

OPEN MEETING ITEM



0000157791

**COMMISSIONERS**  
BOB STUMP - Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH



ARIZONA CORPORATION COMMISSION RECEIVED

2014 NOV -5 A 10:53

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

DATE: NOVEMBER 5, 2014  
DOCKET NO.: W-02077A-12-0493  
TO ALL PARTIES:

ORIGINAL

Enclosed please find the recommendation of Administrative Law Judge Yvette B. Kinsey. The recommendation has been filed in the form of an Opinion and Order on:

HOPEVILLE WATER COMPANY, INC.  
(SALE OF ASSETS/CC&N CANCELLATION)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

NOVEMBER 10, 2014

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

TO BE DETERMINED

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission

DOCKETED

NOV 05 2014

DOCKETED BY 

  
JODI JERICH  
EXECUTIVE DIRECTOR

1200 WEST WASHINGTON STREET; PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET; TUCSON, ARIZONA 85701-1347

[www.azcc.gov](http://www.azcc.gov)

This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail [SABernal@azcc.gov](mailto:SABernal@azcc.gov).

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 BOB STUMP - Chairman  
4 GARY PIERCE  
5 BRENDA BURNS  
6 BOB BURNS  
7 SUSAN BITTER SMITH

8 IN THE MATTER OF THE APPLICATION OF  
9 HOPEVILLE WATER COMPANY, INC. D/B/A  
10 ALLENVILLE WATER COMPANY FOR  
11 APPROVAL TO SELL ITS WATER SYSTEM  
12 ASSETS TO THE TOWN OF BUCKEYE AND TO  
13 CANCEL ITS CERTIFICATE OF CONVENIENCE  
14 AND NECESSITY.

DOCKET NO. W-02077A-12-0493

DECISION NO. \_\_\_\_\_

**OPINION AND ORDER**

11 DATE OF HEARING: September 22, 2014  
12 PLACE OF HEARING: Phoenix, Arizona  
13 ADMINISTRATIVE LAW JUDGE: Yvette B. Kinsey  
14 APPEARANCES: Mr. William E. Lally, TIFFANY & BOSCO, P.A., on  
15 behalf of Hopeville Water Company;  
16 Mr. Frank Tomkins and Mr. Justin M. Scorza, GUST  
17 ROSENFELD, PLC, on behalf of the Town of  
18 Buckeye;<sup>1</sup>  
19 Mr. Gerardo Ivan Hannel, on behalf of The Concerned  
20 Citizens Group of Hopeville; and  
21 Mr. Wesley C. Van Cleve, Staff Attorney, Legal  
22 Division, on behalf of the Utilities Division of the  
23 Arizona Corporation Commission.

21 **BY THE COMMISSION:**

22 **Procedural History**

23 On December 17, 2012, Hopeville Water Company, Inc. dba Allenville Water Company  
24 ("Hopeville" or "Company") filed with the Arizona Corporation Commission ("Commission") an  
25 application for approval of the sale and transfer of its water system assets to the City of Buckeye  
26 ("City") and to cancel Hopeville's Certificate of Convenience and Necessity ("CC&N") to provide

27 \_\_\_\_\_  
28 <sup>1</sup> Since the filing of this application, the Town of Buckeye has become the City of Buckeye and will be referred to as a city hereinafter.

1 water utility services in the Town of Hopeville.

2 On January 7, 2013, the Commission’s Utilities Division (“Staff”) filed a Sufficiency Letter in  
3 this docket stating that Hopeville’s application had met the sufficiency requirements as outlined in  
4 the Arizona Administrative Code (“A.A.C.”).

5 On February 11, 2013, by Procedural Order, the matter was set for hearing to begin on April  
6 16, 2013, and intervention was granted to: Alvin Cobbin; Holly Brown; Sharon K. Caldwell; LaFurn  
7 Garland; La Toya Cooper; Maria Estrada; Martha Castro; Georgia L. Land; Albert Williams; Izola  
8 Brown; Elanore Guy; Ruby Cooper; Olivia Piper; Jim Brown; Wilbur Brown; Anola Hubbert; Erica  
9 Gonzales; Arie Gonzales; Cynthia Bell; Angela Gonzales; Francisco Gonzales; Sergio Munoz;  
10 Jennifer Van Acker; and Ellen Berry.

11 On February 13, 2013, a Motion to Intervene was filed by The Concerned Citizens Group of  
12 Hopeville, AZ (“Concerned Citizens”) and signed by James Brown, Jr., as representative (“February  
13 13, 2013 Motion”).

14 On February 21, 2013, by Procedural Order, a procedural conference was scheduled to  
15 discuss who Concerned Citizens intended to represent and whether Concerned Citizens met the  
16 requirements set forth in Arizona Supreme Court Rule 31.

17 On March 5, 2013, a procedural conference was held as scheduled. Staff and the Company  
18 appeared through counsel. Mr. James Brown, Jr. appeared as a representative of Concerned Citizens.  
19 During the procedural conference, Mr. Brown stated that Concerned Citizens is neither a legal entity,  
20 nor registered as non-profit organization, but that Concerned Citizens is comprised of customers of  
21 the Company who are concerned about the sale of assets to Buckeye. Mr. Brown was informed that  
22 ten of the individuals who signed the February 13, 2013, Motion had been previously granted  
23 intervention in this matter.

24 On March 8, 2013, Staff filed its Staff Report recommending approval of the application with  
25 conditions.

26 On March 21, 2013, Matilda Lee White filed a Motion to Intervene, stating she is a property  
27 owner in Hopeville and a customer of the water company.

28 ...

1 On March 22, 2013, Hopeville filed an Affidavit of Publication and Mailing, stating that  
2 notice of the application and hearing date had been mailed via First Class U.S. Mail to the customers  
3 of Hopeville and that notice had been published in the *Buckeye Valley News*, a weekly newspaper of  
4 general circulation in Buckeye, Arizona, on March 7, 2013.

5 On April 9, 2013, intervention was granted to: Robert Land; Carolyn Land; Frederic Orozco;  
6 Cristina Orozco; Oliver Caldwell; Brice Caldwell; Larry Bell; and Matilda Lee White.

7 On April 9, 2013, Mr. Alvin Cobbin, intervenor, filed a Motion to Postpone the April 16,  
8 2013, hearing.

9 On April 15, 2013, Hopeville filed its response to the Motion to Postpone Hearing.

10 On April 16, 2013, a full public hearing was convened as scheduled before a duly authorized  
11 Administrative Law Judge of the Commission. Hopeville and Staff appeared through counsel.  
12 Intervenor, Alvin Cobbin appeared on his own behalf and other intervenors also attended. During  
13 the hearing, Mr. Cobbin's Motion to Postpone the hearing was discussed. Mr. Cobbin informed the  
14 Commission that Concerned Citizens had filed a lawsuit against Hopeville in Maricopa County  
15 Superior Court and that a hearing was scheduled to be held in Superior Court on April 29, 2013  
16 ("Superior Court Complaint"). After hearing arguments from Hopeville, intervenors, and Staff, the  
17 motion to postpone the hearing was granted and public comment was taken. At the conclusion of the  
18 public comment hearing, Hopeville was instructed to file, within 45 days of the hearing, a notice  
19 updating the Commission on the lawsuit filed by Concerned Citizens against Hopeville in Superior  
20 Court.

21 On May 9, 2013, Hopeville docketed a Notice of Filing, stating that a hearing was held on  
22 April 29, 2013, in the Superior Court Complaint; that Mr. Cobbin was granted leave to amend his  
23 Complaint; and that a follow up hearing was scheduled for June 18, 2013.

24 On July 16, 2013, by Procedural Order, a procedural conference was scheduled to be held on  
25 August 8, 2013, to discuss the status of the Superior Court Complaint as well as to establish a  
26 procedural schedule for this matter.

27 On August 6, 2013, Gerado Ivan Hannel entered an appearance on behalf of Concerned  
28 Citizens and he also filed a Motion to Continue Procedural Conference due to a scheduling conflict.

1 On August 8, 2013, the procedural conference was held as scheduled. The City, the  
2 Company, and Staff appeared through counsel. Counsel for Concerned Citizens was not in  
3 appearance. During the procedural conference, Concerned Citizens' motion to stay the proceeding  
4 was granted. Further, the time clock was suspended.

5 On August 14, 2014, Hopeville docketed a Notice of Filing: Request for Expedited Hearing  
6 stating that on July 14, 2014, the Superior Court dismissed the case between Hopeville and the  
7 Concerned Citizens, as the parties had reached a settlement.

8 On August 19, 2014, by Procedural Order, a procedural conference was scheduled for August  
9 27, 2014, to discuss a procedural schedule for this matter.

10 On August 27, 2014, the procedural conference was held as scheduled. Staff and the  
11 Company and the City appeared through counsel. Counsel for the Concerned Citizens was not present  
12 due to a family emergency. During the procedural conference, the parties discussed possible hearing  
13 dates. The parties were informed that the hearing would be scheduled for September 22, 2014, and  
14 that any objections to the proposed hearing date should be filed as soon as possible in this docket.

15 On September 22, 2014, the hearing in this matter convened before a duly authorized  
16 Administrative Law Judge at the Commission's offices. Hopeville, Concerned Citizens, the City and  
17 Staff appeared through counsel. No members of the public provided comment at the hearing. At the  
18 conclusion of the hearing, counsel for Concerned Citizens was asked to file the fully executed  
19 Settlement Agreement as soon as possible. Hopeville was informed that a copy of the fully executed  
20 Settlement Agreement would need to be filed before a Recommended Opinion and Order ("ROO")  
21 would be issued for the Commission's consideration.

22 On October 2, 2014, Hopeville docketed a Notice of Filing: Status Update of Executed  
23 Settlement Agreement and Notice of Filing: Request to Waive 10 Day Exception Period ("Notice").  
24 The Notice requested that the matter be scheduled for the October 16, 2014, Open Meeting, due to  
25 public safety concerns over water quality.

26 On October 3, 2014, by Procedural Order, Hopeville was directed to file, as soon as possible,  
27 a copy of the fully executed Settlement Agreement, so that a ROO could be issued for the  
28 Commission's consideration at a future Open Meeting.

1 On October 24, 2014, Hopeville and Concerned Citizens filed a Joint Notice of Filing: Status  
2 Update of Executed Settlement Agreement, requesting that the matter be set for the Commission's  
3 November Open Meeting; that the parties agree to waive the 10 day exception period; that time is of  
4 the essence due to the public safety concerns over water quality; that eight remaining signatures were  
5 needed to fully execute the Settlement Agreement, but that those parties had been omitted from the  
6 Settlement Agreement; that the parties believed that the remaining signatures had not been obtained  
7 due to logistics and not due to opposition to the sale of the Company to the City of Buckeye; and that  
8 there are no remaining issues in dispute between the parties.

9 On October 28, 2014, by Procedural Order, a procedural conference was scheduled for  
10 October 31, 2014, to discuss the remaining eight intervenors and/or plaintiffs in relation to the  
11 Superior Court Complaint; whether there is a Settlement Agreement in effect; whether Hopeville can  
12 proceed with the sale; and whether the absence of the eight signatures affects the City's position on  
13 the Settlement Agreement and/or the sale.

14 On October 31, 2014, a procedural conference was held as scheduled. Staff, Hopeville,  
15 Concerned Citizens, and the City of Buckeye appeared through counsel. Discussions were held  
16 regarding the status of the Settlement Agreement and the City's position on the Settlement  
17 Agreement and/or the sale.

18 \* \* \* \* \*

19  
20 Having considered the entire record herein and being fully advised in the premises, the  
21 Commission finds, concludes, and orders that:

22 **FINDINGS OF FACT**

23 **Background**

24 1. Hopeville is an Arizona corporation and holds a CC&N to provide water utility  
25 services to the Town of Hopeville, Arizona.<sup>2</sup> The Town of Hopeville is located approximately 35  
26 miles west of downtown Phoenix, Arizona.<sup>3</sup>

27 \_\_\_\_\_  
28 <sup>2</sup> Exhibit S-1.

<sup>3</sup> *Id.*

1           2.       Hopeville was initially granted a CC&N as a non-profit co-operative to provide water  
2 in Decision No. 40031 (May 26, 1969).<sup>4</sup>

3           3.       Hopeville was previously located in the Salt River water shed, one half miles south of  
4 Buckeye Road off Miller Road. According to Hopeville's application, in 1979 after two devastating  
5 flooding incidents, the Arizona State Department of Emergency Services and the U.S. Army Corps of  
6 Engineers relocated the Allenville community to its current location in Hopeville.<sup>5</sup> The application  
7 states that upon the community's relocation, the U.S. Army Corps of Engineers constructed a new  
8 water system in the Hopeville community at no cost to the Company.<sup>6</sup> According to Hopeville, over  
9 the years it has invested additional capital in storage facilities, replacement of transmission and  
10 distribution mains, and other appurtenances necessary for the provision of its water services.<sup>7</sup>

11          4.       In Decision No. 53202 (September 1, 1982), the Commission deleted the old CC&N  
12 area in Allenville and granted Hopeville its current CC&N area, which encompasses approximately  
13 105 acres.<sup>8</sup>

14          5.       Hopeville is currently operating on rates and charges set forth in Decision No. 53821  
15 (November 28, 1983).

16          6.       Mr. Abraham Harris III has served as the President of the Hopeville Board of  
17 Directors and has been responsible for the day-to-day management of the Company since 2007.

18          7.       On October 25, 2012, Hopeville's Board of Directors unanimously voted to authorize  
19 Mr. Harris to review and approve an offer from the City in the amount of \$771,000. Hopeville states  
20 that the decision to sell the Company's assets and discontinue its operations was due to a lack of  
21 adequate cash flow to manage the Company's operations; recurring operating losses; low customer  
22 base; and increasing costs of service.<sup>9</sup>

23 ...

24 ...

25

---

26 <sup>4</sup> Exhibit S-1 at 1.

27 <sup>5</sup> Exhibit A-1 at 2.

28 <sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> Exhibit S-1 at 1 and Attachment 4.

<sup>9</sup> Exhibit A-1 at 3.

1           8.     In November 2012, Hopeville and the City entered into an Asset Purchase Agreement  
2 (“Agreement”), whereby the parties agreed to sell and transfer Hopeville’s water system assets to the  
3 City.

4           9.     On December 17, 2012, Hopeville filed the application in this docket requesting  
5 authorization to sell and transfer its water system assets to the City and for cancellation of its CC&N.

6           10.    Public notice of the application was given in accordance with the law.

7           11.    Intervention was granted to thirty-two individuals in this proceeding. Twelve of the  
8 thirty-two intervenors, along with other individuals, formed the Concerned Citizens Group.<sup>10</sup> The  
9 Concerned Citizens filed a lawsuit against Hopeville in Maricopa County Superior Court, seeking to  
10 enjoin Hopeville’s sale of its assets to the City of Buckeye and also alleging that Hopeville’s Board  
11 of Directors had mishandled funds and property owned by the water company.<sup>11</sup>

12           12.    The proceeding in this docket was stayed pending resolution of the Superior Court  
13 Complaint.

14           13.    On August 14, 2014, Hopeville notified the Commission that the Superior Court  
15 Complaint had been dismissed between the Company and the Plaintiffs to the lawsuit, some of which  
16 were intervenors in this docket, and that the parties had agreed to a settlement of the issues.

17           14.    The Settlement Agreement states that the Company was administratively dissolved by  
18 the Commission on October 1, 2010, and that pursuant to A.R.S. § 10-11421 (C), Hopeville’s  
19 corporate existence continues notwithstanding its administrative dissolution, but that Hopeville may  
20 only engage in those activities necessary to wind down its affairs under A.R.S. 10-11405.<sup>12</sup> The  
21 Settlement Agreement allows for the sale of Hopeville’s water system assets, and includes the parcel  
22 of real property on which Hopeville’s well is located, to the City of Buckeye. The proceeds from the

23 ...

24  
25  
26 <sup>10</sup> During a procedural conference held on March 5, 2013, a representative for the Concerned Citizens stated that the  
27 group is comprised of customers of Hopeville who are concerned with the sale and transfer of the assets to the City of  
28 Buckeye.

<sup>11</sup> Joint Notice of Filing: Status Update of Executed Settlement Agreement docketed October 24, 2014.

<sup>12</sup> A.R.S. § 10-11405 authorizes a dissolved non-profit corporation to liquidate its assets as part of the wind down process  
in order to pay its creditors and to distribute the remainder to another non-profit corporation.

1 sale of the assets will be converted into cash to pay Hopeville's creditors<sup>13</sup> and any remaining funds  
 2 will be distributed to an Arizona non-profit corporation, Hopeville Charitable Alliance, Inc.  
 3 ("HCA"), which is to be formed as part of the Settlement Agreement. HCA will serve as the  
 4 charitable arm for the Hopeville community and HCA will be managed by a board of directors  
 5 elected by its members comprised of the real property owners in Hopeville. The conditions of the  
 6 Settlement Agreement include, but are not limited to, transferring management and control of the  
 7 water company to the City, transferring Hopeville's customers to the City without paying a customer  
 8 deposit, and maintaining Hopeville's current water rates for a period of five years.

9 15. On October 24, 2014, the parties filed a Joint Notice of Executed Settlement  
 10 Agreement. The joint filing stated that repeated attempts had been made to secure the signatures of  
 11 the last remaining eight individuals; that the remaining individuals, while aware of the proceeding  
 12 before the Commission and having received the Settlement Agreement, had not proffered their  
 13 signatures; and that the inability to obtain the outstanding signatures was not due to opposition to the  
 14 sale of the Company to the City, but due to logistics (i.e., out of state travel for employment, no  
 15 longer living in the community, or loss of interest in the proceeding). The Company, the City, and  
 16 counsel for Concerned Citizens agreed that Settlement Agreement had been fully executed without  
 17 the remaining signatures and the City of Buckeye confirmed that it was committed to abiding by the  
 18 terms of the Settlement Agreement despite the outstanding signatures.

19 16. During the hearing, the Company's witness testified that it is important to complete  
 20 the sale and transfer of the assets because there is currently a gap in management; the Company is not  
 21 fully in compliance with MCESD; and the City is "willing and able" to correct the water systems  
 22 problems and to make the necessary investments.<sup>14</sup>

23 ...

24 ...

25 <sup>13</sup> The Settlement Agreement lists the following outstanding debts for Hopeville: 1) Faith, Ledyard & Faith PLC  
 26 \$4,299.85; 2) MCESD \$1,760.00 (to bring permit up to date) and \$8,936.20 (monetary judgment); 3) EZ Messenger  
 27 \$106.00; 4) Fluid Solutions \$12,223.95 plus interest; 5) Vanguard Tax Center \$11,737.50; 6) Prestige Financial Services  
 28 \$19,091.59 plus interest; 7) Ridenour, Hinton & Lewis, PLLC \$57,026.63; 8) Tiffany & Bosco, PA \$96,244.93 plus fees  
 accrued after September 30, 2014; 9) Gerardo Ivan Hannel \$70,750 plus fees accrued after September 30, 2014; 10) Scott  
 Truit \$3,500; and 11) Gary D. Hays PC \$1,705.00.

<sup>14</sup> Tr. at 14-15.

1 17. The City's witness testified that no one had raised any issues in terms of objections to  
2 the Settlement Agreement.<sup>15</sup> The executed Settlement Agreement contains the signatures of the  
3 Mayor of the City of Buckeye, Hopeville's Board of Directors, and fifteen Plaintiffs/Concerned  
4 Citizens.<sup>16</sup>

5 Water System

6 Hopeville

7 18. Hopeville's water system consists of one well, with a yield of 250 gallons per minute;  
8 two storage tanks (capacity of 100,000 gallons each); a booster system equipped with a pressure tank;  
9 10 fire hydrants; and a distribution system serving 41 metered service connections.<sup>17</sup>

10 19. The Company's estimated depreciated value of its assets to be sold to the City is  
11 \$711,271.<sup>18</sup>

12 20. Based on the Company's reported water use data, Staff concluded that the Company's  
13 water system has adequate well production and storage capacity to serve existing customers and  
14 reasonable growth.

15 21. Hopeville's water system is not in compliance with Maricopa County Environmental  
16 Services Department ("MCESD"). On January 9, 2013, MCESD reported that the Company's water  
17 system (PWS # 07-633) had major monitoring and reporting deficiencies and was delivering water  
18 that did not meet water quality standards required by the Arizona Administrative Code.<sup>19</sup> The report  
19 also stated that if the water system was not purchased by the City, MCESD would initiate  
20 enforcement actions related to the Company's monitoring and reporting violations.<sup>20</sup>

21 ...

22 ...

23 ...

24 ...

25 \_\_\_\_\_  
26 <sup>15</sup> Tr. at 41.

27 <sup>16</sup> Joint Notice of Filing: Status Update of Executed Settlement Agreement docketed October 24, 2014.

28 <sup>17</sup> Exhibit S-1 Staff Engineering Report at 4.

<sup>18</sup> *Id.* at 2.

<sup>19</sup> *Id.* at 3.

<sup>20</sup> *Id.*

1           22.     The City of Buckeye's witness testified that in joint conferences with MCESD,  
2 Arizona Department of Environmental Quality ("ADEQ"), and the Commission Staff, the City  
3 volunteered to conduct some water testing for the Company, which showed that the water system  
4 exceeded the limits for nitrates. Subsequently the Company provided notice to its customers  
5 regarding the results of those tests.<sup>21</sup>

6           23.     Hopeville has no delinquent compliance items with the Commission.

7           24.     Hopeville is located within the Phoenix Arizona Department of Water Resources'  
8 ("ADWR") Active Management Area ("AMA"). ADWR reports that the Company's water system is  
9 currently out of compliance with departmental requirements governing water providers and/or  
10 community water systems, for its failure to file a timely AMA Annual Report and Community Water  
11 Systems Program System Water Plan.<sup>22</sup>

12           City of Buckeye

13           25.     The City serves approximately 11,000 customers and has been providing municipal  
14 water service since 1952.<sup>23</sup>

15           26.     The City's water system (PWS #07-089) has no major deficiencies and is currently  
16 delivering water that meets water quality standards required by the Arizona Administrative Code.<sup>24</sup>

17           27.     The City's service area is located within the Phoenix AMA and ADWR has reported  
18 that the City of Buckeye is in compliance with departmental requirements governing water providers  
19 and/or community water systems.<sup>25</sup>

20           Public Interest Issues

21           28.     Hopeville has asserted that the decision to sell its water system assets is due to a lack  
22 of adequate cash flow to manage the Company's operations, recurring operating losses and its  
23 increasing costs of service. The City has stated that it is "ready and willing" to bring Hopeville's  
24 infrastructure and water system up to date; that Hopeville's customers' rates will be maintained at  
25

26 \_\_\_\_\_  
27 <sup>21</sup> Tr. at 29 and 38.

28 <sup>22</sup> Exhibit S-1 Staff Engineering Report at 3.

<sup>23</sup> *Id.* at 2.

<sup>24</sup> MCESD report dated January 24, 2013.

<sup>25</sup> ADWR Compliance Status Report, dated December 26, 2012.

1 their current level for five years;<sup>26</sup> that the City will place meters at the residences of each of  
 2 Hopeville's customers at no cost; and that there will be no connection fee for Hopeville's existing  
 3 customers.<sup>27</sup>

4 29. The City has also stated that all Hopeville customers will receive the same high level  
 5 of customer service as its existing customers.<sup>28</sup> The City's witness testified that the City has  
 6 identified a number of operational issues that need to be addressed, which include putting in new  
 7 generators at the Company's well site and its tanks; upgrading the pumps; putting in a new  
 8 chlorination system as well as eventually tying Hopeville's customers into the City's wastewater  
 9 treatment facility.<sup>29</sup>

10 30. Intervenor Ruby Cooper testified that she believes the Settlement Agreement is in the  
 11 public interest, because the sale of the assets to the City will allow the water system to be better  
 12 maintained, it resolves the issues of how the proceeds from the sale will be handled, rates will be  
 13 maintained for five years, and that all customers will eventually have meters at their residences.<sup>30</sup>

14 31. Staff believes that approval of the sale and transfer of Hopeville's assets is in the  
 15 public interest. Staff states that the City's personnel that would be responsible for the Hopeville water  
 16 system possess advanced ADEQ operator certifications and that Hopeville's customers will not be  
 17 adversely affected by the proposed sale of assets and CC&N cancellation.

18 32. Staff recommends that Hopeville file in in this docket, documentation demonstrating  
 19 that the sale of the Company to the City is final, within 30 days of such event. Staff also recommends  
 20 that Hopeville honor all obligations with respect to customer and meter deposits as addressed in the  
 21 Agreement.

22 33. Staff's recommendations are reasonable and should be adopted.

23 ...

24 ...

25 ...

26 <sup>26</sup> Hopeville customers currently have a flat rate fee of \$40 per month.

27 <sup>27</sup> Tr. at 29-31.

28 <sup>28</sup> Tr. at 36.

29 <sup>29</sup> Tr. at 33-36.

30 <sup>30</sup> Tr. at 45, 50, and 53.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**CONCLUSIONS OF LAW**

- 1. Hopeville is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281, 40-282 and 40-285.
- 2. The Commission has jurisdiction over Hopeville and the subject matter of the Application.
- 3. Notice of the Application and the hearing were provided as required by Arizona law.
- 4. The proposed sale and transfer of assets to the City will not adversely affect the quality of service provided to Hopeville’s customers.
- 5. It is in the public interest for Hopeville to sell and transfer its assets to the City of Buckeye.
- 6. Hopeville’s CC&N shall be cancelled upon Hopeville’s filing notice of the closing of the sale of its assets to the City of Buckeye.
- 7. Staff’s recommendations are reasonable and will be adopted.

**ORDER**

IT IS THEREFORE ORDERED that the application of Hopeville Water Company, Inc. dba Allenville Water Company for approval of the sale and transfer of its assets to the City of Buckeye and to cancel its Certificate of Convenience and Necessity is hereby approved, with cancellation of Hopeville Water Company’s Certificate of Convenience and Necessity becoming effective upon the filing of notice of the sale of its assets to the City of Buckeye.

IT IS FURTHER ORDERED that Hopeville Water Company, Inc. dba Allenville Water Company shall file with Docket Control, as a compliance item in this docket, notice of the closing of the sale of assets to the City of Buckeye, within 30 days of such event.

...  
...  
...  
...  
...

1 IT IS FURTHER ORDERED that approval of the application in this matter is conditioned on  
2 Hopeville Water Company, Inc. dba Allenville Water Company's commitment to honor all liabilities  
3 including, but not limited to, customer and meter deposits as addressed in the Asset Purchase  
4 Agreement.

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

6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

CHAIRMAN \_\_\_\_\_ COMMISSIONER

COMMISSIONER \_\_\_\_\_ COMMISSIONER \_\_\_\_\_ COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive  
Director 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 \_\_\_\_\_ day of \_\_\_\_\_ 2014.

\_\_\_\_\_  
JODI JERICH  
EXECUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_  
YK:tv

1 SERVICE LIST FOR: HOPEVILLE WATER COMPANY, INC. D/B/A  
2 ALLENVILLE WATER COMPANY  
3 DOCKET NO.: W-02077A-12-0493  
4 Abraham Harris III  
5 HOPEVILLE WATER COMPANY  
6 1415 South Palo Verde Road  
7 Phoenix, AZ 85326  
8 William Lally  
9 TIFFANY & BOSCO, PA  
10 Third Floor Camelback Esplanade II  
11 2525 E. Camelback Rd.  
12 Phoenix, AZ 85016  
13 Attorneys for Hopeville Water Company  
14 Stephen Cleveland, Town Manager  
15 TOWN OF BUCKEYE  
16 530 Monroe Avenue  
17 Buckeye, AZ 85326  
18 Scott W. Ruby  
19 Frank Tomkins  
20 GUST ROSENFELD, PLC  
21 One West Washington Street, Suite 1600  
22 Phoenix, AZ 85004  
23 Attorneys for Town of Buckeye  
24 Gerardo Ivan Hannel  
25 GERARDO IVAN HANNEL, PLLC  
26 2942 N. 24<sup>th</sup> St., Suite 114-721  
27 Phoenix, AZ 85016  
28 Attorneys for Concerned Citizens  
29 Alvin Cobbin  
30 7418 West Wood Street  
31 Phoenix, AZ 85043  
32 Holly Brown  
33 9519 West Miami  
34 Tolleson, AZ 85353  
35 Sharon Kay Caldwell  
36 28928 West Pima Street  
37 Buckeye, AZ 85326  
38 LaFurn Garland  
39 28912 West Cocopah Street  
40 Buckeye, AZ 85326  
41 La Toya Cooper  
42 29010 West Cocopah Street  
43 Buckeye, AZ 85326

- 1 Maria Estrada  
1202 South 290<sup>th</sup> Drive, No. 42
- 2 Buckeye, AZ 85326
  
- 3 Martha Castro  
28921 West Pima Street
- 4 Buckeye, AZ 85326
  
- 5 Georgia L. Land  
1203 South 290<sup>th</sup> Drive, #40
- 6 Buckeye, AZ 85326
  
- 7 Albert Williams  
1215 South 290<sup>th</sup> Drive, #49
- 8 Buckeye, AZ 85326
  
- 9 Izola Brown  
PO Box 1142
- 10 Buckeye, AZ 85326
  
- 11 Elanore Guy  
28901 West Pima Street
- 12 Buckeye, AZ 85326
  
- 13 Ruby Cooper  
29010 West Cocopah Street
- 14 Buckeye, AZ 85326
  
- 15 Olivia Piper  
28917 W. Pima St.
- 16 Hopeville, AZ 85326
  
- 17 Jim Brown  
2995 North Point Ridge Road
- 18 Buckeye, AZ 85369
  
- 19 Wilbur Brown  
4410 North 99<sup>th</sup> Ave., #2163
- 20 Phoenix, AZ 85037
  
- 21 Anola Hubbert  
15735 West Verde Lane
- 22 Goodyear, AZ 85395
  
- 23 Erica Gonzales  
28922 West Cocopah Street
- 24 Buckeye, AZ 85326
  
- 25 Arie Gonzales  
28922 West Cocopah Street
- 26 Buckeye, AZ 85326
  
- 27 Cynthia Bell  
1202 South 289<sup>th</sup> Drive, #52
- 28 Buckeye, AZ 85326

- 1 Angela Gonzales  
28913 West Pima Street
- 2 Buckeye, AZ 85326
  
- 3 Francisco J. Gonzales  
28912 West Pima Street
- 4 Buckeye, AZ 85326
  
- 5 Sergio Munoz  
28926 West Cocopah Street
- 6 Buckeye, AZ 85326
  
- 7 Jennifer Van Acker  
28907 West Pima Street
- 8 Buckeye, AZ 85326
  
- 9 Ellen Berry  
203 Jackson Avenue
- 10 Buckeye, AZ 85326
  
- 11 Robert and Carolyn Land  
22807 W. Ashleigh Marie Dr.
- 12 Buckeye, AZ 85326
  
- 13 Federic and Cristina Orozco  
28913 W. Cocopah
- 14 Buckeye, AZ 85326
  
- 15 Oliver and Brice Caldwell  
28925 W. Pima
- 16 Buckeye, AZ 85326
  
- 17 Larry Bell  
1202 S. 289 Dr., #32
- 18 Buckeye, AZ 85326
  
- 19 Matilda Lee White  
4906 Fairgreen Lane
- 20 Houston, TX 77048
  
- 21 Janice Alward, Chief Counsel  
Legal Division
- 22 ARIZONA CORPORATION COMMISSION  
1200 West Washington Street
- 23 Phoenix, Arizona 85007
  
- 24 Steven M. Olea, Director  
Utilities Division
- 25 ARIZONA CORPORATION COMMISSION  
1200 West Washington Street
- 26 Phoenix, Arizona 85007
  
- 27
  
- 28