LOCATED )  
IN COCHISE COUNTY, ARIZONA )

DOCKET NOS. W-20453A-06-0251  
W-20454A-06-0251  
W-01646A-06-0251  
W-01868A-06-0251  
W-02235A-06-0251  
W-02316A-06-0251  
W-02230A-06-0251  
W-01629A-06-0251  
W-02240A-06-0251

DECISION NO. \_\_\_\_\_

ORDER

**(BORDERLINE AGREEMENT WITH  
EAST SLOPE WATER COMPANY)**

Open Meeting  
February 2 and 3, 2010  
Phoenix, Arizona

BY THE COMMISSION:

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...

FINDINGS OF FACT

1  
2           1.       Southern Sunrise Water Company, Inc. ("SSWC") and East Slope Water Company  
3 ("ESWC") are engaged in providing water service within Cochise County, Arizona, pursuant to  
4 authority granted by the Arizona Corporation Commission ("Commission" or "ACC").

5           2.       On October 16, 2009, SSWC and ESWC filed, in compliance with Decision No.  
6 70955, a Borderline Agreement which allows SSWC to provide water service to customers within  
7 the Mountainside subdivision which is within the certificated area of ESWC.

8           3.       SSWC owns the infrastructure used to serve the customers in the Mountainside  
9 subdivision. According to the agreement, SSWC will continue to maintain the infrastructure at no  
10 cost to ESWC.

11           5.       In Section III of the Borderline Agreement, ESWC reserves the right for the next  
12 seven years to provide water service to the Mountainside subdivision. If ESWC chooses to  
13 exercise the right to serve the Mountainside subdivision, the infrastructure that meets current  
14 standards will be sold to ESWC at a depreciated value. The original value of the infrastructure in  
15 1998 was \$61,112 and additional infrastructure after the date of this Decision will be paid to  
16 SSWC at cost.

17           6.       If ESWC is unwilling or unable to provide adequate water service within 7 years  
18 from the date of this Borderline Agreement, ESWC will support SSWC's (or its successors in  
19 interest) application to the Arizona Corporation Commission for a transfer of that portion of the  
20 ESWC Certificate on Convenience and Necessity to SSWC, when and if made.

21           7.       Staff believes that the Borderline Agreement between SSWC and ESWC is a  
22 reasonable solution to continued water service of customers of the Mountainside subdivision and is  
23 in the public interest.

24           8.       Staff recommends the Commission approve the Borderline Agreement between  
25 SSWC and ESWC.

26           9.       Staff further recommends that the Commission specify in its Order that approval of  
27 the Borderline Agreement at this time does not guarantee any future ratemaking treatment of the  
28 Borderline Agreement between SSWC and ESWC.

CONCLUSIONS OF LAW

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2 1. SSWC and ESWC are Arizona public service corporations within the meaning of  
3 Article XV, Section 2, of the Arizona Constitution.

4 2. The Commission has jurisdiction over SSWC and ESWC and over the subject  
5 matter of the Application.

6 3. The Commission, having reviewed the Borderline Agreement and Staff's  
7 Memorandum dated January 20, 2010, concludes that it is in the public interest to approve the  
8 Borderline Agreement between SSWC and ESWC.

ORDER

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10 IT IS THEREFORE ORDERED that the Borderline Agreement between Southern Sunrise  
11 Water Company, Inc. and East Slope Water Company for service to the Mountainside subdivision  
12 is hereby approved as discussed herein.

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1 IT IS FURTHER ORDERED that approval of the Borderline Agreement at this time does  
 2 not guarantee any future ratemaking treatment of the Borderline Agreement between Southern  
 3 Sunrise Water Company, Inc. and East Slope Water Company.

4 IT IS FURTHER ORDERED that this Order shall become effective immediately.

5 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMAN	COMMISSIONER	
COMMISSIONER	COMMISSIONER	COMMISSIONER

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IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,  
 Executive Director of the Arizona Corporation Commission,  
 have hereunto, set my hand and caused the official seal of this  
 Commission to be affixed at the Capitol, in the City of Phoenix,  
 this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
 ERNEST G. JOHNSON  
 EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

SMO:KS:lhmkOT

1 SERVICE LIST FOR: SOUTHERN SUNRISE WATER COMPANY AND EAST SLOPE  
2 WATER COMPANY  
3 DOCKET NOS. W-20453A-06-0247, et al.

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