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MEMORANDUM

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

TO: Docket Control
FROM: Steven M. Olea
Director
Utilities Division

2012 JUN 7 PM 4 03

DATE: June 7, 2012

RE: PAYSON WATER COMPANY (DOCKET NO. W-01993A-98-0084)
W-03514A-980084

On April 25, 2012, a letter was sent to the Executive Director of the Arizona Corporation Commission ("Commission") on behalf of Payson Water Company ("Payson Water") advising that the Star/Quail Valley Division of Payson Water had been condemned as of April 12, 2012, by the Town of Star Valley ("Town"). The Order of Condemnation by the Gila County Superior Court was attached to the letter.

In Decision No. 38614, docketed August 8, 1996, the area now known as the Star/Quail Valley Division of Payson water was certificated to United Utilities. In Docket No. W-01993A-98-0084, filed February 12, 1998, United Utilities applied to transfer that area to Payson Water. Decision No. 60972, docketed June 19, 1998, approved the transfer of the Star/Quail Valley system to Payson Water.

Staff has determined after review and research that no Commission proceeding under A.R.S. § 40-285 is necessary concerning the District's condemnation of the Star/Quail Division of Payson Water. Therefore, Staff is filing the Conversion and Condemnation documentation in the above-referenced docket that created the currently approved Certificate of Convenience and Necessity ("CC&N") to record the deletion of the Star/Quail Valley territory from Payson Water's CC&N.

SMO:JMA:VW:red

Originator: Vicki Wallace

Arizona Corporation Commission
DOCKETED

JUN 07 2012

DOCKETED BY

Service List: Payson Water Company
Docket No. W-01993A-98-0084

Mr. Jay L. Shapiro
Fennemore Craig, P.C.
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012-2913

Mr. Steven M. Olea
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
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Ms. Janice Alward
Chief Counsel, Legal Division
Arizona Corporation Commission
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Ms. Lyn Farmer
Chief Administrative Law Judge, Hearing Division
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TO: Janice

es
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April 25, 2012

Via U.S. Regular Mail

Ernest Johnson, Executive Director
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007



Re: Payson Water Company – CONDEMNATION OF STAR/QUAIL VALLEY WATER SYSTEM

Dear Mr. Johnson:

The Town of Star Valley, a municipal corporation (the “Town”), has condemned the division of Payson Water Company (“PWC”) known as “Star/Quail Valley,” and ownership of all of the plant, system, and business in any way related (the “Town System”). The Stipulated Final Judgment in Condemnation was entered by the Gila County Superior Court on April 12, 2012 (the “Judgment”) and is enclosed herewith. Because the water system along with any rights to serve have been taken by operation of law, we are notifying your office directly so that you can direct the appropriate administrative steps to reflect that PWC no longer owns or operates the Town System. For Staff’s convenience the Town System is identified in the attached Judgment at Exhibits A and B.

While PWC no longer retains any rights with respect to the Town System, we can assure the Commission that PWC and the Town have worked to ensure a seamless transition and a continuation of safe and reliable water service to the Town’s customers in the Town System. The Town is also assuming responsibility for all outstanding customer deposits and there are no outstanding main extension agreements for this system.

If you have any questions or would like to further discuss this matter please do not hesitate to contact me at any time.

Very truly yours,

Jay L. Shapiro

Enclosure

cc: Payson Water Company
Tim Sabo

RECEIVED
MAY - 1 2012
LEGAL DIV.
ARIZ. CORPORATION COMMISSION

FILED

AT _____
2012 APR 12 AM 11:13

ANITA ESCOBEDO, CLERK

BY _____ DEPUTY

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9 tsabo@rdp-law.com

6 Timothy W. Grier (No. 020472)
7 Town Attorney
8 Town of Star Valley
9 3675 East Highway 260
10 Star Valley, Arizona 85541
11 Telephone: (928) 472-7752
12 townmanager@ci.star-valley.az.us

13 Attorneys for Plaintiff Town of Star Valley

14 IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
15 IN AND FOR THE COUNTY OF GILA

16 TOWN OF STAR VALLEY, a municipal
17 corporation of the State of Arizona,
18 Plaintiff,

19 v.

20 PAYSON WATER CO., INC., an Arizona
21 corporation; COUNTY OF GILA, a
22 political subdivision of the State of Arizona;
23 JOHN DOES 1 through 10; and BLACK
24 AND WHITE PARTNERSHIPS 1 through
25 10,
26 Defendants.

No. CV 2011-00438

**STIPULATED FINAL JUDGMENT
IN CONDEMNATION**

(Hon. Peter J. Cahill)

cc:
m. Patten
T. Grier
J. Shaping

23 This matter came before the Court pursuant to the complaint to condemn a portion
24 of the system of Payson Water Co., Inc., an Arizona corporation ("PWC"), by Plaintiff,
25 the Town of Star Valley, a municipal corporation (the "Town"). After considering the
26 complaint, the Court noting the consent of the parties to entry of this judgment, it

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1 appearing that other than Gila County, there are no persons other than PWC having any
2 right, title, claim or interest in and to the property and/or title, claim, or interest in and to
3 the property and/or assets which are the subject of this condemnation proceeding and this
4 Stipulated Final Judgment in Condemnation, and good cause appearing, hereby finds and
5 concludes as follows:

6 NOW, THEREFORE, IT IS ORDERED, ADJUDGED, AND DECREED that
7 judgment be, and the same is, hereby entered as follows:

8 1. That the Town have judgment condemning for its sole use, possession, and
9 ownership all of the plant, system, and business of PWC, including, but not limited to, all
10 fee and/or leaseholds in real property legally described in **Exhibit A** attached hereto, all
11 easements, water wells, pumps, water plants, substations, water distribution systems,
12 customer accounts, books and records used and useful in providing water utility services,
13 and all tangible, intangible, personal, or real property rights or interests in any way related
14 to PWC (the "Town System"). The Town System also includes that portion of the PWC
15 Certificate of Convenience and Necessity as shown the "Star/Quail Valley" system on the
16 map attached hereto as **Exhibit B**. PWC shall, upon satisfaction of this Stipulated Final
17 Judgment in Condemnation, be forever barred from asserting any right, title, or interest
18 contrary to the sole and exclusive ownership and possessory interest vested in the Town in
19 said property;

20 2. That the Town shall pay by wire transfer into escrow the total sum of
21 \$775,000.00 to be released to PWC on May 1, 2012 at 9:00 a.m., in accordance with the
22 Escrow Instructions attached hereto as **Exhibit C**;

23 3. That Gila County will receive from escrow the sum of \$2,494.53 for any
24 property taxes due and unpaid relating to the Town System for the period ending May 1,
25 2012. This sum will be applied to parcel 941-01-005 (which consists of parcels 302-57-

26

1 036, 302-60-004E, 302-60-052A, and 302-80-138). Other than as set forth in this
2 Paragraph, all claims to property tax by Gila County for the Town System (parcels 302-
3 57-036, 302-60-004E, 302-60-052A, and 302-80-138) are extinguished.

4 4. That said payment shall constitute full, fair, and final just compensation to
5 PWC for the condemnation of its property in its "as is, where is, with all faults" condition,
6 and no further payments of any kind by the Town to PWC for the Town System shall be
7 required. Provided, however, that the foregoing is limited by the representations and
8 warranties of PWC set forth in Paragraph 6 of the Settlement Memorandum entered into
9 on or about December 29, 2011 (attached as **Exhibit D**) by and between PWC and the
10 Town, and that the provisions of the said Paragraph 6 are incorporated herein by
11 reference.

12 5. That each party shall bear its own attorneys' fees, costs, and expenses in
13 connection with this action;

14 6. That PWC shall, upon payment from escrow of the sum specified in
15 Paragraph 2 (less any taxes claimed by Gila County), promptly execute a Satisfaction of
16 Judgment with regard to the Stipulated Final Judgment in Condemnation and deliver same
17 to the Town, which Satisfaction of Judgment shall be promptly filed with this Court;

18 7. That the Court shall, upon the filing of the Satisfaction of Judgment, enter
19 the Stipulated Final Order of Condemnation in the form attached hereto as **Exhibit E**,
20 vesting in the Town sole use, possession, and ownership to all of the property and
21 property rights described in Paragraph 1, free and clear of any and all claims by, through,
22 or on behalf of PWC and without the necessity of any other consents, orders, or approvals
23 by any governmental entities;

24 8. That this Stipulated Final Judgment in Condemnation constitutes a final and
25 conclusive determination as to all issues raised in the Town's complaint, and all matters
26 pertaining to just compensation due for the taking of the PWC property and property

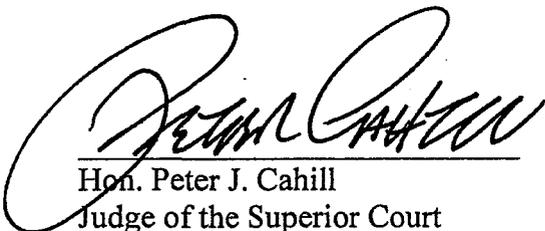
1 rights, including, without limitation, any claims for damages of any kind or other relief
2 resulting from this proceeding, and shall constitute the final judgment in this proceeding
3 in all respects. To the extent necessary, PWC specifically waives any right it may
4 otherwise possess, in law or in equity, to appeal this Stipulated Final Judgment in
5 Condemnation;

6 9. That PWC shall execute such documents and take such further action as
7 may be reasonably required and necessary to fully implement the intent of the parties and
8 as may be reasonably required and necessary to fully effectuate the provisions set forth in
9 this Stipulated Final Judgment in Condemnation.

10 10. That PWC shall surrender possession of the Town System to the Town on
11 May 1, 2012 at 9:00 AM, and that the Town shall be authorized to take possession of the
12 Town System on the same time and date.

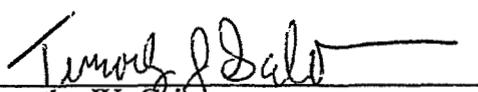
13 11. That as of May 1, 2012, at 9:00 AM, that portion of PWC's Certificate of
14 Convenience and Necessity for the Town System (as shown the "Star/Quail Valley"
15 system on the map attached hereto as **Exhibit B**) be forever terminated and extinguished.

16
17 DONE IN OPEN COURT this day of April 11, 2012.

18
19
20 
21 Hon. Peter J. Cahill
22 Judge of the Superior Court
23
24
25
26

1 APPROVED AS TO FORM AND CONTENT:

2 TOWN OF STAR VALLEY

3
4 By: 

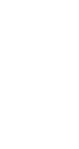
5 Timothy W. Grier
6 Town Attorney
7 Town of Star Valley
8 3675 East Highway 260
9 Star Valley, Arizona 85541
10 Telephone: (928) 472-7752
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12 and

13 Michael W. Patten (No. 009796)
14 Timothy J. Sabo (No. 021309)
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22 Attorneys for Plaintiff Town of Star Valley

23 FENNEMORE CRAIG, P.C.

24 
25 Jay L. Shapiro
26 Attorneys for Defendant Payson Water Co., Inc.

27 GILA COUNTY, ARIZONA
28 Daisy Flores, County Attorney

29 By: 
30 Bryan B. Chambers
31 Chief Deputy County Attorney

32

1 ORIGINAL of the foregoing filed
2 this 10th day of April, 2012 with:

3 Clerk of the Court
4 Gila County Superior Court
5 1400 E. Ash Street
6 Globe, Arizona 85501

7 COPY of the foregoing hand-delivered
8 this 11th day of April, 2012 with:

9 Hon. Peter J. Cahill
10 Judge of the Superior Court
11 Gila County Superior Court
12 1400 E. Ash Street
13 Globe, Arizona 85501

14 COPY of the foregoing mailed
15 this 10th day of April, 2012, to:

16 Jay Shapiro, Esq.
17 Fennemore Craig, P.C.
18 3003 North Central Avenue, Suite 2600
19 Phoenix, Arizona 85012

20 Attorneys for Defendant Payson Water Co., Inc.

21 Bryan B. Chambers, Esq.
22 Gila County Attorney's Office
23 1400 E. Ash Street
24 Globe, Arizona 85501

25 Attorneys for Defendant Gila County, Arizona

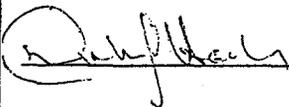
26 

EXHIBIT A

to

STIPULATED FINAL JUDGMENT IN
CONDEMNATION

Exhibit A

All of the real and personal property and all other assets, if any, within the area described below used or useful in providing water services to the public in:

Township 11 North, Range 10 East, Section 36
Township 11 North, Range 11 East, Sections 31 and 32
Township 10 North, Range 11 East, Section 05

All of the foregoing in Gila County, Arizona

EXHIBIT B

to

STIPULATED FINAL JUDGMENT IN
CONDEMNATION

Payson Water Company, Inc.

			12N10E 27			
30	29	28	Payson Water Company		26	25
31	32	33			35	36

19		11.5N10E			
Payson Water Company (Geronimo)		21	22	23	
30	29	28	Payson Water Company (Whispering Pines)		
			26	25	
31	32	Beaver Valley Water Company		36	
		33	34	35	

11.5N11.5E	
19	20
30	29
Payson Water Company	
31	32

06	05	11N10E				06	05	11N11E			
		04	03	02	01			04	03	02	01
07	08	Payson Water Company (Flowing Springs)				07	08	09	10	11	12
			10	11	12						
		16	16	14	13	18	17	16	15	14	13
		Payson Water Company (East Verde Park)		Payson Water Company (Mesa del Caballo)							
		20	21	22	23	24	19	20	21	22	23
30	29	28			25	25	30	29	28	27	26
		Payson Water Company (No Existing System)									
31	32	33	34	Payson Water Company (Star/Quail Valley)							
						33	34	35	36		

06		04	03	10N11E			
		Payson Water Company				02	01
07	08	09	10	11	12		
18	17	16	15	14	13		
19	20	21	22	23	24		
30	29	28	27	26	25		
31	32	33	34	35	36		

06	05	09N10E			
		04	03	02	01
07	08	09	10	11	12
18	17	16	16	14	13
19	20	21	22	23	24
30	29	Payson Water Company		26	25
31	32	33	34	35	36

06	05	04	08N10E		
		Payson Water Company			
07	08	09	10	11	12