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BEFORE THE ARIZONA CORPORATION COMMISSION

DO

AUG 06 1998

JIM IRVIN
COMMISSIONER - CHAIRMAN
RENZ D. JENNINGS
COMMISSIONER
CARL J. KUNASEK
COMMISSIONER

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION)
OF VERNON S. SCHWEIGERT, TRUSTEE IN)
IN BANKRUPTCY, FOR AN OPINION AND)
ORDER (i) APPROVING SALE OF ASSETS OF)
LOGAN HILLS WATER COMPANY AND)
(ii) TRANSFERRING RELATED CERTIFICATE)
OF CONVENIENCE AND NECESSITY.)

DOCKET NO. W-01666A-98-0122
DOCKET NO. W-03529A-98-0122

IN THE MATTER OF THE APPLICATION OF)
LOGAN HILLS WATER, L.L.C., AN ARIZONA)
LIMITED LIABILITY COMPANY, FOR AN)
ORDER (i) EXTINGUISHING THE)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY AND (ii) ORDERLY DISPOSING)
OF THE REMAINING PUBLIC SERVICE)
OBLIGATIONS OF LOGAN HILLS WATER)
COMPANY.)

DOCKET NO. W-03529A-98-0123

DECISION NO. 6/055

ORDER

Open Meeting
August 4 and 5, 1998
Phoenix Arizona

BY THE COMMISSION:

On March 14, 1998, Vernon Sweigert, the trustee in bankruptcy ("Trustee") for WGI, Inc. dba Logan Hills Water Company ("WGI" or "Company"), and Logan Hills Water, L.L.C. ("LHW") filed a joint application for approval of the sale of assets and transfer of the Certificate of Convenience and Necessity ("Certificate") from WGI to LHW. On March 14, 1998, LHW filed an application for approval of the sale of assets to the City of Tucson (the "City") and cancellation of its Certificate. On May 13, 1998, the Commission's Utility Division Staff ("Staff") filed its Staff Report in the matters, recommending that the applications be consolidated and approved without a hearing. By Procedural Order dated June 8, 1998, the Commission consolidated the matters and provided the form of notice to be provided to current customers and property owners. On June 18, 1998, LHW mailed notice to all customers and property owners within the Company's certificated service area, and in response thereto, no objections were filed.

1 The Commission approved the Wolfswinkel Group's acquisition of the assets of Logan Hills
2 Water Company and transfer of its Certificate in 1988. WGI, Inc., an Arizona corporation, succeeded
3 the Wolfswinkel Group as owner of the water company. In 1990 WGI, Inc. filed for bankruptcy
4 protection and the assets of the water company became subject to the bankruptcy court's jurisdiction.
5 The bankruptcy court appointed Vernon Schweigert as Trustee in the WGI, Inc. bankruptcy proceeding.
6 On March 16, 1995, the Bankruptcy Court issued its Order Confirming Trustee's Liquidation Plan of
7 Reorganization ("Plan"). Pursuant to his authority under the Plan, the Trustee made the current
8 application for the sale of WGI's assets to LHW.

9 The water company assets comprise the sole asset remaining in the WGI, Inc. bankruptcy estate.
10 On January 28, 1997, Trustee entered into an Agreement for Purchase and Sale of Business Assets of
11 Logan Hills Water Company with Tucson Mountain Associates L.L.C. ("TMA"), an Arizona limited
12 liability company ("Agreement"). LHW succeeded to the interest of TMA as purchaser under the
13 Agreement and its addendums. Pursuant to the Agreement, LHW is to pay the Trustee \$30,000 in cash
14 for the assets of the water company. Consummation of the sale is contingent upon Commission
15 approval.

16 Tucson Mountain Investors, L.L.C. ("TMI") owns approximately 1,200 acres of undeveloped real
17 estate located within the certificated service area of the Company, located northwest of the City of
18 Tucson ("City") adjacent to the Saguaro National Park-West. TMI plans to sell a portion of the acreage
19 to the United States government for an expansion of the Saguaro National Park-West, and to develop
20 approximately 500 of the remaining acres as 3.3 acre residential lots. TMI caused TMA and LHW to
21 enter into the Agreement to provide a potable water supply to TMI's development.

22 Subsequent to the execution of the Agreement, TMI and LHW began discussions with the City
23 to acquire the water utility assets of LHW and become the water service provider to the area. LHW and
24 the City entered into a purchase agreement, which the Tucson City Council approved on June 8, 1998.

25 * * * * *

26 Having considered the entire record herein and being fully advised in the premises, the
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TMI, TMA and LHW share common ownership interests among certain principals.

1 Commission finds, concludes and orders that:

2 **FINDINGS OF FACT**

3 1. Vernon Sweigert is the bankruptcy trustee for WGI, Inc., dba Logan Hills Water
4 Company, which provides water utility service to approximately 39 customers in a 2 ½ square mile area
5 of Pima County, Arizona.

6 2. On January 28, 1997, Trustee entered into an Agreement to sell the assets of Logan Hills
7 Water Company to TMA for \$30,000 in cash.

8 3. LHW succeeded to the interest of TMA under the Agreement.

9 4. Pursuant to the Agreement, LHW is responsible for the payment of any outstanding
10 customer security deposits prior to the closing of the transaction.

11 5. The Company has no outstanding line extension agreements.

12 6. Subsequent to executing the Agreement, LHW negotiated a sale of the water company
13 assets to the City.

14 7. The Tucson City Council approved the acquisition of LHW's assets on June 8, 1998.

15 8. On March 14, 1998, WGI and LHW filed a joint application for approval of the sale of
16 assets and transfer of the Certificate from WGI to LHW.

17 9. On March 14, 1998, LHW filed an application for approval of the sale of assets and
18 cancellation of its Certificate.

19 10. On May 13, 1998, Staff filed its Staff Report in this matter recommending that the
20 applications be consolidated and approved without a hearing.

21 11. By Procedural Order dated June 8, 1998, the Commission consolidated the matters and
22 provided the form of notice to be provided to current customers and property owners.

23 12. On June 18, 1998, LHW mailed notice to all customers and property owners within the
24 certificated service area of WGI, and no objections to the transaction were filed in response.

25 13. The City has the financial and technological capability to serve the certificated area.

26 **CONCLUSIONS OF LAW**

27 1. WGI and LHW are public service corporations within the meaning of Article XV of the
28 Arizona Constitution and A.R.S. Sections 40-250 and 40-251.

IT IS FURTHER ORDERED that Logan Hills Water, L.L.C. shall file with the Commission within 30 days of closing an affidavit verifying that all refunds due any customers for security deposits and matter and service line installations have been made.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

		
COMMISSIONER - CHAIRMAN	COMMISSIONER	COMMISSIONER

IN WITNESS WHEREOF, I, JACK ROSE, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 6th day of August, 1998.


 JACK ROSE
 EXECUTIVE SECRETARY

DISSENT
JR/dap

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SERVICE LIST FOR:

WGI, INC. DBA LOGAN HILLS WATER COMPANY
LOGAN HILLS WATER, L.L.C.

DOCKET NOS.:

W-01666-98-0122, W-03529A-98-0122, and W-03529A-98-0123

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