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NEW APPLICATION

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BEFORE THE ARIZONA CORPORATION COMMISSION

CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

IN THE MATTER OF THE APPLICATION)
OF DIVERSIFIED WATER UTILITIES,)
INC. TO EXTEND ITS CERTIFICATE OF)
CONVENIENCE AND NECESSITY.)

W-02859A
DOCKET NOS. W-~~02828A-00-0774~~

APPLICATION

Diversified Water Utilities, Inc. ("Diversified") files its Application for an extension of its Certificate of Convenience and Necessity pursuant to A.R.S. §§ 40-281, 40-282 and in support thereof alleges as follows:

1. Diversified is an Arizona corporation certificated by this Commission to provide domestic water service in Sections 27, 34 and 35 T2S, R8E, and Sections 2, 3, 4, 9, 10, 11 and 12, T3S, R8E, Pinal County, Arizona.
2. Diversified acquired its certificate from Quail Hollow Water Company and addressed the numerous regulatory deficiencies that existed in the system. In furtherance of the public interest and in the performance of its obligations as a public service corporation, Diversified has constructed, and is constructing lines, plant and system to render water service to existing and future customers. Diversified is fit and proper and is ready, willing and able to serve customers, in accordance with the rules and regulations of the Arizona Corporation Commission, in areas both within and in the vicinity of its existing certificated area.
3. Although certificated to serve all or portions of 10 sections of land, and although the area has been certificated for almost four decades, less than 200 customers are presently served by Diversified. Obviously, Diversified has experienced only nominal growth to date. In preparation of anticipated growth over the next few years, Diversified has installed

1 8" and 12" lines, has designed a new storage tank and has applied to the Water Infrastructure
2 Financing Authority ("WIFA") to fund the tank and a new well. WIFA has listed Diversified in
3 the fundable range for 2000-2001 and Diversified will shortly be filing an application with the
4 Commission to approve financing.

5 4. Diversified is fit and proper and ready, willing and able to provide water
6 service, under the terms and conditions specified by the Commission, both within and in the
7 vicinity of the existing certificated area including, without limitation, Sections 28, 29, 32 and
8 33, T2S, R8E and Sections 13, 14, 15, and 16, T3S, R8E, Pinal County, Arizona. Diversified
9 has received requests and inquiries regarding providing service in those areas within the last
10 year, many of which were speculative at best, but others that are more immediate.

11 5. Johnson Utilities, L.L.C. dba as Johnson Utilities Company ("Johnson")
12 and/or H2O, Inc. ("H2O") have filed requests to extend their Certificates of Convenience and
13 Necessity to areas either within, contiguous to or in the vicinity of the areas certificated to
14 Diversified including, without limitation, Sections 28, 29, 31, 32, 33 and 34, T2S, R8E and
15 Sections 13, 14, 15 and 16, T3S, R8E, Pinal County, Arizona as more fully set forth in Dockets
16 WS-02987A-99-0583, WS-02987A-00-0618, and W-02234A-00-0371.

17 6. Diversified is an alternative water provider already serving the adjoining
18 area and is ready, willing and able to provide water service to the areas into which Johnson and
19 H2O seek to extend their certificates and hereby requests that its Certificate of Convenience and
20 Necessity be extended to include Sections 28, 29, 32 and 33, T2S, R8E and Sections 13, 14, 15
21 and 16, T3S, R8E, Pinal County, Arizona.

22 7. Granting Sections 28, 29, 32 and 33, T2S, R8E and Sections 13, 14, 15
23 and 16, T3S, R8E, Pinal County, Arizona, areas adjoining Diversified's existing certificated area,
24 to another public service corporation will be detrimental to Diversified, Diversified's present and
25 future ratepayers and to the public generally in that Diversified has existing facilities closer to the
26

1 area than either Johnson or H2O, the economies available to Diversified and its ratepayers will
2 be minimized, the ratepayers of Johnson and H2O will be required to pay for the operation,
3 maintenance and return associated with plant for service that could have been more economically
4 provided by Diversified, and Diversified's ability to loop its system will be adversely impacted.

5 8. The applications to extend their Certificates of Convenience and Necessity
6 filed by Johnson and H2O threaten to interfere with the operations of the line, plant and system
7 of Diversified in violation of A.R.S. § 40-281.B.

8 9. Diversified anticipates the facilities necessary to serve Sections 28, 29, 32
9 and 33, T2S, R8E and Sections 13, 14, 15 and 16, T3S, R8E, Pinal County, Arizona will be
10 financed primarily through advances in aid of construction as permitted by the Commission's
11 rules and regulations.

12 10. Diversified holds a franchise from Pinal County, Arizona, including a
13 portion of the expanded areas, and will secure an extension thereof to encompass the extended
14 area within a year of the Commission's action granting its request for extension. However,
15 because there are very few county roads in the vicinity, applicants for water service usually must
16 secure private easements for placement of water utilities in any event

17 11. The names, mailing addresses and telephone numbers of the persons upon
18 whom service of all documents is to be made are:
19

20 William P. Sullivan, Esq.
21 Martinez & Curtis, P.C.
22 2712 North Seventh Street
23 Phoenix, Arizona 85006-1090
24 (602) 248-0372

25 **AND**

26 Diversified Water Utilities, Inc.
Post Office Box 17357
Phoenix, Arizona 85011
(602) 840-9400

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WHEREFORE, Diversified Water Utilities, Inc. requests the Arizona Corporation

Commission:

1. Accept this application for filing;
2. Enter a procedural order consolidating this application with Dockets WS-02987A-99-0583, WS-02987A-00-0618, and W-02234A-00-0371, setting a hearing date, specifying the type of notice to be provided and setting forth any other procedural requirements;
3. After hearing, grant the application; and
4. Grant such further relief and the Commission deems just and necessary.

Respectfully submitted this 2nd day of October, 2000.

MARTINEZ & CURTIS, P.C.



William P. Sullivan, Esq.
2712 North Seventh Street
Phoenix, Arizona 85006-1090
Attorneys for Diversified Water Utilities, Inc.

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**PROOF OF SERVICE AND
CERTIFICATE OF MAILING**

I hereby certify that on this 2nd day of October, 2000, I caused the foregoing document to be served on the Arizona Corporation Commission by hand-delivering the original and ten (10) copies of said document to:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

With copies of the foregoing
mailed/delivered this 2nd day
of October, 2000 to:

Karen E. Nally
Assistant Chief Administrative Law Judge
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

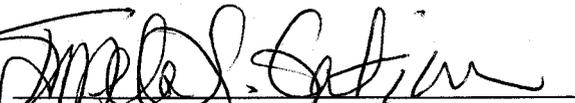
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