

ORIGINAL



0000147157

MEMORANDUM

TO: Docket Control

FROM: Steven M. Olea  
Director  
Utilities Division

Date: August 6, 2013

RE: IN THE MATTER OF THE JOINT APPLICATION OF NORTH MOHAVE VALLEY CORPORATION AND EPCOR WATER ARIZONA INC. FOR APPROVAL OF THE SALE OF ASSETS AND TRANSFER OF CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NOS. W-02259A-13-0138 AND W-01303A-13-0138)

Attached is the Staff Report for the Joint Application of North Mohave Valley Corporation and EPCOR Water Arizona, Inc. for a sale of assets and transfer of North Mohave Valley Corporation's Certificate of Convenience & Necessity and its customers to EPCOR Water Arizona, Inc. Staff recommends approval of the transfer with conditions.

SMO:PJG:tdp\ML

Originator: Pamela J. Genung

Attachment: Original and Thirteen copies

Arizona Corporation Commission  
**DOCKETED**  
AUG - 6 2013

DOCKETED BY *nr*

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SERVICE LIST FOR: NORTH MOHAVE VALLEY CORPORATION AND EPCOR WATER  
ARIZONA INC.  
DOCKET NOS.: W-02259A-13-0138 AND W-01303A-13-0138

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STAFF REPORT  
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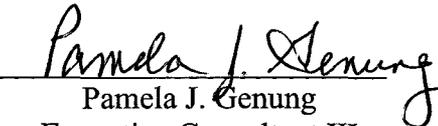
NORTH MOHAVE VALLEY CORPORATION AND EPCOR WATER ARIZONA INC.  
DOCKET NOS. W-02259A-13-0138 AND W-01303A-13-0138

IN THE MATTER OF THE JOINT APPLICATION OF NORTH MOHAVE VALLEY  
CORPORATION AND EPCOR WATER ARIZONA INC. FOR APPROVAL OF THE SALE  
OF ASSETS AND TRANSFER OF CERTIFICATE OF CONVENIENCE AND NECESSITY

AUGUST 6, 2013

## STAFF ACKNOWLEDGMENT

The Staff Report for North Mohave Valley Corporation and EPCOR Water Arizona, Inc., Docket Nos. W-02259A-13-0138 and W-01303A-13-0138, was prepared by the Staff members shown below.

  
Pamela J. Genung  
Executive Consultant III

  
Dorothy Hains  
Utilities Engineer

  
Mary Rimback  
Public Utilities Analyst I

**EXECUTIVE SUMMARY**  
**NORTH MOHAVE VALLEY CORPORATION AND EPCOR WATER ARIZONA INC.**  
**DOCKET NOS. W-02259A-13-0138 AND W-01303A-13-0138**

On May 17, 2013, North Mohave Valley Corporation (“NMV”) and EPCOR Water Arizona Inc. (“EPCOR”) (together, the “Applicants”) filed a Joint Application with the Arizona Corporation Commission (“Commission”) requesting approval pursuant to Arizona Revised Statutes § 40-285 and Arizona Administrative Code R14-2-402 of the sale of assets and transfer of NMV’s Certificate of Convenience and Necessity (“CC&N”) and its customers to EPCOR. NMV is an Arizona public service corporation and was granted a CC&N by the Commission in Decision Nos. 46690, 54285, 57989, and 57992. NMV’s current CC&N service area consists of approximately six square miles in Bullhead City, Arizona.

The owners of NMV have been operating the water company for more than thirty (30) years and want to divest. EPCOR is an Arizona public service corporation and is authorized to provide water utility service in eight districts within Arizona. Among the eight (8) water districts operated by EPCOR is the Mohave Water District which is located primarily just south of NMV’s certificated service area. NMV’s assets will be transferred to EPCOR’s – Mohave Water District (“EPCOR-Mohave”). The Applicants state that approval of the Application will benefit the customers of both companies as the proximity of the two water systems presents the opportunity for present and future customers within those service areas to benefit from operational synergies.

ADEQ reported that both the NMV system and the EPCOR-Mohave water systems have no major deficiencies and are delivering water that meets water quality standards required under Federal Regulations and Arizona Administrative Code. Both NMV and EPCOR-Mohave certificated areas are not located within an ADWR Active Management Area (“AMA”). ADWR has determined that both NMV and EPCOR-Mohave are currently in compliance with departmental requirements governing water providers and/or community water systems.

The Application requests approval of the sale and transfer of NMV’s assets and CC&N and for the Commission to confirm that NMV’s rate base as of December 31, 2012 was \$2,137,020. In addition, EPCOR requests that the Commission finds the additional ten percent of rate base payment, as specified in the purchase agreement, to be in the public interest and to approve, in principle, rate recovery of and on this payment to occur in North Mohave’s next rate case. Staff concludes the following pertaining to the requests of the Applicants:

- that establishing a rate base value is premature in this proceeding because such a determination is better made in the context of a rate case; accordingly, the request for confirmation that NMV’s rate base as of December 31, 2012, was \$2,137,020 should be denied; and
- that determination regarding the recovery of the additional ten percent of rate base payment or any other payment is premature and is better determined in the context of a rate case.

Staff recommends that the Commission approve the sale of assets and transfer of the CC&N of NMV with the condition that EPCOR complies with the following:

1. EPCOR file with Docket Control, as a compliance item in the docket, a Cross Connection & Backflow Tariff for NMV's certificated area within thirty (30) days of the effective date of the Commission's Decision in this proceeding;
2. EPCOR file with Docket Control, as a compliance item in the docket, EPCOR-Mohave's BMP Tariffs for the NMV certificated area within thirty (30) days of the effective date of the Commission's Decision in this proceeding;

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## **INTRODUCTION**

On May 17, 2013, North Mohave Valley Corporation (“NMV”) and EPCOR Water Arizona, Inc. (“EPCOR”) (together, the “Applicants”) filed a Joint Application with the Arizona Corporation Commission (“Commission”) requesting approval pursuant to Arizona Revised Statutes § 40-285 and Arizona Administrative Code R14-2-402 of the sale of assets and transfer of NMV’s Certificate of Convenience and Necessity (“CC&N”) and its customers to EPCOR.

On May 31, 2013, the Applicants filed a Request for a Procedural Conference.

On June 6, 2013, the Applicants filed a Notice of Errata containing a revised map which identifies NMV’s certificated service area.

On June 12, 2013, Staff filed a Letter of Sufficiency.

On June 19, 2013, a Procedural Order was issued setting a Hearing.

On July 16, 2013, the Applicants filed a Proof of Publication and Certification of Mailing of the public notice related to this transaction.

## **BACKGROUND**

NMV is an Arizona public service corporation and is authorized to provide water utility service within Bullhead City, Arizona under a CC&N granted by the Commission in Decision Nos. 46690, 54285, 57989, and 57992.<sup>1</sup> NMV currently serves approximately 2,000 connections and its existing service area of approximately six square miles. NMV’s current water system consists of eight wells, with a total capacity of approximately 1,572 gallons per minute, seven storage tanks, with a combined capacity of 2.5 million gallons, three booster pump stations, and a distribution system.

EPCOR is an Arizona public service corporation and is authorized to provide water utility service in eight districts within Arizona. Among the eight (8) water districts operated by EPCOR is the Mohave Water District which is located primarily just south of NMV’s certificated service area. EPCOR currently serves over 123,000 water customers throughout Arizona, which includes approximately 17,000 customers in its Mohave Water District.

## **THE APPLICATION**

The Applicants are requesting approval to transfer the assets, customer base, and CC&N of NMV to EPCOR. The Applicants entered into a Purchase Agreement on April 19, 2013, and plan to close the transaction within thirty (30) days after the Commission’s approval of the

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<sup>1</sup> Decision No. 46690, granted January 20, 1976; Decision No. 54285, granted December 20, 1984; Decision No. 57989, granted August 26, 1992; and Decision No. 57992, granted August 26, 1992.

Application. EPCOR will pay the full purchase price in cash. As specified in the Application, the owners of NMV have been operating the water company for more than thirty (30) years and now want to divest.

The Applicants have indicated that, NMV's customers will continue to receive water utility service at their current tariffed rates following the closing of the acquisition. EPCOR provided Staff with a draft customer notice for review with intentions of issuing the customer notice to the NMV customers prior to the hearing date of August 21, 2013. Staff reviewed the draft customer notice and finds it acceptable on the premise that additional communications will be provided to those customers when more information is available. As specified in Attachment A, NMV's assets will be transferred to EPCOR's - Mohave Water District ("EPCOR-Mohave"). In addition, all customer security deposits, developer deposits and prepayments under any line extension agreement held by NMV will be transferred to EPCOR. EPCOR will also assume the refunding obligations, if any, for those deposits and prepayments.

Mr. Charles D. Evans is currently the Arizona Certified Water Operator for EPCOR in Arizona. Upon closing of the transaction, Mr. Evans will also assume the responsibility as the Arizona Certified Water Operator for the former NMV water system.

The Applicants state that approval of the Application will benefit the customers of both companies as the proximity of the two water systems present the opportunity for present and future customers to benefit from operational synergies. Additional benefits to the NMV customers include: implementation of EPCOR's best management practices, maintenance management, environmental and water quality compliance management, hydraulic modeling, and Geographic Information System ("GIS") systems. The NMV customers will also be integrated into EPCOR's customer service and billing systems. Those customers will also benefit from EPCOR's financial strength. As stated in the Application, EPCOR's customers in the Mohave Water District are expected to benefit from the deferral or avoidance of water production capital improvement costs to provide a redundant water supply due to the interconnection with the NMV system. NMV's customers may also benefit from the new interconnection in emergency situations.

The Applicants request that the Commission: 1) approve the sale of NMV's assets to EPCOR, 2) approve the transfer of NMV's CC&N to EPCOR, and 3) confirm that NMV's rate base as of December 31, 2012 was \$2,137,020. In addition, EPCOR requests that the Commission finds the additional ten percent of rate base payment, as specified in the purchase agreement, to be in the public interest and to approve, in principle, rate recovery of this payment to occur in North Mohave's next rate case.

## **WATER SYSTEM, OPERATION, AND RATES**

ADEQ reports that both the NMV and EPCOR-Mohave water systems have no major deficiencies and are delivering water that meets water quality standards required by 40 CFR 141

(National Primary Drinking Water Regulations) and Arizona Administrative Code, Title 18, Chapter 4.

As described more fully in Attachment A, NMV's current water system consists of eight active wells, with a total pumping yield of 1,680 gallons per minute; seven active storage tanks with total storage capacity of 2.5 million gallons; one 2,100 gallon pressure tank; and a distribution system serving approximately 2,020 metered connections. Staff concludes that water systems in both NMV and EPCOR-Mohave have adequate production and storage capacity to serve existing customers and reasonable growth.

Since January 1, 2010, the Consumer Services Division has received four consumer complaints against NMV, one complaint remains open pending investigation.

Since January 1, 2010, the Consumer Services Division 40 consumer complaints against EPCOR-Mohave, all of which have been resolved and closed.

The Corporations Division indicates that NMV and EPCOR are in good standing. The Compliance Section also states that there are no delinquencies for either company.

NMV's last rate case was in 1997. EPCOR is not seeking, as part of this Application, to change any of the rates currently paid by NMV's customers.

#### **COMPLIANCE WITH THE ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR")**

Neither NMV or EPCOR-Mohave certificated areas are located within an ADWR Active Management Area ("AMA"). ADWR has determined that both NMV and EPCOR-Mohave are currently in compliance with departmental requirements governing water providers and/or community water systems.

#### **STAFF CONCLUSIONS**

Staff concludes:

- that establishing a rate base value is premature in this proceeding because such a determination is better made in the context of a rate case; accordingly, the request for confirmation that NMV's rate base as of December 31, 2012, was \$2,137,020 should be denied;
- that determination regarding the recovery of the additional ten percent of rate base payment or any other payment is premature and is better determined in the context of a rate case;

- that the proposal to transfer all obligations for customer security deposits to EPCOR is reasonable and should be adopted; and
- that the proposal to transfer all obligations pertaining to developer deposits and prepayments to EPCOR is reasonable and should be adopted.
- that the transaction will not impair the ability of EPCOR to provide services in any of its service areas and is in the public interest.

### **RECOMMENDATION**

Staff recommends that the Commission approve the sale of assets and transfer of the CC&N of NMV with the condition that the Company complies with the following:

1. EPCOR file with Docket Control, as a compliance item in the docket, a Cross Connection & Backflow Tariff for NMV's certificated area within thirty (30) days of the effective date of the Commission's Decision in this proceeding;
2. EPCOR file with Docket Control, as a compliance item in the docket, EPCOR-Mohave's BMP Tariffs for the NMV certificated area within thirty (30) days of the effective date of the Commission's Decision in this proceeding.

**MEMORANDUM**

DATE: August 6, 2013

TO: Pamela Genug  
Executive Consultant III

FROM: Dorothy Hains, P. E. *DH*  
Utilities Engineer

RE: The Joint Application of North Mohave Valley Corporation and EPCOR Water Arizona Inc. for Approval to Sale the Assets and Transfer of the Certificate of Convenience and Necessity of North Mohave Valley Corporation to EPCOR Water Arizona Inc. (Docket Nos. W- 02259A-13-0138 and W-01303A-13-0138)

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**INTRODUCTION**

On May 17, 2013, North Mohave Valley Corporation (“NMV”) and EPCOR Water Arizona Inc. (“EPCOR”) jointly filed an Application with the Arizona Corporation Commission (“ACC” or “Commission”) for approval of the sale of the NMV water system assets and transfer of its Certificate of Convenience and Necessity (“CC&N”) to EPCOR Water Arizona Inc. (“EPCOR”). The purpose of this Application is to obtain Commission approval of the transfer of the NMV water system assets and CC&N to EPCOR – Mohave Water District (“EPCOR-Mohave”).

The Commission granted NMV a CC&N in Decision No. 46690 dated January 20, 1976. NMV provides water service near the City of Bullhead City in Mohave County, Arizona and NMV’s CC&N covers an area of approximately six square miles including all of Sections 21, 27, 31, 32 and 33 in Township 21 North, Range 21 West, and portions of Sections 9, 29 and 30 in Township 21 North, Range 21 West. At the end of year 2012 NMV served 2,019 metered customers. The majority of those metered customers were residential customers.

**WATER SYSTEM***I. NMV System*

According to data in the Company’s 2012 Annual Report filed with the Commission, the NMV water system consists of eight active wells (total pumping yields 1,680 gallons per minute), seven active storage tanks with total storage capacity of 2.5 million gallons, one 2,100 gallon pressure tank and a distribution system serving approximately 2,020 metered connections. Staff concludes that the system has adequate production and storage capacity to serve existing customers and reasonable growth.

Sale of Assets

All of NMV water system assets will be transferred to EPCOR – Mohave if the Application is approved.

II. EPCOR – Mohave System

EPCOR-Mohave contains six individual systems, they are Lake Mohave System, Desert Foothill System, Mohave System, Camp Mohave System, Arizona Gateway System and Rio Vista System. Only the Lake Mohave System and the Desert Foothills System will be interconnected to the NMV System. The following table summarizes the EPCOR – Mohave water systems.

System Name	Lake Mohave	Desert Foothills	Mohave	Camp Mohave	Arizona Gateway	Rio Vista <sup>1</sup>
Public Water System (“PWS”) #	08-062	08-137	08-032	08-037	08-163	08-333
Total well productions (in gallons per minute)	800	835	8,215	555	335	0
Total storage capacities (in gallons)	373,000	1,000,000	5,832,000	250,000	350,000	0
Does System have adequate production and storage capacities?	Yes	Yes	Yes	Yes	Yes	Yes
# wells in the System	3	3	11	2	2	0
# metered customers in System by December 2012	267	1,059	14,391	77	8	120

Notes: 1. All of the water delivered to customers served by the Rio Vista water system is purchased.

Staff concludes that the EPCOR – Mohave system has adequate production and storage capacity to serve existing customers and reasonable growth.

**NON-ACCOUNT WATER**

Non-account water should be 10 percent or less. It is important to be able to reconcile the difference between water sold and the water produced by the source. A water balance will allow a company to identify water and revenue losses due to leakage, theft and flushing. The following table shows the non-account water in systems of NMV and EPCOR – Mohave.

System Name	Lake Mohave	Desert Foothills	Mohave	Camp Mohave	Arizona Gateway	Rio Vista <sup>1</sup>	NMV
PWS #	08-062	08-137	08-032	08-037	08-163	08-333	08-068
Non-account water (% water loss) in 2012	9.11	14.49	11.12	4.87	6	0	4.7

In Decision No. 73145, the Commission ordered EPCOR – Mohave to file a water loss reduction plan by March 1, 2013 to determine the most cost-effective approach to address non-revenue water in the Mohave Water District water systems. The EPCOR - Mohave water loss reduction plan is currently being reviewed by Staff.

### **ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY (“ADEQ”) COMPLIANCE**

In recent ADEQ water quality compliance reports, ADEQ reported that both the NMV system and the water systems in EPCOR – Mohave have no major deficiencies and are delivering water that meets water quality standards required by 40 CFR 141 (National Primary Drinking Water Regulations) and Arizona Administrative Code, Title 18, Chapter 4.<sup>1</sup>

### **ARIZONA DEPARTMENT OF WATER RESOURCES (“ADWR”) COMPLIANCE**

Neither NMV nor EPCOR-Mohave certificated areas are located within an ADWR Active Management Area (“AMA”). ADWR has determined that both NMV and EPCOR – Mohave are currently in compliance with departmental requirements governing water providers and/or community water systems.<sup>2</sup>

### **ACC COMPLIANCE**

A check of the Utilities Division compliance database indicates that there are currently no delinquent compliance items for either NMV or EPCOR - Mohave.<sup>3</sup>

### **TARIFF**

#### *1. Curtailment Tariff*

Both NMV and EPCOR - Mohave have approved Curtailment Tariffs on file with the Commission.

<sup>1</sup> Staff received ADEQ Water Quality Compliance Status Reports dated June 11, June 20 and June 27 of 2013.

<sup>2</sup> Per ADWR Water Provider Compliance Status Reports dated May 23, 2013 and June 12, 2013.

<sup>3</sup> Per Compliance Section email dated June 20, 2013.

2. *Cross Connection & Backflow Tariff*

EPCOR - Mohave has approved Cross Connection & Backflow Tariffs on file with the Commission. Because NMV will not be merged with EPCOR – Mohave immediately if this application is approved, Staff recommends that the EPCOR file with Docket Control, as a compliance item in the docket, a Cross Connection & Backflow Tariff for NMV’s certificated area within 30 days of the effective date of the Commission’s Decision in this proceeding.

3. *Best Management Practice (“BMP”) Tariff*

EPCOR - Mohave has approved BMP Tariffs on file with the Commission. NMV does not have BMP tariffs filed with the Commission. EPCOR - Mohave has stated that it will implement all existing EPCOR - Mohave BMP Tariffs in the NMV service area<sup>4</sup>. Because NMV will not be merged with EPCOR – Mohave immediately if this application is approved, Staff recommends that EPCOR file with Docket Control, as a compliance item in the docket, EPCOR – Mohave’s BMP Tariffs for the NMV certificated area within 30 days of the effective date of the Commission’s Decision in this proceeding.

**INTERCONNECTION**

1. *Interconnection Projects*

EPCOR – Mohave proposes interconnections with the NMV system at two different locations. One interconnection will serve NMV customers with the EPCOR – Mohave Lake Mohave system, the second interconnection will serve NMV customers with the EPCOR - Mohave Desert Foothills system. The following table shows the two interconnection projects and the scheduled year of completion:

	Project No.1	Project No.2
System Name in EPCOR - Mohave	Lake Mohave	Desert Foothills
Location (in EPCOR – Mohave)	Pegasus Ranch Rd (south of Ridge Ave)	Ocotillo Ave (west of Eagle Ave)
Location (in NMV)	Intersection of Unicorn Rd and Pegasus Ranch Rd	Intersection of Ventana Dr and Desert Canyon Dr.
Proposed construction schedule	2013	2014

<sup>4</sup> See response to Staff Data Request #2.2.

2. *Estimated Construction Costs*

A general description and breakdown of the funding required is as follows:

Project item descriptions	Costs (in \$) for Project No.1 <sup>1</sup>	Costs (in \$) for Project No.2
Approximately 550' (8" @ \$65/ft) for Project 1 <sup>2</sup>	35,750	
Approximately 1,700' (8" @ \$65/ft) for project 2 <sup>2</sup>		110,500
One 8" interconnection meter for Project 1 <sup>3</sup>	7,000	
One 8" interconnection meter for Project 2 <sup>3</sup>		7,000
Engineering design fee <sup>2</sup>	8,000	20,000
Labor, permit fee, etc <sup>2</sup>	2,000	5,000
Company overhead & AFUDC <sup>2</sup>	5,000	15,000
<b>subtotal</b>	<b>57,750</b>	<b>157,500</b>
10% Contingency cost	5,775	15,750
<b>Total</b>	<b>63,525</b>	<b>173,250</b>

- Notes: 1. Staff understands that Project No.1 has been completed.  
2. Information is based on EPCOR's June 3, 2013 memo to Staff.  
3. Staff recommends that a meter be installed on each interconnection. The meter cost listed in the table was estimated by Staff.

Staff concludes that the proposed projects are appropriate and the cost estimates presented above are reasonable for purposes of this application. No "used and useful" determination of the proposed plants in service is made, and no conclusions should be inferred for rate making or rate base purposes.

**PUBLIC INTEREST CONSIDERATION**

According to the Application, the transfer of NMV to EPCOR – Mohave will benefit Applicants' customers in several ways and will have no adverse effects. NMV is located adjacent to the EPCOR – Mohave service area. NMV owners have been operating the NMV water company for more than 30 years and are ready to sell their Company. According to the Application EPCOR – Mohave is in the best position to serve NMV's customers efficiently and reliably. Staff concludes that EPCOR – Mohave has adequate technical and managerial skills to effectively operate NMV. EPCOR – Mohave currently serves approximately 16,000 customers. The interconnection projects described above are expected to provide operational efficiencies and improved reliability in the future for the combined systems.

**SUMMARY**

*Conclusions*

1. Staff concludes that water systems in both NMV and EPCOR – Mohave have adequate production and storage capacity to serve existing customers and reasonable growth.

2. ADEQ reports that water systems in both NMV and EPCOR – Mohave have no major deficiencies and are delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.
3. Neither NMV nor EPCOR – Mohave are in any of ADWR’s AMA areas. ADWR has reported that both NMV and EPCOR – Mohave are currently in compliance with departmental requirements governing water providers and/or community water systems.
4. A check of the Utilities Division compliance database indicated that there are currently no delinquent compliance items for either NMV or EPCOR.
5. Staff concludes that EPCOR – Mohave has adequate technical and managerial skills to effectively operate NMV.
6. Staff concludes that the proposed interconnection projects are appropriate and the cost estimates presented above are reasonable for purposes of this application. No "used and useful" determination of the proposed plants in service is made, and no conclusions should be inferred for rate making or rate base purposes.

*Recommendations*

Staff recommends the following:

1. Staff recommends that the EPCOR file with Docket Control, as a compliance item in the docket, Cross Connection & Backflow Tariff for NMV’s certificated area within 30 days of the effective date of the Commission’s Decision in this proceeding.
2. Staff recommends that EPCOR file with Docket Control, as a compliance item in the docket, EPCOR – Mohave’s BMP Tariffs for the NMV certificated area within 30 days of the effective date of the Commission’s Decision in this proceeding.

FINANCIAL AND REGULATORY ANALYSIS MEMORANDUM

TO: Pamela Genung, Executive Consultant

FROM: Mary J. Rimback, Public Utilities Analyst 

DATE: July 16, 2013

RE: JOINT APPLICATION FOR APPROVAL OF SALE OF ASSETS AND TRANSFER OF CERTIFICATE OF CONVENIENCE AND NECESSITY FROM NORTH MOHAVE VALLEY CORPORATION TO EPCOR WATER ARIZONA INC. DOCKET NOS. W-02259A-13-0138 AND W-01303A-13-0138

On May 17, 2013, North Mohave Valley Corporation ("NMV") and EPCOR Water Arizona Inc. ("EPCOR") filed a joint Application with the Arizona Corporation Commission ("Commission") requesting approval pursuant to Arizona Revised Statutes § 40-285 and Arizona Administrative Code R14-2-402 of the Sale of Assets and Transfer of Certificate of Convenience and Necessity ("CC&N") from NMV to EPCOR. On June 11, 2013, NMV and EPCOR docketed the agreement between the two companies pertaining to the transfer.

The Application also requests that the Commission confirm that NMV's rate base as of December 31, 2012, was \$2,137,020 and that the Commission find the additional ten percent of rate base payment to be in the public interest and to approve, in principle, rate recovery of and on this payment to occur in North Mohave's next rate case.

On June 11, 2013, NMV and EPCOR docketed the agreement between the two companies in regard to the transfer. The agreement refers to Purchase Price in Section 3 and a Contingent Purchase Price in Section 3.3.

Staff concludes:

- that establishing a rate base value is premature in this proceeding because such a determination is better made in the context of a rate case; accordingly, the request for confirmation that NMV's rate base as of December 31, 2012, was \$2,137,020 should be denied;
- that determination regarding the recovery of the additional ten percent of rate base payment or any other payment is premature and is better determined in the context of a rate case;
- that the proposal to transfer all obligations for customer security deposits to EPCOR is reasonable and should be adopted;

- that the proposal to transfer all obligations pertaining to developer deposits and prepayments to EPCOR is reasonable and should be adopted;
- that the transaction will not impair the ability of EPCOR to provide services in any of its service areas.

**MEMORANDUM**

TO: Pamela Genung  
Executive Consultant III  
Utilities Division

FROM: Lori H. Miller   
GIS Technician  
Utilities Division

THRU: Del Smith   
Engineering Supervisor  
Utilities Division

DATE: July 11, 2013

RE: **NORTH MOHAVE VALLEY CORPORATION (DOCKET NO. W-02259A-13-0138)**  
**EPCOR WATER ARIZONA, INC. (DOCKET NO. WS-01303A-13-0138)**  
**REVISED**

This is a revised memo to provide clarification of the service area being transferred from North Mohave Valley Corporation to EPCOR Water Arizona, Inc.

Attached are copies of the maps for your files. Also attached is a written legal description provided by the Company of the area being transferred.

/lhm

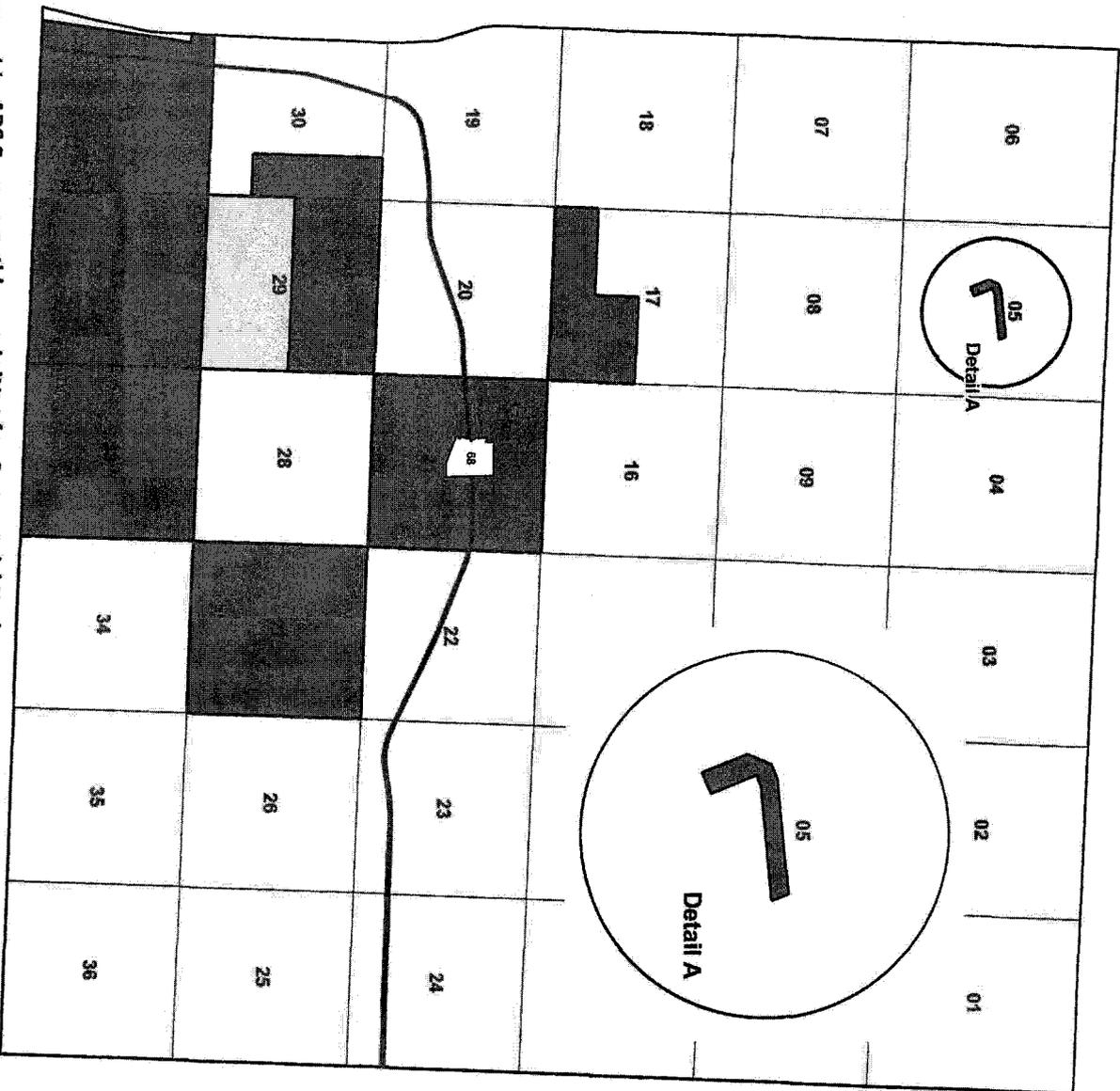
Attachments

cc: Mr. John McCormick  
Mr. Tom Broderick  
Ms. Dorothy Hains  
Ms. Deb Person (Hand Carried)  
File

# MOHAVE COUNTY

Map No. 18

## RANGE 21 West



## TOWNSHIP 21 North



WS-01303A (8) (6)

EPCOR Water Arizona, Inc. (Lake Mohave)



W-01751A (1)

Katherine Resort Water Company



W-02259A (1)

North Mohave Valley Corporation



(1)

North Mohave Valley Corporation

Docket No. W-02259A-13-0138

Transfer to EPCOR Water Arizona, Inc.

Docket No. WS-01303A-13-0138

Pursuant to ARS § 39-121.03 this map is 'Not for Commercial Use'

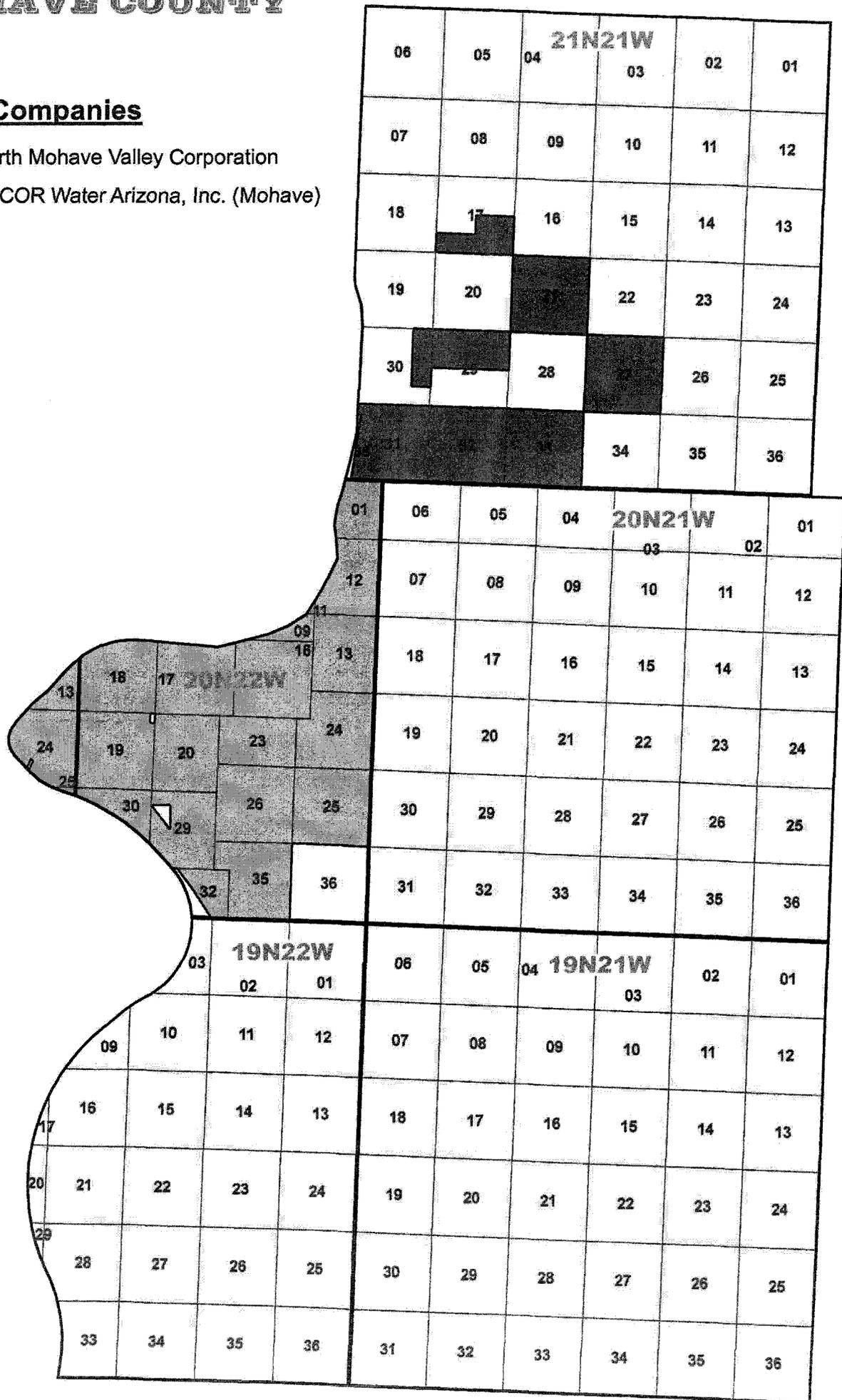
Prepared by:  
Arizona Corporation Commission  
Utilities Division  
Engineering Section/GIS Mapping  
602-342-4231

TR21N21W 17 NOV 2011

# MOHAVE COUNTY

## Water Companies

-  North Mohave Valley Corporation
-  EPCOR Water Arizona, Inc. (Mohave)



**NORTH MOHAVE VALLEY CORPORATION  
CERTIFICATE OF CONVENIENCE AND NECESSITY  
SERVICE AREA**

NORTH MOHAVE VALLEY CORPORATION'S CERTIFICATE OF CONVENIENCE AND NECESSITY SERVICE AREA INCLUDES THE FOLLOWING AREAS OF LAND LOCATED IN MOHAVE COUNTY, ARIZONA MORE PARTICULARLY DESCRIBED AS:

THE SOUTHEAST QUARTER AND THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 17;

ALL OF SECTION 21;

ALL OF SECTION 27;

THE NORTH HALF OF SECTION 29;

THE EAST HALF OF THE NORTHEAST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 30;

ALL OF SECTION 31;

ALL OF SECTION 32;

AND

ALL OF SECTION 33,

TOWNSHIP 21 NORTH, RANGE 21 WEST OF THE GILA AND SALT RIVER MERIDIAN.

LEGAL NUMBER 1815

06-10-13

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