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2010

BEFORE THE ARIZONA CORPORATION COMMISSION

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KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

Arizona Corporation Commission
DOCKETED
FEB - 3 2010

DOCKETED BY	nr
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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. 71481

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.

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CONCLUSIONS OF LAW

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

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

3. The Commission, having reviewed the Borderline Agreement, attached hereto as Exhibit 1, and Staff's Memorandum dated January 20, 2010, concludes that it is in the public interest to approve the Borderline Agreement between SSWC and ESWC.

ORDER

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

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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7 CHAIRMAN

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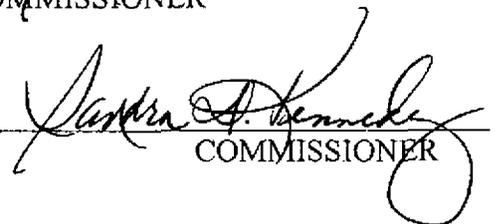
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11 COMMISSIONER

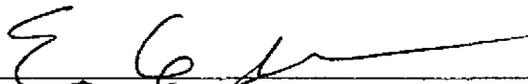
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13 COMMISSIONER

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15 COMMISSIONER

16 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
17 Executive Director of the Arizona Corporation Commission,
18 have hereunto, set my hand and caused the official seal of this
19 Commission to be affixed at the Capitol, in the City of Phoenix,
20 this 31st day of FEBRUARY, 2010.

21 

22 ERNEST G. JOHNSON
23 EXECUTIVE DIRECTOR

24 DISSENT: _____

25 DISSENT: _____

26 SMO:KS:lhm\KOT

1 SERVICE LIST FOR: SOUTHERN SUNRISE WATER COMPANY AND EAST SLOPE
WATER COMPANY

2 DOCKET NOS. W-20453A-06-0247, et al.

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7 Mr. Steven M. Olea
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8 Arizona Corporation Commission
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10 Ms. Janice M. Alward
Chief Counsel, Legal Division
11 Arizona Corporation Commission
12 1200 West Washington Street
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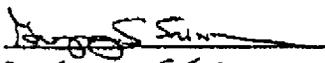
Docket Nos. W-20453A-06-0247, et al.

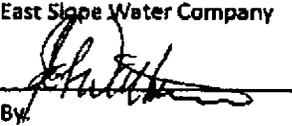
**Borderline Agreement
Between
East Slope Water Company and Southern Sunrise Water Company**

Whereas: Southern Sunrise Water Company ("SSWC") can serve customers within the Mountainside subdivision, a recorded plat in Cochise County, which is west of Calle de la Rosa, the border between the CC&Ns of SSWC and East Slope Water Company ("ESWC"). Mountainside is within the CC&N of ESWC. This agreement is made to allow SSWC to serve this area like its predecessor Cochise Water Company, and to protect the interest of ESWC in their CC&N which includes the Mountainside subdivision.

1. This Agreement renews annually unless conditions in section 3 below are met.
2. SSWC owns the infrastructure used to serve customers within the Mountainside subdivision. SSWC will continue to maintain the infrastructure at no cost to ESWC. Future lines and meters installed, if any, will be at the expense of SSWC. ESWC will incur no liability in the area and SSWC shall hold harmless from all claims, including Court costs and attorney fees, ESWC from the operation of SSWC.
3. If ESWC extends lines to serve those customers in Mountainside, the installed infrastructure that meets current standards for water delivery will be sold to ESWC at depreciated value. For purposes of this Agreement, the original value of the infrastructure installed in 1998 is \$61,112 (see attached). Any additional infrastructure installed after the date of this Agreement shall have the value of the cost of such addition, which will be supported by invoices at the time of sale from SSWC to ESWC as prescribed under this Agreement.
4. In the event ESWC is unwilling or unable to provide adequate water service within 7 years from the date of this Borderline Agreement, ESWC will support SSWC (or its successors in interest) in SSWC's application, when and if made, to the ACC to transfer the portion of ESWC's in which the subject customer properties are located.
5. SSWC will use its tariff to bill the customers served under this Agreement.

Dated this 25th day of September, 2009

Southern Sunrise Water Company
dba LIBERTY WATER

By: Gregory S. Sorenson
Its Director of Operations

East Slope Water Company

By: _____
Its Owner