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AZ CORP COMMISSION
DOCKET CONTROL

October 20, 2010

Arizona Corporation Commission
Attn: Blessing Chukwu
Executive Consultant III
1200 West Washington
Phoenix, Arizona 85007-2996

Arizona Corporation Commission
DOCKETED

OCT 28 2010

DOCKETED BY 

Subject: Sue Juan Water Company W-01521A-09-0121

Dear Mrs. Chukwu,

The City would like to help you complete the Application for Approval of Sale of Assets to the City of Benson by Sue Juan and cancellation of Sue Juan's CC&N. Our answers to your questions are as follows;

- Did the City of Benson assume all the liabilities of the Company? Please explain.

The City of Benson purchased the Sue Juan Water Company's equipment and service area. We did not buy the Company's name or take on any of the company's business debt, if they had any. We have assumed the operational obligations for serving Sue Juan customers' potable water as defined by Arizona Department of Environmental Quality

- Please confirm that the City is serving all the customers of Sue Juan Water Company.

Yes, the City is serving all the customers of the Sue Juan Water Company. The City has taken the Sue Juan well and tanks over and taken them out of service because of the non-compliant level of Arsenic they produced. The City has also replaced all the water meters in that system to match the type of meter that the City currently uses. There has been two connections made from the former Sue Juan system to the City system and a third is planned for this month. The City has also moved customers that are on the south side of the Sue Juan system over to City lines in the next higher pressure zone to give them better water pressure.

- Please confirm that the City took over Sue Juan's responsibility to provide water service to all customers (including, current and prospective customers) within Sue Juan's CC&N area.

Yes, the City is serving and will continue to serve all the customers of the Sue Juan Water Company. We look forward to serving any prospective customers in Sue Juan's CC&N area or any other location within our service area.

- Please provide us any additional information pertaining to the transfer that may be helpful to staff in bringing a closure to this application. This may include Sue Juan's assets that the City has decommissioned or capped-off, etc.

Just to give some background on the City's decision to buy the Sue Juan Water Company. The Sue Juan' CC&N area is completely surrounded by the City of Benson water system and is completely within the City limits. In the past, the City built water lines that looped around the Sue Juan water system because the Fire Department was concerned the Sue Juan system may not produce adequate fire flows. With the change of the arsenic level requirements, the company did not have the resources to install an Arsenic Removal System. The City has taken all of the Sue Juan wells in this area off line and now supplies water from other areas in the City that meets the arsenic standard. The City had a supply of low arsenic water from other wells and it was already being served to customers around this area, so it made sense for the City to take over service in the Sue Juan's CC&N area.

The City has worked with the customers in this area to transition over to the City System and they have responded very well. The City is planning to cap off Sue Juan's wells and decommission the tanks and pumps on the 2011 budget cycle.

Hope this has answered your questions. If you need more information please feel free to contact our City Engineer Brad Hamilton at (520) 586-2245 ext 2025.

Sincerely,



Glenn Nichols, City Manager
City of Benson

cc: Brad Hamilton, Public Works
Mike Masee, City Attorney