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MEMORANDUM
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TO: Docket Control 2010 MAR 26 P 2: 07

FROM: Steven M. Olea
Director
Utilities Division

DATE: March 26, 2010

RE: IN THE MATTER OF THE NOTICE OF CONDEMNATION APPLICATION
FILED BY PINE WATER COMPANY (DOCKET NO. W-03512A-09-0486)

On October 9, 2009, Pine Water Company ("Pine" or "Company") filed a Notice of Condemnation application with the Arizona Corporation Commission ("ACC"). The Company indicated that all of the assets of Pine, including its Certificate of Convenience and Necessity ("CC&N") had been condemned and acquired by the Pine Strawberry Water Improvement District ("District").

The Company supplied the Final Order of Condemnation that was entered by the Yavapai Superior Court in Case No. P1300CV20090785 on October 6, 2009, which is attached and advised that Pine ceased to do business as a public utility or public service corporation at that time. Pine has transferred all meter deposits and security deposits for customers to the District, and the District has assumed all responsibility for meter deposits, security deposits and line extension agreements relating to Pine's customers.

Staff issued a data request on November 16, 2009, requesting verification from Pine that the whole Certificate of Convenience and Necessity area for Pine as defined by the ACC, and all of Pine's customers were taken over by the District. On February 8, 2010, Pine docketed a letter to Staff providing such verification.

In light of the condemnation by the District, Staff recommends that the Company's CC&N be cancelled.

Attachment

SMO:VLW:RM:red

Originator: Vicki Wallace

Arizona Corporation Commission
DOCKETED

MAR 26 2010

DOCKETED BY *MM*

Service List for: Pine Water Company
Docket No. W-03512A-09-0486

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Ms. Janice Alward
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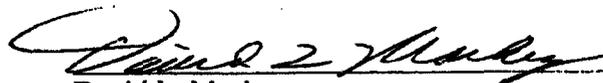
Mr. Steve M. Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

1 Water Company, Inc. ("PWCO"), Strawberry Water Company, Inc. ("SWCO"), and
2 Brooke Utilities, Inc. ("BUI") now located within the boundaries of the Certificates of
3 Convenience and Necessity ("CC&Ns") of PWCO and SWCO as shown on the map
4 attached hereto as Exhibit A, including all fee interests, leasehold interests, easements,
5 licenses, permits, franchises, U.S. Forest Service permits, Arizona Department of
6 Transportation encroachment permits, occupancy agreements or other agreements
7 benefiting or used by PWCO and SWCO, including any interests in real property
8 described in Exhibit B attached hereto; all transferable water rights of PWCO and SWCO;
9 any rights to surface water from any source within Pine and Strawberry, Arizona: all of
10 the plants, substations and water distribution systems and all easements, pumps, wells,
11 waterlines, meters, water storage tanks, electrical panels and services and other real
12 property used or useful in the provision of domestic water service to customers located
13 within the CC&Ns of PWCO and SWCO; all rights and duties of PWCO, BUI and SWCO
14 under any contracts attached in Exhibit C attached hereto; intangible rights of PWCO,
15 BUI and SWCO and all other real property or fixtures thereto of PWCO and SWCO used
16 and useful in providing water utility services to the public within and without the area
17 described in the PWCO and SWCO CC&Ns issued by the Arizona Corporation
18 Commission as shown on the map attached hereto as Exhibit A; all rights to any and all
19 property known as the Project Magnolia, the pipeline connecting the PWCO and SWCO
20 water systems, including but not limited to easements, permits and licenses and other
21 agreements for the location of physical facilities, the physical facilities themselves,
22 including pumps, pipelines, valves, and all other appurtenant facilities; and all other assets
23 used and useful to provide domestic water service to each and every customer presently
24 being served or capable of being served by PWCO and SWCO within their respective
25 CC&Ns (collectively, the "Used and Useful Assets") and any going concern value of the
26 business ("Going Concern Value") of PWCO and SWCO.

1 Notwithstanding the foregoing, the Used and Useful Assets do not include: (1) the
2 Central Arizona Project ("CAP") allocation presently held by PWCO which shall be
3 transferred back to Central Arizona Water Conservation District ("CAWCD") in
4 accordance with its contract (with PWCO retaining all rights to its Relinquishment
5 Accounts established and maintained by the CAWCD for the PWCO and PSWID
6 agreeing to cooperate in good faith to assist PWCO in retaining such Relinquishment
7 Accounts); (2) any claims or judgments held by PWCO, SWCO or BUI relating to or
8 affecting PWCO's, SWCO's or BUI's relationship with any third parties, including, but
9 not limited to, those held by SWCO in the matter of Strawberry Water Company v.
10 Paulsen, Maricopa County Superior Court No. CV2001-005988; (3) any real property
11 outside of the CC&Ns of Pine Water Company and Strawberry Water Company held by
12 BUI; and (4) any moveable personal property owned by BUI (including, as examples, but
13 not limited to, tools, inventory, vehicles or other equipment, computers or other office
14 equipment, and any other similar types of personal property). It is the specific intent of
15 PSWID, PWCO, SWCO and BUI that the Used and Useful Assets are the utility assets of
16 PWCO, SWCO in the ground or located on real property in Pine and Strawberry, Arizona,
17 as such real property is specifically described herein, and all other property of PWCO,
18 SWCO specifically described herein within the boundaries of the CC&Ns of PWCO or
19 SWCO.

20 DONE IN OPEN COURT this 6th day of October, 2009.

21
22 
23 David L. Mackey
24 Judge of the Superior Court

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