

ORIGINAL



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MEMORANDUM

TO: Docket Control

FROM: Steven M. Olea
Director
Utilities Division

DATE: April 15, 2013

RE: DARRELL WALLACE DBA BIDEgain WATER COMPANY - APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICE (DOCKET NO. W-02026A-12-0378)

Attached is the Staff Report for the above-referenced application. Staff is recommending approval of the application with conditions.

SMO:VW:tdp\BES

Originator: Vicki Wallace

Arizona Corporation Commission
DOCKETED

APR 15 2013

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AZ CORP COMMISSION
DOCKET CONTROL

2013 APR 15 P 3:43

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**Service List for: Darrell Wallace dba Bidegain Water Company
Docket No. W-02026A-12-0378**

**Karen Samuel
c/o Samuel Accounting Service
247 South Hill St
Globe, Arizona 85501**

**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

DARRELL WALLACE DBA BIDEKAIN WATER COMPANY

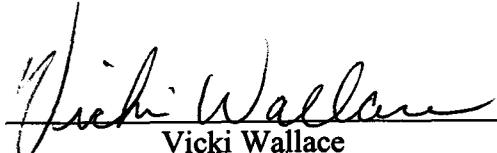
DOCKET NO. W-02026A-12-0378

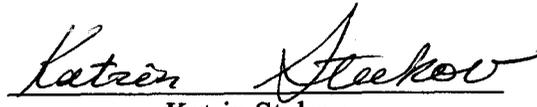
**APPLICATION FOR A CERTIFICATE OF CONVENIENCE &
NECESSITY TO PROVIDE WATER SERVICE**

APRIL 15, 2013

STAFF ACKNOWLEDGEMENT

The Staff Report for Darrell Wallace dba Bidegain Water Company Docket No. W-02026A-12-0378 was the responsibility of the Staff members listed below. Vicki Wallace was responsible for the review and analyses of the overall application; Katrin Stukov was responsible for the engineering and technical analysis; and Brendan Aladi was responsible for the financial analysis.


Vicki Wallace
Executive Consultant


Katrin Stukov
Utilities Engineer


Brendan Aladi
Public Utilities Analyst III

EXECUTIVE SUMMARY
DARRELL WALLACE DBA BIDEGAIN WATER COMPANY
DOCKET NO. W-02026A-12-0378

On August 29, 2012, Darrell Wallace dba Bidegain Water Company ("Company" or "Bidegain") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for a Certificate of Convenience and Necessity ("CC&N") to provide water service in Pinal County, Arizona, due to the revocation of its original CC&N granted via Decision No. 38745 issued December 7, 1966.

The original CC&N granted in 1966 to the initial owners of Bidegain Water Company, Mike F. and Carlotta C. Bidegain, was revoked in Decision No. 65649 on February 18, 2003, for failure of the Company to file its 2001 annual report. Both of the certificated owners, Mr. and Mrs. Bidegain, are now deceased; and the water system was sold to Darrell Wallace in 2003. There were no requests from the past or current owners to reinstate the CC&N and/or transfer the Company. Thus, Bidegain does not currently possess a CC&N.

The Company filed an application for a rate increase (Docket No.W-02026A-11-0470) on December 27, 2011. A Staff Report was filed on May 9, 2012, indicating that the Company did not currently possess a CC&N due to the above-referenced revocation and recommending that Staff's proposed new rates be authorized conditioned upon the current owner obtaining a CC&N. A Procedural Order was subsequently issued on May 25, 2012, suspending the time frame in the rate proceeding and ordering the Company to file a CC&N application.

Staff concludes that:

1. The Bidegain water system has adequate well production and storage capacity to serve its present customer base and reasonable growth.
2. The Company is in compliance with ADEQ, ADWR, and ACC regulations.
3. The current owner is a fit and proper entity to acquire and operate a public water company.

Staff recommends that the Commission grant the application of Darrell Wallace dba Bidegain Water Company to provide water service and obtain a Certificate of Convenience and Necessity for the proposed service area.

Staff recommends that upon approval of the CC&N, the rate case docket (Docket No. W-02026A-11-0470) continue to proceed.

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INTRODUCTION

On August 29, 2012, Darrell Wallace dba Bidegain Water Company ("Company" or "Bidegain") filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for a Certificate of Convenience and Necessity ("CC&N") to provide water service in Pinal County, Arizona, due to the revocation of its original CC&N granted via Decision No. 38745 issued December 7, 1966.

On September 27, 2012, the ACC Utilities Division ("Staff") filed an Insufficiency Letter indicating that the Company's application did not meet the sufficiency requirements of Arizona Administrative Code ("A.A.C.") R14-2-402. The Company subsequently supplied the required information and on March 13, 2013, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of the A.A.C.

On March 31, 2013, a Procedural Order was issued setting the matter for hearing on May 16, 2013.

BACKGROUND

The original CC&N granted in 1966 to the initial owners of Bidegain Water Company, Mike F. and Carlotta C. Bidegain, was revoked in Decision No. 65649 on February 18, 2003, for failure of the Company to file its 2001 annual report. Both of the certificated owners, Mr. and Mrs. Bidegain, are now deceased, and the water system was sold to Darrell Wallace in 2003. There were no requests from the past or current owners to reinstate the CC&N and/or transfer the Company. Thus, Bidegain does not currently possess a CC&N.

Bidegain Water Company is operating as a class E sole-proprietorship and has been owned and operated by Darrell Wallace since 2003. The Company provides service to approximately 20 metered customers near Kearny in Pinal County, Arizona. Exhibit 1 is the legal description and map of the Company's current service area.

The Company filed an application for a rate increase (Docket No. 02026A-11-0470) on December 27, 2011. A Staff Report was filed on May 9, 2012, indicating that the Company did not currently possess a CC&N due to the above-referenced revocation and recommending that Staff's proposed new rates be authorized conditioned upon the current owner obtaining a CC&N. A Procedural Order was subsequently issued on May 25, 2012, suspending the time frame in the rate proceeding and ordering the Company to file a CC&N application.

EXISTING WATER SYSTEM

The Bidegain water system is located approximately one mile north of Kearny, east of Arizona Highway 177 on the old Ray Road. The Company's Plant Description is explained in detail in Staff's Engineering Report (Exhibit 2).

Based on the water use data provided, Staff concludes that the Company's well production capacity of 35 Gallons Per Minute ("GPM") and storage capacity of 60,000 gallons are adequate to serve the present customer base and reasonable growth.

FINANCIAL ANALYSIS

The condition of the Company's finances is described in Staff's Financial Report attached as Exhibit 3. Staff concludes that, due to the successful operation of Company since 2003, the current owner is financially capable of operating the Company.

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY ("ADEQ") COMPLIANCE

Per Staff's Engineering Report (Exhibit 3), ADEQ reported that the Bidegain water system has no major deficiencies and is currently delivering water that meets water quality standards required.

ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE

The Company is not located in an ADWR designated Active Management Area ("AMA") and is not subject to any AMA reporting and conservation requirements. ADWR reported that the Bidegain water system is currently in compliance with ADWR requirements.

ACC COMPLIANCE

The Utilities Division Compliance Section indicated that the Company has no delinquent ACC compliance items.

The Company has approved Curtailment and Backflow Prevention Tariffs.

PUBLIC INTEREST

Based on Staff's overall analysis, the current owner of Bidegan Water Company is a fit and proper entity and is technically, operationally and financially capable of operating the Company. It is therefore, in the public interest to grant this CC&N.

CONCLUSIONS

1. The Bidegain water system has adequate well production and storage capacity to serve its present customer base and reasonable growth.
2. The Company is in compliance with ADEQ, ADWR, and ACC regulations.

3. The current owner is a fit and proper entity to acquire and operate a public water company.

RECOMMENDATIONS

Staff recommends that the Commission grant the application of Darrell Wallace dba Bidegain Water Company to provide water service and obtain a Certificate of Convenience and Necessity for the proposed service area.

Staff recommends that upon approval of the CC&N, the rate case docket (Docket No. W-02026A-11-0470) continue to proceed.

MEMORANDUM

TO: Vicki Wallace
Executive Consultant
Utilities Division

FROM: Lori H. Miller
GIS Technician
Utilities Division

THRU: Del Smith 
Engineering Supervisor
Utilities Division

DATE: March 19, 2013

RE: **DARRELL WALLACE DBA BIDEgain WATER COMPANY (DOCKET NO. W-02026A-12-0378)**

Bidegain Water Company has filed an application for a CC&N to provide water service. Attached is the legal description which was docketed on March 19, 2013.

Also attached is a copy of the map for your files.

/lhm

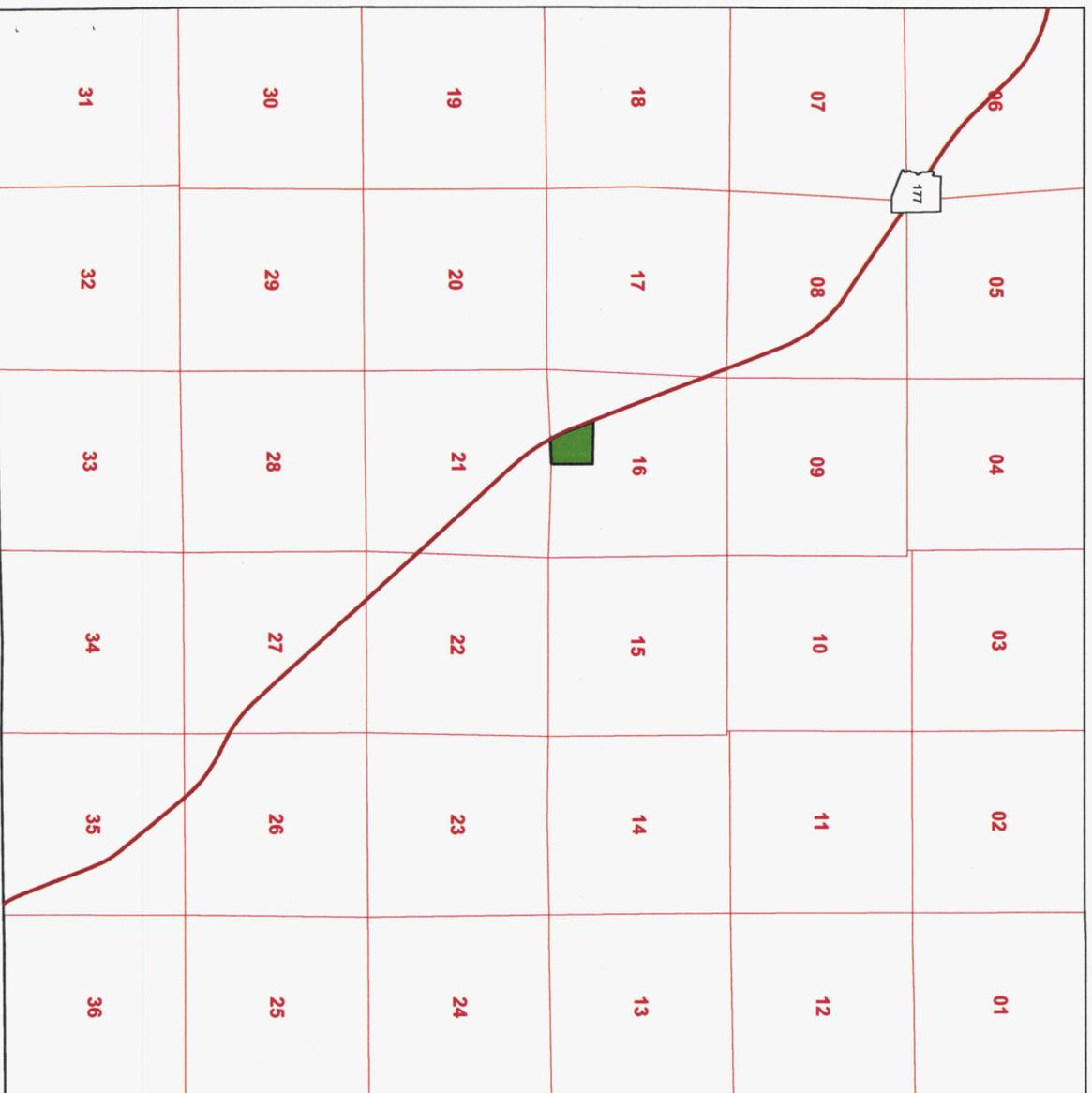
Attachments

cc: Ms. Karen A. Samuel
Katrín Stukov
Ms. Deb Person (Hand Carried)
File

PINAL COUNTY

Map No. 14

RANGE 14 East



TOWNSHIP 4 South



W-02026A (1)

Bidegain Water Company

Bidegain Water Company
Docket No. W-02026A-12-0378
Application for CC&N



Prepared by:
Arizona Corporation Commission
Utilities Division
Engineering Section/GIS Mapping
602-542-4251

TR4S14E 22 DEC 1987

AZ CORP COM
DOCKET COM

2013 MAR 19 6 01 12

Docket No. W-02026A-12-0378

CORPORATION COMMISSION
MAPPING DIVISION

ACC-10-51

NAME OF
COMPANY

BIDEGAIN WATER CO.

DOCKET
NUMBER 11-2026

DECISION NO. 38745 — DEC. 7, 1966

SEC. 16: "BIDEGAIN ACRES SUBDIVISION"

SEE DESCRIPTIONS BELOW

BIDEGAIN ACRES. A SUBDIVISION OF A PART OF THE SE $\frac{1}{4}$, SW $\frac{1}{4}$, SECTION 16, T 4 S, R 14 E, PINAL COUNTY, ARIZONA, BETTER DESCRIBED AS BEGINNING AT THE NE CORNER SE $\frac{1}{4}$ SW $\frac{1}{4}$, THENCE N 88°48'W 1254.87', THENCE S 21°09'50"E 1512.17', THENCE EASTERLY TO THE SE CORNER OF SAID SE $\frac{1}{4}$ SW $\frac{1}{4}$, THENCE N 0°06'20"E 1249.98 TO THE POINT OF BEGINNING.

PINAL COUNTY	4S TOWNSHIP NO.	14E RANGE NO.	ORIGINAL AREA AREA	PLATTED DEC 8 1966 BY H. HARRIS
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0	1	2	3	4	5	6	7
7	8	9	10	11	12		
10	11	12					

MEMORANDUM

TO: Vicki Wallace
Executive Consultant
Utilities Division

FROM: Katrin Stukov *KS*
Utilities Engineer
Utilities Division

DATE: February 14, 2013

RE: Bidegain Water Company (CC&N Application)
Docket No. 12-0378

Introduction

On August 29, 2012 Bidegain Water Company ("Bidegain" or "Company") filed an application for a Certificate of Convenience and Necessity ("CC&N") to comply with the Procedure Order dated May 25, 2012 (Docket No. 11-0470). The Company is providing service to approximately 20 customers near Kearny, Pinal County. The requested area covers approximately 28 acres (less than one square mile).

Water System*Operation*

The Bidegain water system is located approximately one mile north of Kearny, east of Arizona Highway 177 on the old Ray Road. Based on the Company's Plant Description¹, the water system includes one active well, one back-up well, two storage tanks (10,000 gallons and 50,000 gallons), a 1,000 gallon pressure tank, two booster pumps, one fire hydrant, approximately 2,515 feet of water main and 20 customer meters.

Capacity

Based on the water use data provided by Bidegain², Staff concludes that the Company's well production capacity of 35 GPM and storage capacity of 60,000 gallons are adequate to serve the present customer base and reasonable growth.

¹ Per the Company's response received on February 8, 2013

² Per Companies response received on February 8, 2013

Arizona Department of Environmental Quality (“ADEQ”) Compliance

According to an ADEQ compliance status report dated October 19, 2012, ADEQ reported that the Bidegain water system has no major deficiencies, is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4, and is in compliance with ADEQ requirements.

Arizona Department of Water Resources (“ADWR”) Compliance

Bidegain’s system is not located in an ADWR designated Active Management Area. According to an ADWR compliance status report dated September 19, 2012, ADWR reported that the Bidegain water system is currently in compliance with ADWR requirements.

Arizona Corporation Commission (“ACC”) Compliance

On September 21, 2012, the Utilities Division Compliance Section indicated that the Company has no delinquent ACC compliance items.

Curtailment Tariff

The Company has an approved Curtailment Tariff.

Backflow Prevention Tariff

The Company has an approved Backflow Prevention Tariff.

Conclusions

1. The Bidegain water system has adequate well production and storage capacity to serve its present customer base and reasonable growth.
2. The Company is in compliance with ADEQ, ADWR and ACC regulations.

MEMORANDUM

TO: Vicki Wallace
Executive Consultant
Utilities Division

FROM: Brendan C. Aladi 
Public Utilities Analyst III
Financial and Regulatory Analysis Section
Utilities Division

DATE: April 4, 2013

RE: IN THE MATTER OF THE APPLICATION OF DARRELL WALLACE DBA
BIDEGAIN WATER COMPANY FOR AN OPINION AND ORDER (i)
AUTHORIZING SALE AND TRANSFER OF WATER SYSTEM ASSETS, AND
(ii) CERTIFICATES OF CONVENIENCE AND NECESSITY. (DOCKET NO. W-
02026A-12-0378)

On August 29, 2012, Darrell Wallace dba Bidegain Water Company ("Company") filed an application with the Arizona Corporation Commission ("Commission") seeking authorization to transfer its assets and certificate of convenience and necessity ("CC&N") to the Company.

Background

On December 7, 1966, Mr. and Mrs. Bidegain ("Bidegains") were granted a certificate of convenience and necessity ("CC&N") pursuant to Commission Decision No. 38745. On February 18, 2003, Bidegains' CC&N was revoked in Decision No. 65649 for failure to file their 2001 annual report. Both of the certificated owners, Mr. and Mrs. Bidegain, are now deceased and the water system was sold to Darrel Wallace in 2003. Mr. and Mrs. Bidegain did not request authorization from the Commission to transfer the assets and CC&N to the new owner (Darrel Wallace).

On December 27, 2011, the Company filed an application for a rate increase with the Commission. A Staff Report was issued in the rate case, (Docket No. W-02026A-11-0470) on May 9, 2012. A procedural order, issued May 25, 2012, requires the filing of the instant CC&N application before further action can take place on the rate application.

Financial Analysis

Staff determined an original cost less depreciation net plant value for the Company of \$7,266 in the instant rate case. Financial information as filed by the Company indicates original cost less depreciation net plant value of \$3,000. Mr. Wallace has operated the Company for the past ten years.

Recommendation

Staff recommends approval of the transfer of the Bidegains' assets to Mr. Wallace.