



ARIZONA CORPORATION COMMISSION

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CONTACT: Rebecca Wilder (602) 542-0844

Commission Staff Answers Questions for Well Owners within the Northern and Southern Sunrise Water Systems Requested CC&N

PHOENIX, AZ—Staff from the Arizona Corporation Commission's (ACC) Utilities Division answers some frequently asked questions regarding the Northern and Southern Sunrise Water Companies' request to include additional areas in their defined service area.

Background:

Following a litany of problems with management, water quality and quality of service with the McLain water systems and various proceedings by the Corporation Commission to rectify the situation, Algonquin Water agreed to purchase, manage, and improve the McLain water systems, which were then consolidated into the Northern Sunrise and Southern Sunrise water systems.

What is a CC&N?

Under Arizona law, a water utility must apply for a Certificate of Convenience and Necessity (CC&N) with the Corporation Commission to legally begin providing service. This certificate defines the area that a company will serve. The Northern and Southern Sunrise Water Companies were granted a CC&N on June 29, 2006, in Decision No. 68826, for the previously defined areas that the McLain water systems had served. In its decision, the Commission acknowledged that the McLain water systems might be serving customers outside of their certificated areas and that it might make sense for Northern and Southern Sunrise to extend their CC&N boundaries to include these customers as well as other properties that are reasonable. On January 3, 2008, Northern and Southern Sunrise filed for this extension, after which the Commission required the company to notify residents within those areas and to also publish the notice in local papers.

If I own a well for personal use on my single parcel of land, how will this affect me?

You will not be affected unless you decide to become a customer of Northern or Southern Sunrise. If you decide to become a customer and also want to keep your well operable, you will have to install a backflow prevention device at your cost and maintain that device at your cost. If you decide to become a customer but no longer need or want your well to be operable, you will be required to properly cap your well to avoid having to install a backflow prevention device.

If I wrote to the Commission to have my property excluded from the service area, per the notice I received, will it automatically be excluded?

No. The Commission will decide as part of the overall CC&N decision which areas will be included and which will not. However, as discussed above, if you have your own personal well, you will not be required to disconnect from your well and become a customer of Northern or Southern Sunrise.

If I and other people share ownership of a well, how will we be affected?

If you decide not to become a customer of Northern or Southern Sunrise, you will probably not be affected. The actual effect on any particular situation of this type will depend on the outcome of a probable investigation/inspection done by Commission Staff of the particular well ownership agreement. If you decide to become a customer and also remain connected to your well in any way, you will be required to install a backflow prevention device at your cost and maintain that device at your cost.

If I own a well and am furnishing water to other users who do not have any ownership interest in my well, how will this affect me and those connected to my well?

You, as the well owner, could be considered a public service corporation that is regulated by the Commission (i.e., you may be a water company). If the Commission found that you are a public service corporation, you would be required to disconnect all the non-well owners from your well because one water company cannot operate inside the certificated area of another water company (i.e., your water company cannot exist inside the certificated area of Northern or Southern Sunrise), unless it is separately granted a CC&N. You could stay connected to your well and serve yourself, but each of the other people would either have to drill their own individual well to serve themselves or become a customer of Northern or Southern Sunrise. If you and the people served by your well were excluded by the Commission from the certificated area of Northern or Southern Sunrise and your arrangement was found to be a public service corporation, you would be under the jurisdiction of the Commission and be required to file an application with the Commission for a CC&N. If you and the people served by your well were found not to be a public service corporation, you would not be under the jurisdiction of the Commission.

When any well is serving more than one connection, does that water system have to comply with the requirements of the Arizona Department of Environmental Quality (ADEQ)?

To be sure, you should contact ADEQ. However, in general, ADEQ regulates only those water systems serving 15 connections or more; or 25 people or more. For example: If the water system serves 10 homes and each home only has two residents, that system is probably not regulated by ADEQ. If the water system serves 10 homes and each home has three people, that system would probably be regulated by ADEQ and would be required by ADEQ to meet all its requirements (the same would apply to a water system serving 15 homes with one person in each home).

What happens next?

The Commission has not yet made a determination on Northern and Southern Sunrise Water Company's request to expand their CC&Ns service areas, but values input from the public. As such, the Commission will hold a **public comment session** in Sierra Vista on **June 23, 2008** to precede the hearing. **It will take place at the Windemere Hotel & Conference Center at 2047 South Highway 92 in Sierra Vista, beginning at 4:30 p.m.**

The Commission will also hold a **hearing** on this matter on **July 8, 2008 at 10:00 a.m.** at the **Commission's Tucson office at 400 West Congress St., Room 222, Tucson, Arizona.** Members of the public are invited to attend and may give public comment by signing up to speak before the hearing starts.

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