

COOPER & RUETER, L.L.P.

ATTORNEYS AND COUNSELORS AT LAW

ORIGINAL



0000116106

221 NORTH FLORENCE STREET
POST OFFICE BOX 15005
CASA GRANDE, ARIZONA 85130-5005

LOCAL (520) 836-8265
PHOENIX (602)257-9696
FAX (520) 421-0916

RECEIVED

2010 SEP -3 A 10:42

STEPHEN R. COOPER
ELIZABETH RYAN RUETER
PAUL D. GREEN
KENT P. VOLKMER

AZ CORP COMMISSION
DOCKET CONTROL

Vicki Wallace
Executive Consultant
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007-2927

July 1, 2010
Arizona Corporation Commission

DOCKETED

SEP 3 2010

DOCKETED BY	
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RECEIVED

JUL 02 2010

AZ CORP COMM
Director Utilities

Re: Why Utility Water Company - Application for Sale and Transfer of Assets in Cancellation of Certificate of Convenience and Necessity ("CC&N" Docket Number W-02052A-10-0020

Dear Vicki:

Why Utility Water Company has asked that I respond to your letter of February 21, 2010. For your convenience, I am enclosing a copy with this letter along with Why's original application. Please note that we will be addressing the issues set forth in your Insufficiency Letter in chronological order:

1. The terms and conditions of proposed sale and transfer:

Why Utility Company has created a domestic water improvement district pursuant to Title 48 of the Arizona Revised Statutes to provide domestic water service for the area within the boundaries of the Why Utility CC&N. The purpose of domestic water improvement district is to apply and receive preferred governmental grants and funding to upgrade the water infrastructure system. Why Utility has formed the domestic water district to facilitate receiving grants and low interest loans. It is not creating the domestic water improvement district to avoid any obligations to the Arizona Corporation Commission or its rate payers.

2. Listing of Company's assets:

Attached as Exhibit 2 is a list of the assets of Why Utility Company. The proposed transfer is to transfer all assets of Why Utility to Why Domestic Water Improvement District.

COOPER & RUETER, L.L.P.

ATTORNEYS AND COUNSELORS AT LAW

July 1, 2010

Page Two

3. The total purchase price:

There is no consideration for this transfer. The property owners and rate users who reside within the boundaries of the district will own the assets and will elect directors to govern the domestic water improvement district.

4. Utility's financial condition:

Please see attached Exhibit 4.

5. Proposed transaction financing:

No financing is involved.

6. The District's prior experience and owner and operating system:

The core management group which has operated Why Utility has been appointed as the directors and operators of the Why Domestic Water Improvement District.

7. The organizational structure of the District:

Please see Exhibit 7.

8. Name and ADEQ certification of person who is certified operator of system:

Please see Exhibit 8.

9. Central Arizona Project Allocation:

No Central Arizona Project Allocation is involved in this matter.

10. Number of customers to be affected by the proposed transaction:

100

11. Effect of proposed transaction upon service of the applicant:

There will be no effect on service on the proposed transaction.

COOPER & RUETER, L.L.P.

ATTORNEYS AND COUNSELORS AT LAW

July 1, 2010

Page Three

12. Proposed transaction impact on other utility:

No other utility will be impacted by the proposed transaction.

13. Describe any change to the operation and maintenance of the system that will occur if the proposed and transfer is approved:

There will be no change to the operation and maintenance of the system. However, the ability to receive federal grants and loans as a domestic water improvement district will greatly enhance the ability to upgrade and modernize the domestic water system.

14. Estimate of cost of additional upgrades needed to the water system:

The Domestic Water Improvement District currently has an ongoing USDA grant of \$2.6 million dollars to replace water lines and will be receiving an additional \$913,000.00 dollars to drill new wells.

15. Resolution of order establishing the District:

Please see attached Exhibit 15.

16. Is the District planning on charging same rates the company is now charging:

Yes.

17. Will liabilities and deposits be assumed by the District:

Currently there are no water main extension agreements in existence. Any deposits for utility services will be transferred to the Why Domestic Water Improvement District.

18. Any and all mechanics, tax or other liens against the Company:

None.

COOPER & RUETER, L.L.P.

ATTORNEYS AND COUNSELORS AT LAW

July 1, 2010

Page Four

19. Updated Arizona Department of Environmental Quality Compliance Statement:

See Exhibit 19.

20. Is the Company in compliance with ADWR water use and monitoring requirements:

Yes.

Please accept our apologies for the delay in responding to your letter. If you have any questions concerning this matter, please call me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Stephen R. Cooper", with a long horizontal flourish extending to the right.

Stephen R. Cooper

SRC/mem
Enclosure (as noted)

EXHIBIT 2

Why Utility Co., Inc.
Fixed Assets 12-31-2009

General Plant	01/01/88	\$ 67,440
General Plant	01/01/89	6,328
Tractor Shed	02/01/95	1,878
Metal Bldg	02/01/05	4,000
Filtration System	11/17/08	1,941,363
Add Filtration	10/01/09	170,178
Distribution system	01/01/88 - 01/01/98	156,339
#2 well & improv	01/93 - 12/04	357,369
Tractor, trailer, repr	01/91 - 09/94	45,143
RO machine & Bldg	06/01	8,314
Meters	01/07	1,385
Dump Trailer	04/09	5,982
	Total water assets	2,765,719
<u>Parks Assets</u>		
Coin Machine	01/91	269
Forklift	03/06	5,550
Septic Tank	01/03	6,295
RR Bldg	01/92	5,029
Coolers	01/92 - 03/05	1,003
West Pk Eqpt	11/02 - 10/05	6,165
	Total Parks assests	24,311
Land 3 parcels		123,735
	Total	\$2,913,765

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: CML
DEPUTY RECORDER
1951 ASI

DOCKET: 13745
PAGE: 3067
NO. OF PAGES: 1
SEQUENCE: 20100290756
02/12/2010
QCDEED 18:00
MAIL
AMOUNT PAID \$ 13.00



W
WHY DOMESTIC WATER IMPROVEMENT DISTRICT
PO BOX 69
AJO AZ 85321

Space above this line for Recorder's use

QUITCLAIM DEED

KNOW ALL MEN BY THESE PRESENTS:

That the Why Utility Company, Inc., the undersigned, for value received, do hereby release, remise, and forever quitclaim unto the Why Domestic Water Improvement District all right, title and interest in that certain Property situated in Pima County, State of Arizona, and described as follows:

The East 1/2 of the Southeast 1/4 of the Northeast 1/4 of the Southwest 1/4 of Sec. 25, T. 13S., R. 5 W., Gila and Salt River Base and Meridian, Pima County, Arizona.

This deed is exempt from Affidavit of Value per A.R.S. 11-1134 A3

EXCEPTING AND RESERVING TO THE UNITED STATES

1. A right-of-way thereon for ditches or canals constructed by the authority of the United States. Act of August 30, 1890. 43 U.S.C. 945.
2. Rights-of-way for highway purposes granted to Arizona Department of Transportation, and it's assigns, under Rights-of-way No. AZPHX 080710, pursuant to the Act of November 9, 1921, 42 Stat. 212, and the right to enforce all or any of the terms and conditions of the rights-of-way.

IN WITNESS WHEREOF, we have hereunto set our hands and seal this 1st day of DEC., 2009

Why Utility Company, Inc.
Releaser

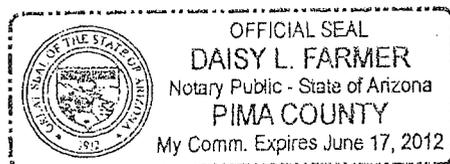
By: Vern Denning
Vern Denning, President

State of Arizona)
) ss.
County of Pima)

On this 1st day of Dec, 2009, before me, the undersigned Notary Public, personally appeared Vern Denning, known to me to be the individual who executed the foregoing instrument and acknowledged the same to be his free act and deed.

My Commission Expires: 6/17/2012

Daisy L Farmer
Notary Public



Pima County Recorder
Tracking #200902243

417-415 09000

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: CML
DEPUTY RECORDER
1951 AS1



DOCKET: 13749
PAGE: 3059
NO. OF PAGES: 1
SEQUENCE: 20100290758
02/12/2010
QCDEED 18:00
MAIL
AMOUNT PAID \$ 13.00

W
WHY DOMESTIC WATER IMPROVEMENT DISTRICT
PO BOX 69
AJO AZ 85321

Space above this line for Recorder's use

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This deed is exempt from Affidavit of Value per A.R.S. 11-1134 A3
EXCEPTING AND RESERVING TO THE UNITED STATES

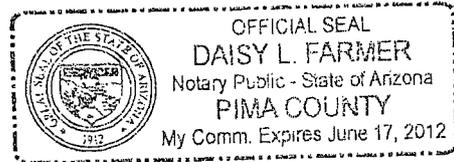
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IN WITNESS WHEREOF, we have hereunto set our hands and seal this 1 day of DEC, 2009

Why Utility Company, Inc.
Releaser

By: Vern Denning
Vern Denning, President

State of Arizona)
) ss.
County of Pima)



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My Commission Expires: 6/17/2012

Daisy L. Farmer
Notary Public

14449 020100

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: CML
DEPUTY RECORDER
1951 AS1



DUCKET: 3072
PAGE: 3072
NO. OF PAGES: 1
SEQUENCE: 20100290761
02/12/2010
QCDEED 18:00
MAIL
AMOUNT PAID \$ 13.00

W
WHY DOMESTIC WATER IMPROVEMENT DISTRICT
PO BOX 69
AJO AZ 85321

Space above this line for Recorder's use

QUITCLAIM DEED

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That the Why Utility Company, Inc., the undersigned, for value received, do hereby release, remise, and forever quitclaim unto the Why Domestic Water Improvement District all right, title and interest in that certain Property situated in Pima County, State of Arizona, and described as follows:

That portion of the West 1/2 of the Southwest 1/4 of the Northeast 1/4 of the Northwest 1/4 of Sec. 25, T. 13S., R. 5 W., Gila and Salt River Base and Meridian, Pima County, Arizona lying westerly of Arizona State Highway 85.

This deed is subject to current taxes, assessments, reservations in patents and all easements, covenants, rights of way, liens, and other restrictions on said property.

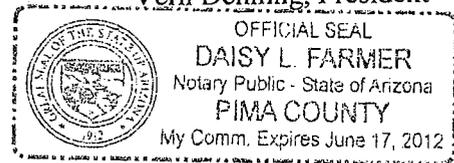
This deed is exempt from Affidavit of Value per A.R.S.11-1134 A3.

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Releaser

By: Vern Denning
Vern Denning, President

State of Arizona)
) ss.
County of Pima)



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My Commission Expires: 6/17/2012

Daisy L. Farmer
Notary Public

Pima County Recorder
Tracking #200902248

AMANDA BERN

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: CML
DEPUTY RECORDER
1951 AS1



DOCKET: 13745
PAGE: 3073
NO. OF PAGES: 1
SEQUENCE: 20100290762
02/12/2010
QCDEED 18:00
MAIL
AMOUNT PAID \$ 13.00

W
WHY DOMESTIC WATER IMPROVEMENT DISTRICT
PO BOX 69
AJO AZ 85321

Space above this line for Recorder's use

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This deed is exempt from Affidavit of Value per A.R.S. 11-1134 A3

EXCEPTING AND RESERVING TO THE UNITED STATES

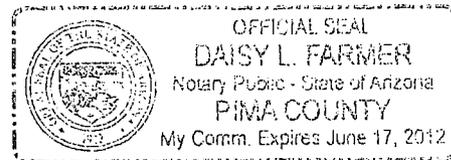
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Releaser

By: Vern Denning
Vern Denning, President

State of Arizona)
) ss.
County of Pima)



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My Commission Expires: 6/17/2012

Daisy L. Farmer
Notary Public

EXHIBIT 4

COMPANY NAME

Why Utility Co., Inc.

BALANCE SHEET

Acct No.	ASSETS	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$	\$
134	Working Funds	78,104	79,393
135	Temporary Cash Investments	23,816	39,446
141	Customer Accounts Receivable	5,197	5,975
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	500	500
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	1,275	1,091
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 108,892	\$ 126,405
	FIXED ASSETS		
101	Utility Plant in Service	\$ 790,512	\$ 2,803,991
103	Property Held for Future Use		
105	Construction Work in Progress	2,015,086	29,114
108	Accumulated Depreciation – Utility Plant	609,910	550,034
121	Non-Utility Property	112,095	115,758
122	Accumulated Depreciation – Non Utility	30,208	20,398
	TOTAL FIXED ASSETS	\$2,277,575	\$ 2,378,431
	TOTAL ASSETS	\$2,386,467	\$2,504,836

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME Why Utility Co., Inc.

BALANCE SHEET (CONTINUED)

Acct. No.	LIABILITIES	BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
CURRENT LIABILITES			
231	Accounts Payable	\$ 0	\$ 0
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	1,950	2,090
236	Accrued Taxes	3,683	3,469
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		6,097
	TOTAL CURRENT LIABILITIES	\$ 5,633	\$ 11,656
LONG-TERM DEBT (Over 12 Months)			
224	Long-Term Notes and Bonds	\$ 184,480	\$ 182,441
DEFERRED CREDITS			
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax	2,622	0
	TOTAL DEFERRED CREDITS	\$ 2,622	\$ 0
	TOTAL LIABILITIES	\$ 192,735	\$ 194,097
CAPITAL ACCOUNTS			
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	689,879	644,191
218	Proprietary Capital (Sole Props and Partnerships)	1,503,853	1,666,548
	TOTAL CAPITAL	\$ 2,193,732	\$ 2,310,739
	TOTAL LIABILITIES AND CAPITAL	\$ 2,386,467	\$ 2,504,836

COMPANY NAME

Why Utility Co., Inc.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 68,393	\$ 68,890
460	Unmetered Water Revenue	1,279	1,307
474	Other Water Revenues	955	697
	TOTAL REVENUES	\$ 70,627	\$ 70,894
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 16,929	\$ 12,696
610	Purchased Water	514	715
615	Purchased Power	9,026	10,783
618	Chemicals	00	6,525
620	Repairs and Maintenance	27,410	5,574
621	Office Supplies and Expense	587	1,182
630	Outside Services	19,981	14,236
635	Water Testing	3,005	3,636
641	Rents	31	31
650	Transportation Expenses	00	318
657	Insurance – General Liability	3,764	3,396
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	13,423	16,066
403	Depreciation Expense	15,982	65,718
408	Taxes Other Than Income	2,231	4,069
408.11	Property Taxes	2,853	2,558
409	Income Tax	00	45
	TOTAL OPERATING EXPENSES	\$ 115,736	\$ 147,548
	OPERATING INCOME/(LOSS)	\$ (45,109)	\$ (76,654)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 358	\$ 125
421	Non-Utility Income	132,396	122,562
426	Miscellaneous Non-Utility Expenses	95,178	91,721
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$ 37,576	\$ 30,966
	NET INCOME/(LOSS)	\$ (7,533)	\$ (45,688)

EXHIBIT 7

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: LLW
DEPUTY RECORDER
1956 PE-2

P0230
PIMA CO CLERK OF THE BOARD
PICKUP



DOCKET: 13599
PAGE: 3081
NO. OF PAGES: 4
SEQUENCE: 20091340770
07/14/2009
RES 18:00
PICKUP
AMOUNT PAID \$ 0.00

RESOLUTION NO. 2009- 152

RESOLUTION AND ORDER ESTABLISHING THE
WHY DOMESTIC WATER IMPROVEMENT DISTRICT
OF PIMA COUNTY, ARIZONA

WHEREAS, petitions were filed with the Clerk of the Board of Supervisors of Pima County, Arizona, requesting the formation of a domestic water improvement district to be known as the Why Domestic Water Improvement District of Pima County, Arizona (the "District"), pursuant to Arizona Revised Statutes Title 48, Chapter 6; and

WHEREAS, the Board of Supervisors finds that the petition has been signed by a majority of the property owners within the proposed District and that notice of the hearing on the establishment of the proposed District was given pursuant to A.R.S. § 48-905; and

WHEREAS, after holding a public hearing and having heard all interested property owners on all matters relating to the establishment of the proposed District, the Board finds that the public convenience, necessity and welfare will be promoted by the establishment of the District.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA, that a domestic water improvement district is hereby organized under the name Why Domestic Water Improvement District of Pima County, Arizona, by which name it shall be known in all proceedings hereafter;

That the legal description and the boundaries of the District are as set forth on the attached Exhibit A.

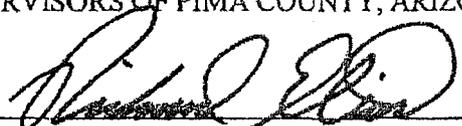
Pursuant to A.R.S. §§ 48-903 and 48-1012, the Board hereby approves and appoints the following persons as the initial Board of Directors of said District:

1. Vern R. Denning
2. Charles W. Stevenson, Jr.
3. Curtis T. Taylor
4. Joseph Hammons
5. Paul J. Waterman

18000 00001

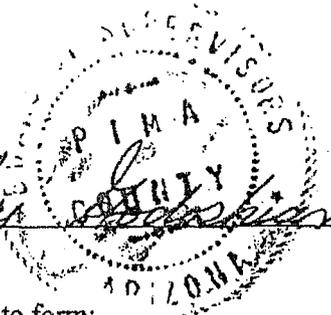
The Board hereby directs that a copy of this Resolution be recorded in the office of the Pima County Recorder, and that the Clerk mail a copy of this order to the Department of Revenue and to the County Assessor of this County pursuant to Arizona Revised Statutes § 42-17257.

PASSED AND ADOPTED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA ON


Chairman

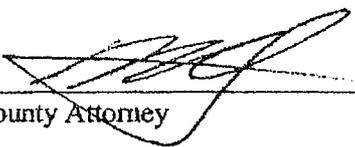
JUL 07 2009

ATTEST:



Clerk

Approved as to form:


Deputy County Attorney

Attachment: Exhibit A (legal description and boundary map)

ResolutionAndOrderEstablishingDistrict

1-1010006 0300003

EXHIBIT 8

Wayne F. Miller, #05397
Post Office Box 240
Gila Bend, Arizona 85337
Phone: (928) 683-6885

Wayne F. Miller, #05397
Post Office Box 240
Gila Bend, Arizona 85337
Phone: (928) 683-6885

EXHIBIT 15

Ajo Copper News

Hollister David, Publisher
 Gabrielle David, Editor
 Michelle Pacheco, Office Manager

P. O. Box 39 • Ajo, Arizona 85321
 Phone (520) 387-7688
 FAX (520) 387-7505

STATE OF ARIZONA)
) ss.
 COUNTY OF PIMA)

Hollister David deposes and says that he is the publisher of the *Ajo Copper News*, a weekly newspaper of general circulation and established character, published weekly at Ajo, Pima County, Arizona, and that

PUBLIC NOTICE OF AN APPLICATION FOR SALE OF ASSETS AND/OR TRANSFER OF THE CERTIFICATE OF CONVENIENCE AND NECESSITY BY WHY UTILITY CO., INC.

Why Utility Co., Inc. has filed with the Arizona Corporation Commission ("Commission") an application for authority to sell its assets and/or transfer its Certificate of Convenience and Necessity to provide water service to Why Domestic Water Improvement District. If the application is granted, Why Domestic Water Improvement District would be the exclusive provider of water service to your area.

If you have any claims against Why Utility Co., Inc., including claims for refunds of security deposits, service line and meter installations (WATER ONLY) or main extension agreements and you have not already been contacted by the Company, you must present your claim to Why Utility Co., Inc., on or before December 1, 2009. Direct your claim(s) to Why Utility Co., Inc., P. O. Box 69, Ajo, AZ 85321, phone 520-387-7641.

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 own 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 its 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 1-800-222-7000/400 West Congress, North Building, Room 218, Tucson, Arizona 85701 or call 1-800-535-0148.

PUBLIC NOTICE OF AN APPLICATION FOR SALE OF ASSETS AND/OR TRANSFER OF THE CERTIFICATE OF CONVENIENCE AND NECESSITY BY WHY UTILITY CO., INC.

A true and correct copy of which is attached to this affidavit, published in the said *Ajo Copper News* every week in the newspaper proper and not in a supplement or advertisement.

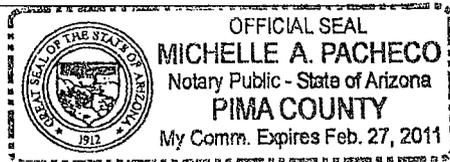
December 23, 2009

Hollister David, Publisher,
Ajo Copper News

Witness my hand and subscribed before me, a Notary Public for the County of Pima, Arizona, this 23 day of December, 2009.

Michelle A. Pacheco

Notary Public



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

BY WHY UTILITY CO., INC.

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EXHIBIT 19



Janice K. Brewer
Governor

ARIZONA DEPARTMENT
OF
ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.azdeq.gov



Benjamin H. Grumbles
Director

November 25, 2009

Case ID: 10198

Why Utility Company, Inc.
Attention: Vern Denning
P.O. Box 69
Ajo, Arizona 85321

Subject: Closure of the December 17, 2008 Notice of Violation – Why Utility Company, Inc. –
PWS #10-118

Dear Mr. Denning:

The Arizona Department of Environmental Quality (ADEQ), has closed the Notice of Violation (NOV) issued to Why Utility Company, Inc. (Why Utility) on December 17, 2008. ADEQ has closed the NOV based upon its determination that Why Utility has met the *Documenting Compliance* provisions of the NOV by:

- Installing an arsenic treatment system; and
- Submitting arsenic monitoring reports below the Maximum Contaminant Level for two consecutive quarters.

ADEQ will not proceed with further action at this time. However, if additional information regarding the alleged violations is discovered, or if further violations occur, ADEQ may reconsider its position and take additional action as appropriate and as allowed by law.

Thank you for your efforts to comply with the Arizona's environmental requirements. Should you have any comments or questions regarding this matter, please do not hesitate to contact me at (602) 771-2209 or contact Vivian Burns, Enforcement Unit Case Manager at (602) 771-4608.

Sincerely,

Cynthia S. Campbell, Manager
Water Quality Compliance Section

Northern Regional Office
1801 W. Route 66 • Suite 117 • Flagstaff, AZ 86001
(928) 779-6313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

cc: Vivian Burns, ADEQ Enforcement Unit Case Manager
Ben Chou, ADEQ Environmental Program Specialist
Vivian Adams, ADEQ Environmental Program Specialist

Jeff Bower, PE
Tres Rios Consulting Engineers
230 W. Baseline Rd., Suite 101-A
Tempe, AZ 85282

Pima County Health Department
Dennis W. Douglas, Director
3950 S. Country Club Road, Suite 100
Tucson, AZ 85714

Patrick Chan
US EPA Regional Office IX
75 Hawthorne St.
San Francisco, CA 94105

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BOB STUMP



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Executive Director

ARIZONA CORPORATION COMMISSION

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2010 FEB 22 A 10: 57

AZ CORP COMMISSION
February 21, 2010
DOCKET CONTROL

CERTIFIED MAIL

Mr. Vern Denning
130 Bell Rd
Why, AZ 85321

RE: Why Utility Water Company- Application for the Sale and Transfer of Assets and Cancellation of the Certificate of Convenience and Necessity ("CC&N") Docket No. W-02052A-10-0020

INSUFFICIENCY LETTER

Dear Mr. Denning:

In reference to the above-mentioned application docketed on January 21, 2010, by Why Utility Company ("Applicant" or "Company"), this letter is to inform you that the application has not met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C") R14-2-602. The following information needs to be provided in order to determine sufficiency:

1. Provide the terms and conditions of the proposed sale and transfer and copies of any purchase and/or transfer agreements between the Company and the District that have been or will be executed concerning the transaction.
2. Provide a complete listing of the Company's assets and a description of utility property that are to be sold to the Why Domestic Water Improvement District ("District"). On the list provided, please indicate those assets, if there are any, that would not be sold to the District.
3. What is the total purchase price to be paid by the District and how was this price determined?
4. Provide documentation establishing the utility's financial condition, including at least the utility's current assets and liabilities, an income statement, the utility's revenue and expenses for the most recently completed 12-month accounting period, and the value of the utility's utility plant in service.
5. Provide the method by which the proposed transaction is to be financed.

*Transfer only
from Corp. to District*

6. Describe the District's (or its members) prior experience in owning and operating a water company.

See cover letter

7. Describe the organizational structure of the District and provide name and contact information for those individuals that will be primarily responsible for managing and operating the Company. *in application*

Provided in application

8. Provide the name and ADEQ certification number of the person who will be the certified operator of the water system upon the completion of the sale and transfer.

? 9. Has the District secured its Central Arizona Project allocation?

100 10. Provide the number of customers to be affected by the proposed transaction

11. Describe the effect of the proposed transaction upon the service of the applicant and any benefits that will be realized by customers if the proposed sale is approved.

12. Describe in what respect, if any, the proposed transaction will have on any other utility.

13. Describe any change to the operation and maintenance of the system that will occur if the proposed sale and transfer is approved.

14. List and estimate the cost of any additional upgrades needed to the water system.

USDPA approx 2.6 million to replace water lines in progress + 2913,000 to Pima County

Copy mailed

15. Please provide a copy of Pima County's Resolution and Order establishing the District recorded on July 14, 2009.

Yes

16. Is the District planning on charging the same rates that the Company is now charging?

No main extension agreement
See deposits will

17. Will all the Company's liabilities, including but not limited to, refund obligations associated with main extension agreements and customer security deposits be assumed by the District? If not, how will those be handled?

to hold by DWID
None

18. Please identify any and all mechanics, tax or other liens that have been assessed against the Company or its owners/operators.

19. Please provide an updated Arizona Department of Environmental Quality ("ADEQ") Compliance Status Report for the Company's water system.

Yes

20. Is the Company currently in compliance with the Arizona Department of Water Resources' ("ADWR") water use and monitoring requirements?

Staff would like to use this opportunity to bring the following to your attention:

- Pursuant to the A.A.C. R-14-2-411(C), upon meeting sufficiency requirements, the Commission has 150 days for its substantive review. This includes conducting a hearing and preparing an Opinion and Order to present to the Commission at an Open Meeting; and
- Pursuant to A.A.C. R14-2-411(C) (3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

If you have any questions, please do not hesitate to contact me at 602-542-0818.

Sincerely,

A handwritten signature in cursive script that reads "Vicki Wallace".

Vicki Wallace
Executive Consultant

VW:red

CC: Marlin Scott Jr.
Barb Wells
Al Amezcua
Lyn Farmer

ATTACHMENT "A"

WHY UTILITY CO., INC.

P. O. Box 69
Ajo, AZ. 85321

December 15, 2009

Docket Control
Arizona Corporate Commission
1200 W. Washington Street
Phoenix, AZ. 85007

Attached is an application by Why Utility Co., Inc. for the transfer of all Assets and is hereby applying for formal approval of the Arizona Corporation Commission of the transfer.

The Transferee will be Why Domestic Water Improvement District which was established by the Pima County Board of Supervisors on July 14, 2009 by resolution #152. The majority of the Why Utility Company members approved the transfer by petition prior to the filing for a Water District. The sole purpose of the WDWID is to acquire the assets and facilities of the Why Utility Company, and provide ongoing management to supply the Community of Why, Arizona, with domestic water service and campground facilities for Rvers.

The Why Utility Co. was incorporated in 1968. It has been managed by a Board of Directors elected by the Membership on the First Monday of February each year serving (without compensation) one year or more if reelected.

It is in the best interest of the community to own and operate its water system and two (2) RV Parks, assuring continued proper maintenance of the physical system, maintenance of the water contracts, wells, filtration system and lowest possible water rates.

Respectfully,


Vern Denning, Chairman

ARIZONA CORPORATION COMMISSION
APPLICATION FOR APPROVAL OF THE SALE OF ASSETS AND/OR TRANSFER OF
CERTIFICATE OF CONVENIENCE AND NECESSITY

WATER AND/OR SEWER

A. The name, address and telephone number of the Transferor (Company) is:

Why Utility Co., Inc.

P. O. Box 69

Ajo, AZ. 85321

B. If doing business under a name other than the Transferor (Company) name, specify:

N/A

C. The Transferor is a:

<input checked="" type="checkbox"/> Corporation: <input type="checkbox"/> "C", <input type="checkbox"/> "S", <input type="checkbox"/> Non-Profit <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Specify)	

D. List the name, address and telephone number of the attorney for the Transferor.

Stephen Cooper (Cooper & Rueter, LLP)
P. O. Box 15005
Casa Grande, AZ. 85230-5005 520-836-8265

E. List the name, address and telephone number of management contact:

Vern Denning
130 Ball RD.
Why, AZ. 85321 Cell 520-850-0915

F. The name, address and telephone number of the Transferee (Company) is:

Why Domestic Water Improvement District
P. O. Box 69
Ajo, AZ. 85321 Office 520-387-7641

G. If doing business under a name other than the Transferee (Company) name, specify:

N/A

H. List the name, address and telephone number of the attorney for the Transferee.

Stephen Cooper (Cooper & Rueter, LLP)
P. O. Box 15005
Casa Grande, AZ. 85230-5005 Phone 520-83608265

I. List the name, address and telephone number of management contact:

Vern Denning
130 Ball RD.
Why, AZ. 85321 Cell 520-850-0915

J. (Transferee) List the name, address and telephone number of the on-site manager of the utility:

None

K.(Transferee) List the name, address and telephone number of the certified operator as authorized by the Arizona Department of Environmental Quality:

____ Wayne F. Miller #05397

____ P.O. Box 240

____ Gila Bend, AZ. 85337 Phone #928-683-6885

L. The Transferee is a:

<p>____ Corporation:</p> <p>____ "C", ____ "S", ____ Non-Profit</p> <p>____ Arizona, ____ Foreign</p>	<p>____ Partnership</p> <p>____ Limited, ____ General</p> <p>____ Arizona, ____ Foreign</p>
<p>____ Sole Proprietorship</p>	<p>____ Limited Liability Company</p>
<p><input checked="" type="checkbox"/> Other (Specify) Domestic Water Improvement District</p>	

M. If Transferee is a corporation:

1. List names of Officers and Directors:

Officers

____ N/A

Directors

____ N/A

2. Indicate the number of shares of stock authorized to issue:

None

3. If stock has been issued, indicate the number of shares issued and the date of issue:

None

N. If Transferee is a partnership:

1. List the names of general partners:

N/A

2. List name, address and telephone number of managing partner:

N/A

◆ If Applicant is a foreign limited partnership, provide a copy of the Partnership's "Certificate of Registration" with the Arizona Secretary of State

O. If Transferee is a sole proprietor, list name, address and telephone number of individual:

N/A

P. Have all customer security deposits been refunded? Yes ___ No X. If no, mark the block below which describes the proposed disposition of security deposits.

All security deposits will be refunded at time of closing.

All security deposits will be transferred to the Transferee.

Other (explain).

Q. Are there any refunds due on Main Extension Agreements? Yes ___ No X. If Yes, mark the block below which describes the proposed disposition of the refunds.

Transferor will continue to refund after the transfer.

Transferee will assume the refunding obligations.

A full refund will be made at closing by Transferor.

Other (explain).

R. (WATER ONLY) Are there any refunds due on meter and service line installations?
Yes ___ No X. If Yes, mark the block below that describes the proposed disposition of refunds.

Transferor will continue to refund after the transfer.

Transferee will assume the refunding obligations.

A full refund will be made at closing by Transferor.

Other (explain).

S. (Transferee) Attach the following exhibit(s):

1. Copy of bill of sale, purchase contract or other instrument, which conveys the assets to the transferee.
2. Articles of Incorporation (if corporation)
3. By-Laws (if corporation)
4. Certificate of Good Standing (if corporation)
5. Articles of Partnership (if partnership)
6. Articles of Organization (if limited liability company)
7. Corporate Resolution if required by Articles of Incorporation
8. Attach a copy of the transfer of City or County Franchise from the Transferor to Transferee.

T. List names and addresses of any other public utility interest Transferee has:

1. None
2. _____

U. Indicate the date that notice of the application was sent, or will be sent to the customers.

Dec. 22, , 2009.

DATED the 8th day of December, 2009

Vern Denning

(Signature of Authorized Representative of Transferor)

Vern Denning

(Type Name Here)

President

(Title)

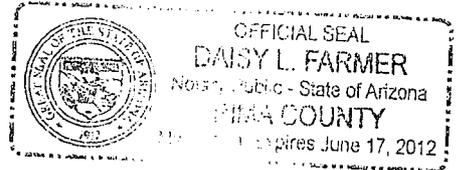
SUBSCRIBED AND SWORN to before me on this 8th day of Dec 2009

Daisy L Farmer

NOTARY PUBLIC

My Commission Expires

6-17-2012



Vern Denning

(Signature of Authorized Representative of Transferee)

Vern Denning

(Type Name Here)

Chairman

(Title)

SUBSCRIBED AND SWORN to before me on this 8th day of Dec 2009

Daisy L. Farmer

NOTARY PUBLIC

My Commission Expires

6-17-2012

