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Transcript Exhibit(s)

Docket #(s): W-01677A-09-0464

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Exhibit #: SI

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Arizona Corporation Commission

DOCKETED

APR - 5 2010



ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

2010 APR - 5 P 1: 52

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MEMORANDUM

LEGAL

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TO: Docket Control  
FROM: Steve M. Olea  
Director  
Utilities Division  
Date: February 19, 2010

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2010 FEB 19 A 11:42

FEB 19 2010

AZ CORP COMMISSION  
DOCKET CONTROL

LEGAL DIV.  
ARIZ. CORPORATION COMMISSION

RE: **STAFF REPORT FOR TURNER RANCHES WATER AND SANITATION COMPANY – APPLICATION FOR APPROVAL OF THE SALE OF ITS ALPINE DIVISION’S ASSETS TO ALPINE DOMESTIC WATER IMPROVEMENT DISTRICT AND CANCELLATION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER SERVICE (DOCKET NO. W-01677A-09-0464)**

Attached is the Staff Report for Turner Ranches Water and Sanitation Company’s Application for approval of the sale of its Alpine Division’s Assets to Alpine Domestic Water Improvement District and Cancellation of its Certificate of Convenience and Necessity for water service in Apache County, Arizona. Staff is recommending approval with conditions.

SMO:BNC:kdh

Originator: Blessing Chukwu

CONFIDENTIAL

STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

TURNER RANCHES WATER AND SANITATION COMPANY  
DOCKET NO. W-01677A-09-0464

APPLICATION FOR APPROVAL OF THE SALE  
OF ITS ALPINE DIVISION'S ASSETS TO ALPINE DOMESTIC WATER IMPROVEMENT  
DISTRICT AND CANCELLATION OF ITS CERTIFICATE CONVENIENCE AND  
NECESSITY

FEBRUARY 19, 2010

**EXECUTIVE SUMMARY**  
**TURNER RANCHES WATER AND SANITATION COMPANY**  
**DOCKET NO. W-01677A-09-0464**

On September 28, 2009, Turner Ranches Water and Sanitation Company ("Turner Ranches" or "Company" or "Transferor") filed an Application with the Arizona Corporation Commission ("ACC" or "Commission") for approval of the sale of its Alpine Division's Assets to Alpine Domestic Water Improvement District ("ADWID" or "District" or "Transferee") and cancellation of its Certificate of Convenience and Necessity ("CC&N") for water service in Apache County, Arizona. On January 19, 2010, Staff filed a Sufficiency Letter indicating that the Application had met the sufficiency requirements of the Arizona Administrative Code.

Turner Ranches Water and Sanitation Company is an Arizona Corporation, in good standing with the Commission's Corporation Division. Turner Ranches' Alpine Division is located in Apache County, Arizona, where it provides potable water to approximately 118 customers, pursuant to Commission Decision No. 57072 (August 22, 1990). ADWID is a political subdivision of the State of Arizona; created on June 5, 2007, by the Apache County Board of Supervisors; and provides water service to approximately 208 customers in Alpine, Arizona. The District's service territory encompasses two and one half square miles. Turner Ranches' Alpine Division CC&N area is approximately 0.5 square miles in size and is contiguous to the District. According to the Company, no customer security deposits need to be refunded; no refunds are due on meter and service line installations; and all refunds due on Main Extension Agreements will be assumed by the District subject to the Commission granting the relief requested in the Application. The District has been the On-site Operating Manager for the Company's Alpine Division water system since 1994, and does not anticipate any changes in the operation and maintenance of the Company's water system as a result of the proposed transaction.

Based on Staff's review and analysis of the application, Staff believes the Company's existing system has adequate production and storage capacity to serve existing customers.

Staff recommends the Commission approve Turner Ranches' Application for the sale of its Alpine Division's assets to ADWID and cancellation of its CC&N for water service within portions of Apache County, Arizona, subject to compliance with the following condition:

1. That Turner Ranches be required to file with Docket Control, as a compliance item in this docket, copies of all documentation transferring ownership of its Alpine Division water system and assets to ADWID, within 120 days of the effective date of a decision in this matter.

Staff further recommends that the Commission's Decision granting the approval of the sale of assets to ADWID and the cancellation of the CC&N be considered null and void, after due process, should Turner Ranches fail to meet Condition No. 1 listed above within the specified time.

## INTRODUCTION

On September 28, 2009, Turner Ranches Water and Sanitation Company ("Turner Ranches" or "Company" or "Transferors") filed an Application with the Arizona Corporation Commission ("ACC" or "Commission") for approval of the sale of its Alpine Division's Assets to Alpine Domestic Water Improvement District ("ADWID" or "District" or "Transferee") and cancellation of its Certificate of Convenience and Necessity ("CC&N") for water service in Apache County, Arizona.

On January 19, 2010, Staff filed a Sufficiency Letter indicating that the Application had met the sufficiency requirements of the Arizona Administrative Code ("A.A.C.").

## BACKGROUND

Turner Ranches Water and Sanitation Company is an Arizona Corporation, in good standing with the Commission's Corporation Division.

Turner Ranches consists of two divisions: the Alpine Division located in Apache County where it provides potable water to approximately 118 customers; and Irrigation Division located in Maricopa County where it serves non-potable water for irrigation purposes to over 900 residential customers, 135 fire hydrants, two golf courses, and the common areas in Leisure World community.

Only the Alpine Division water system assets and service area is the subject of this Application. The Company provides water service to its Alpine Division customers in Apache County, Arizona, pursuant to Commission Decision No. 57072 (August 22, 1990). Turner Ranches' Alpine Division serves an area approximately 0.5 square miles in size.

ADWID is a political subdivision of the State of Arizona and provides water service to approximately 208 customers in Alpine, Arizona. The District was created on June 5, 2007 by the Apache County Board of Supervisors. Subsequently, the District acquired the assets of the Alpine Water Systems, Inc. pursuant to Commission Decision No. 70614 (November 19, 2008). ADWID service territory is located approximately 30 miles south of Springerville, Arizona, on state highway AZ-260 in Apache County, and encompasses two and one half square miles.

## THE WATER SYSTEM

The Company's water system consists of a well (producing 200 gallons per minute), one 250,000 gallon storage tank, and a distribution system serving 118 service connections. The water system has adequate well production and storage capacity to serve the existing service connections. In addition, according to Decision No. 70614 (November 19, 2008), the District had future plans to purchase the Company and interconnect the two water systems to create economies of scale and an integrated system in the Alpine area.

## **CROSS CONNECTION TARIFF**

The Company has an approved cross connection tariff on file with the Commission.

## **PROPOSED RATES**

Upon the acquisition of the Company's Alpine Division assets, the customers in the affected CC&N areas will be charged the Company's existing rates for water service for the first year. After, the first year, the District will determine subsequent rates. Currently, the Company's rates are lower than that of the District.

## **RECOMMENDATIONS**

Staff recommends the Commission approve Turner Ranches' Application for the sale of its Alpine Division's assets to ADWID and cancellation of its CC&N for water service within portions of Apache County, Arizona, subject to compliance with the following condition:

1. That Turner Ranches be required to file with Docket Control, as a compliance item in this docket, copies of all documentation transferring ownership of its Alpine Division water system and assets to ADWID, within 120 days of the effective date of a decision in this matter.

Staff further recommends that the Commission's Decision granting the approval of the sale of assets to ADWID and the cancellation of the CC&N be considered null and void, after due process, should Turner Ranches fail to meet Condition No. 1 listed above within the specified time.

**MEMORANDUM**

TO: Blessing N. Chukwu  
Executive Consultant III  
Utilities Division

FROM: Marlin Scott, Jr. *MSJ*  
Utilities Engineer  
Utilities Division

DATE: January 26, 2010

RE: Turner Ranches Water and Sanitation Company – Alpine Division  
Docket No. W-01677A-09-0464 (Sale of Assets and transfer of its CC&N)

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**Introduction**

Turner Ranches Water and Sanitation Company – Alpine Division (“Company”) has filed an application for approval of the sale of its assets and transfer of its Certificate of Convenience and Necessity (“CC&N”) to the Alpine Domestic Water Improvement District (“District”). The Company is located in Alpine, Apache County, with its CC&N covering approximately 0.5 square-miles and contiguous to the District.

**Water System**

*Operation*

The Company’s water system consists of a well (producing 200 gallons per minute), one 250,000 gallon storage tank, and a distribution system serving 118 service connections.

*Capacity*

The water system has adequate well production and storage capacity to serve the existing service connections. In addition, according to the prior Decision No. 70614, dated November 19, 2008, the District had future plans to purchase the Company and interconnect the two water systems to create economies of scale and an integrated system in the Alpine area.

*Transfer of Assets*

The Company provided a plant listing of assets totaling to \$968,960 to be transferred to the District. This plant listing is attached to this report as Attachment 1.

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

G/L #	Description	Costs
<b>101-301-6</b>	<b>Organization</b>	<b>16,162.22</b>
<b>101-302-6</b>	<b>Franchises &amp; Consents</b>	<b>2,000.00</b>
<b>101-303-6</b>	<b>Land and Land Rights</b>	
	Water Tank Site	<b>4,813.00</b>
<b>101-321-6</b>	<b>Structures &amp; Improvements</b>	
Alpine Vlg East	Underground Conc. Vault @ Pressure Reducing Sta.	4,430.00
. . .	Fence @ Well Site	1,561.17
. . .	Sump Pump - from AWID	0.00
<b>101-307-6</b>	<b>Wells &amp; Springs</b>	
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
. . .		
<b>101-311-6</b>	<b>Electric Pumping Equipment</b>	
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
<b>101-330-6</b>	<b>Distribution Reservoir &amp; Standpipes</b>	
Alpine Vlg East	250,000 Gallon Steel Reservoir	101,200.00
. . .	Fence @ Reservoir	8,061.00
<b>101-331-6</b>	<b>Transmission &amp; Distribution Mains</b>	
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

MEMORANDUM

TO: Blessing Chukwu  
Executive Consultant III  
Utilities Division

FROM: Barb Wells *bw*  
Information Technology Specialist  
Utilities Division

THRU: Del Smith *DS*  
Engineering Supervisor  
Utilities Division

DATE: October 20, 2009

RE: **TURNER RANCHES WATER & SANITATION COMPANY (DOCKET NO. W-01677A-09-0464)**

Turner Ranches has filed an application to delete its CC&N in Apache County due to the sale of its infrastructure to Alpine Domestic Water Improvement District.

Attached is a copy of the map for your files.

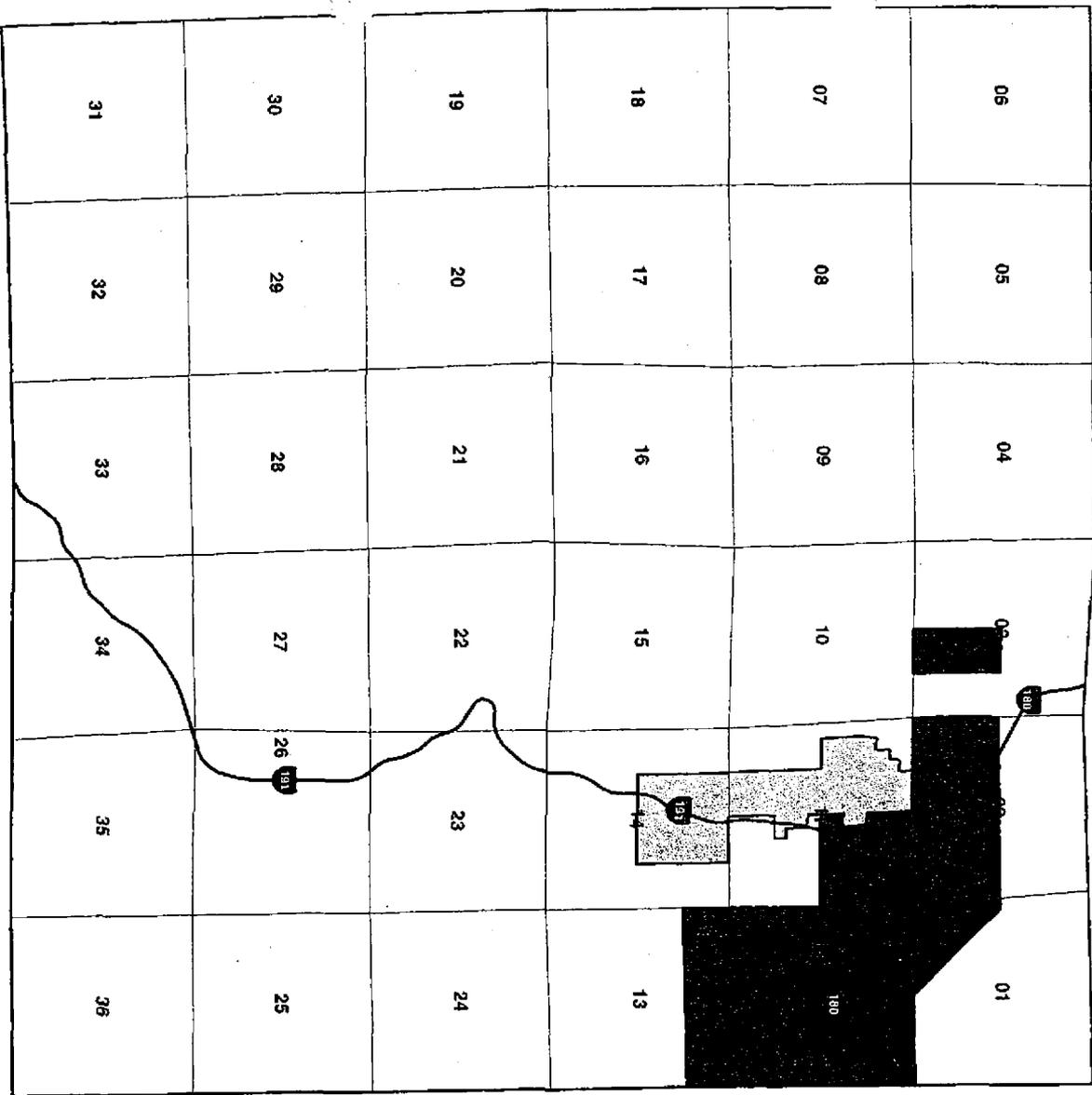
:bsw

Attachment

cc: Mr. Stanley B. Lutz  
Mr. Steve Wene  
Ms. Deb Person (Hand Carried)  
Mr. Marlin Scott, Jr.

# APACHE COUNTY

## RANGE 30 East



## TOWNSHIP 5 North

Map No. 1



W-1677 (1)

Turner Ranches Water and Sanitation Company



(1)

Chapache Water Cooperative and Homeowners Association (Non-jurisdictional)



(2)

Alpine Domestic Water Improvement District (Nonjurisdictional)

Turner Ranches Water & Sanitation Company  
 Docket No. W-01677A-09-0464  
 Application to Delete - Sell to  
 Alpine Domestic Water Improvement District