Lem

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

Arizona Corporation Commission
DOCKETED
FEB 1 5 2005
DOCKETED BY NR

RECEIVED
FEB 1 7 2005
AZ Corporation Commission
Director Of Utilities

IN THE MATTER OF THE APPLICATION FOR APPROVAL OF THE SALE OF ASSETS AND TRANSFER OF CERTIFICATE OF CONVENIENCE AND NECESSITY OF LITTLEFIELD WATER COMPANY TO BEAVER DAM WATER COMPANY.	DOCKET NO. W-03067A-04-0652 DOCKET NO. W-02298A-04-0652
IN THE MATTER OF THE APPLICATION OF BEAVER DAM WATER COMPANY FOR AN EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY.	DOCKET NO. W-03067A-04-0445
IN THE MATTER OF THE APPLICATION OF BEAVER DAM WATER COMPANY, INC. FOR APPROVAL OF LONG-TERM FINANCING.	DOCKET NO. W-03067A-04-0444 DECISION NO. 67577 **OPINION AND ORDER**

DATE OF HEARING: December 16, 2004

PLACE OF HEARING: Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE: Teena Wolfe

APPEARANCES: Mr. Bob Frisby, President, on behalf of Beaver Dam Water Company;

Mr. Melvin Peterson, Director, on behalf of Littlefield Water Company; and

Mr. David Ronald, Staff Attorney, Legal Division, on behalf of the Arizona Corporation Commission's Utilities Division Staff.

BY THE COMMISSION:

On June 15, 2004, Beaver Dam Water Company ("Beaver Dam" or "Company") filed with the Arizona Corporation Commission ("Commission") the above-captioned application for an extension of its Certificate of Convenience and Necessity ("CC&N") to provide water service in Mohave County, Arizona.

Also on June 15, 2004, Beaver Dam filed the above-captioned financing application.

On September 9, 2004, Beaver Dam filed an amendment to its June 15, 2004 CC&N extension application. The September 9, 2004 amendment included a request for additional territory and a request to consolidate the CC&N extension application with Beaver Dam's pending financing application.

Also on September 9, 2004, Beaver Dam and Littlefield Water Company ("Littlefield Water") jointly filed the above-captioned application for the sale of assets and transfer of CC&N from Littlefield to Beaver Dam.

On September 16, 2004, the Commission's Utilities Division Staff ("Staff") filed a response to Beaver Dam's consolidation request, and indicated that the applications were sufficient.

By Procedural Order of September 17, 2004, the above-captioned dockets were consolidated for purposes of hearing, a hearing date was set, and Beaver Dam and Littlefield Water were ordered to provide notice of the hearing on the consolidated applications.

On November 30, 2004, Staff filed its Staff Report on the consolidated applications, recommending approval with conditions.

On December 7, 2004, a request by Bernice W. Evans to intervene was granted. Ms. Evans made no further filings in these consolidated dockets.

The hearing was held as scheduled on December 16, 2004. Appearances were entered and evidence was presented by Bob Frisby, President of Beaver Dam, and Melvin Peterson, a Director of Littlefield Water. Staff appeared through counsel and presented evidence. Intervenor Bernice W. Evans did not appear at the hearing. No members of the public appeared at the hearing. At the hearing, Staff agreed to file a late-filed exhibit with a correct legal description. Following the docketing of the Staff's late-filed exhibits, these consolidated matters were taken under advisement pending the submission of a Recommended Opinion and Order to the Commission.

* * * * * * * * * *

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

FINDINGS OF FACT

1. Beaver Dam is an Arizona public service corporation authorized to provide water utility service to an area in the vicinity of Littlefield, Arizona and to an area located approximately four miles east of Littlefield on the Arizona-Nevada border in Mohave County, Arizona. Beaver Dam's CC&N was granted in Decision No. 55788 (November 13, 1987). Beaver Dam currently provides service to approximately 230 customers located in its existing certificated area.

2. Littlefield Water is an Arizona non-profit public service corporation authorized to provide water utility service in the area of Littlefield, Arizona. Littlefield Water's CC&N was granted in Decision No. 47690 (February 22, 1977). Littlefield Water currently provides service to approximately 22 customers in its existing certificated area. Littlefield Water has not taken any customer security deposits and there are no refunds due under any main extension agreements.

3. On June 15, 2004, Beaver Dam filed an application for an extension of its CC&N.

4. On September 9, 2004, Beaver Dam filed an amendment to its June 15, 2004 CC&N extension application. The September 9, 2004 amendment included a request for additional territory and a request to consolidate the CC&N extension application with Beaver Dam's pending financing application. The entire requested CC&N extension area is more fully described in Exhibit A, attached hereto and incorporated herein.

5. Also on September 9, 2004, Beaver Dam and Littlefield Water jointly filed an application for the sale of assets and transfer of CC&N from Littlefield to Beaver Dam. The existing service area under Littlefield Water's existing CC&N is more fully described in Exhibit A, attached hereto and incorporated herein.

6. On September 16, 2004, Staff filed a response to Beaver Dam's consolidation request stating that all four applications were sufficient.

7. By Procedural Order of September 17, 2004, all the above-captioned dockets were consolidated for purposes of hearing, a hearing date was set, and Beaver Dam and Littlefield Water were ordered to provide notice of the hearing on the consolidated applications.

8. On November 15, 2004, Beaver Dam and Littlefield filed certification that they caused notice of the hearing on these consolidated applications to be mailed as required and published in *The*

Spectrum, a daily newspaper of general circulation in the Littlefield/Beaver Dam area, on October 28, 2004.

9. On November 24, 2004, a Request to Intervene received by the Utilities Division on November 18, 2004 from Bernice W. Evans, on behalf of Beaver Dam of Arizona Strip, LLC and Beaver Dam Interchange, LLC, was filed in these dockets. The Intervention Request stated that the partners in Beaver Dam of Arizona Strip, LLC and Beaver Dam Interchange, LLC object to Beaver Dam extending its CC&N to include five separate parcels of property listed in the Intervention Request. The Intervention Request stated that Beaver Dam of Arizona Strip, LLC and Beaver Dam Interchange, LLC have their own water supply.

10. On November 24, 2004, public comment from Bill T. Evans was received and filed in these dockets. The public comment stated that Mr. Evans has his own water supply for two parcels of land listed in the public comment, and asked that none of his properties be included in Beaver Dam's service areas.

11. On November 30, 2004, Staff filed its Staff Report on the consolidated applications, recommending approval with conditions.

12. On December 6, 2004, Beaver Dam filed an Objection to the November 23, 2004 Intervention Request. Beaver Dam stated that it does not intend to serve any of the property referenced in the Intervention Request, and that it believes that the five parcels referenced in the Intervention Request are located adjacent to, but outside, the extension area requested by Beaver Dam.

13. By Procedural Order issued December 7, 2004, Bernice W. Evans, on behalf of Beaver Dam of Arizona Strip, LLC and Beaver Dam Interchange, LLC was granted intervention. The Procedural Order stated that both the Intervention Request and the Objection raise factual issues best addressed by both parties at the hearing.

14. The hearing was held as scheduled on December 16, 2004. Appearances were entered and evidence was presented by Bob Frisby, President of Beaver Dam, and Melvin Peterson, a Director of Littlefield Water. Staff appeared through counsel and presented evidence. Intervenor Bernice W. Evans did not withdraw her intervention request, but did not enter an appearance at the

hearing, and did not make any further filings in these dockets.

CC&N Extension Request

15. Evidence presented at the hearing indicates that while one of the parcels listed by Ms. Evans in her Intervention Request is located within the current CC&N territory of Littlefield Water, the four other parcels listed are not located within the CC&N extension area requested by Beaver Dam. No evidence was presented regarding the location of the two parcels referenced by Bill T. Evans in his November 24, 2004 public comment.

16. Inclusion of real property within the certificated area of a public service corporation providing water utility service does not obligate the owner of that real property to take water utility service from the public service corporation.

17. Beaver Dam's existing service area includes two systems located near Littlefield serving approximately 200 connections. Beaver Dam's existing service area also includes a separate system serving approximately 30 connections located approximately six miles to the southwest along Interstate 15 near the Nevada border that was formerly served by the Virgin Valley Water District.[1]

18. Beaver Dam is requesting extension of its CC&N for the purpose of extending service to new areas as requested by three developers. Walott Corporation ("Walott"), Millennia Investment Corp. ("Millennia"), and Beaver Dam Ranch have requested that Beaver Dam provide service to their planned developments.[2] Walott and Beaver Dam Ranch are requesting service to areas located adjacent to Beaver Dam's existing service area near Littlefield. Millenia is requesting service to an area called the Shadow Ridge Subdivision, in which it plans to develop 391 single family homes near Beaver Dam's existing system located near the Nevada border.

19. Staff states that based on historical growth rates, Beaver Dam's existing Littlefield service area could grow to approximately 225 connections at the end of five years, and that Beaver Dam has also predicted an additional 200 connections for the proposed service area extensions to its existing Littlefield area systems. Staff states that based on the existing well production and storage

[1] Beaver Dam's CC&N was extended to include this area in Decision No. 64662 (March 25, 2002).

[2] This Decision does not approve line extension agreements between Beaver Dam and these developers. Beaver Dam plans to submit line extension agreements for Commission approval following approval of these consolidated applications. Line extension agreements with these developers should not be approved absent evidence that the developers are in compliance with Arizona laws regarding their authority to transact business in Arizona.

capacities, the combined systems can serve approximately 600 service connections. Beaver Dam's existing systems located near Littlefield have a combined well production capacity of 240 gallons per minute ("gpm"), three storage tanks totaling 150,000 gallons and a distribution system. Staff concludes that the existing systems have adequate production and storage capacity to serve the existing Littlefield service area and proposed adjacent CC&N extension area within a conventional five year planning period, and can reasonably be expected to develop additional production and storage as required in the future.

20. Beaver Dam's existing system located near the Nevada border has a source production capacity estimated at 3,000 gpm from the Virgin Valley Water District in Nevada, and a distribution system serving 30 connections. Staff states that the 3,000 gpm source supply is more than adequate to serve the present and future customer base and provide fireflow protection in the proposed service territory extension in this area. In addition, Beaver Dam's proposed new water system in that area will have a well production capacity of 300 gpm, a 500,000 gallon storage tank and a distribution system to serve 391 connections. Staff concludes that the proposed new system will have adequate production and storage capacity to serve the existing service territory and the proposed CC&N extension area within a conventional five year planning period, and can reasonably be expected to develop additional production and storage as required in the future.

Transfer of Littlefield Water's CC&N and Sale of Littlefield Water's Assets to Beaver Dam

21. In addition to the proposed CC&N extension to accommodate the new developments adjacent to Beaver Dam's existing Littlefield and Nevada border service areas, Beaver Dam also wishes to acquire Littlefield Water's water utility assets and to take over Littlefield Water's certificated service area. Beaver Dam plans to interconnect its two existing service areas near Littlefield with Littlefield Water's existing system, and with the new Walott and Beaver Dam Ranch development areas.

22. Littlefield Water's system currently consists of a well producing 80 gpm, a 25,000 gallon storage tank, a booster system, and a distribution system.

23. Littlefield Water is currently out of compliance with Arizona Department of Environmental Quality ("ADEQ") requirements. Due to Littlefield Water's failure to provide

calendar year 2002 and 2003 consumer confidence reports, failure to complete initial baseline lead and copper monitoring, and failure to provide annual nitrate monitoring, ADEQ is unable to determine if the Littlefield Water system is currently delivering water that meets water quality standards required by Title 18, Chapter 4 of the Arizona Administrative Code.

24. Beaver Dam plans to perform the required delinquent water testing necessary to bring Littlefield Water's system into compliance with ADEQ requirements. Due to the fact that some tests must be performed during peak usage periods, it will take 12 months in order to become current on water testing requirements.

25. If the consolidated applications are approved, Beaver Dam plans to interconnect its Littlefield area system with Littlefield Water's system, in conjunction with the Littlefield area interconnection project. Beaver Dam plans to either maintain the Littlefield Water wellsite as a backup supply source, or abandon it if necessary.

26. Completion of the Littlefield area interconnection project will result in the current customers of Littlefield Water being served with water from Beaver Dam's system, which meets ADEQ requirements.

27. Beaver Dam's acquisition of Littlefield Water's assets and the transfer of its CC&N to Beaver Dam will result in better service quality for the current customers of Littlefield, and is therefore in the public interest.

Rates

28. Beaver Dam proposes, and Staff recommends, that Beaver Dam charge its current residential rates and charges in the proposed CC&N extension areas.

29. Beaver Dam proposes, and Staff recommends, that Beaver Dam charge Littlefield Water's current rates and charges in the existing Littlefield Water service area for residential customers. Littlefield Water's tariffed rates are $17.00 per month for 5/8 x 3/4-inch meters, and a $1.50 per thousand gallons commodity charge, with 4,000 gallons included in the monthly minimum charge.

30. There is currently one commercial customer, Canyon View Mobile Home Park, taking water utility service in the Littlefield Water service area.

31. Littlefield Water currently has no tariffed rates for larger meter sizes. Beaver Dam proposes, and Staff recommends, that Beaver Dam charge large meter customers of the Littlefield Water system rates consistent with the rates it charges larger meter sizes in its service area located near the Nevada border, as authorized in Decision No. 64662. In Decision No. 64662, Beaver Dam was ordered to file a tariff applicable to the former customers of the Virgin Valley Water District which are now served by Beaver Dam.

32. Canyon View Mobile Home Park is in agreement with Beaver Dam's proposed new commercial tariff.

33. The filed tariff applicable to the former customers of the Virgin Valley Water District which are now served by Beaver Dam, unlike the current tariff on file for the other customers of Beaver Dam, includes rates for all non-residential meter sizes ranging from 1-inch to 12-inch meters. Beaver Dam's current filed tariffs for its remaining service areas includes only two non-residential meter size rates: a "Homeowners Association 6-inch" meter rate and an 8-inch meter rate.

34. Beaver Dam should have tariffed rates on file for all commercial meter sizes throughout its service territory.

35. Littlefield Water's current tariff should remain in effect for current Littlefield Water customers. Beaver Dam should therefore file a residential tariff for the Littlefield Water service area that conforms to the current Littlefield Water tariff.

36. Beaver Dam's current tariff should remain in effect for residential customers and for non-residential customers currently taking service under Beaver Dam's "Homeowners Association 6-inch" meter rate and Beaver Dam's 8-inch meter rate. Beaver Dam should file a new tariff applicable to all other non-residential customers with monthly minimum charges and commodity charges as follows, to be applicable to all other non-residential customers:[3]

Meter Size	Monthly Minimum Charge
1"	$ 33.25
1 ½"	66.50

[3] This tariff is consistent with the tariff approved in Decision No. 64662.

2"	126.35
3"	465.50
4"	731.50
6"	997.50
8"	1,662.50
10"	1,862.00
12"	1,995.00
Commodity Charge Per 1,000 gallons:	
0-24,000	$ 1.20
25,000 - 49,000	1.35
50,000 – 99,000	1.50
100,000 +	1.75

Financing Request

37. Beaver Dam plans to finance some of the planned Littlefield area interconnection costs with main extension advances, and has applied for a Water Infrastructure Financing Authority ("WIFA") loan in the amount of $170,703 to finance the remainder of the Littlefield area interconnection project.

38. Staff reviewed the proposed plant facilities and costs to be financed with the proposed WIFA loan and found them to be appropriate and reasonable. Staff states, however, that it has made no "used and useful" determination regarding the proposed capital improvements at this time.

39. The proposed WIFA loan is for a term of 20 years at 6 percent per annum. Staff calculated that the annual debt service requirement on the proposed loan will be $14,675.

40. Staff analyzed Beaver Dam's operating income for the 12 month period ended December 31, 2003. The Company had no outstanding debt at December 31, 2003.

41. Staff's analysis shows that if Beaver Dam were to draw the entire $170,703, its pro forma capital structure would be 1.4 percent short-term debt, 51.7 percent long-term debt, and 46.9

percent equity.

42. At December 31, 2003, the Company's TIER[4] and DSC[5] were 361.61 and 557.81, respectively. Staff calculated the pro forma effect of issuing the proposed debt, and states that the debt would change the TIER and DSC to 4.48 and 4.79, respectively.

43. Staff states that the proposed financing is compatible with sound financial practice and will not impair Beaver Dam's ability to provide service to the public.

44. Staff recommends granting the requested authorization to borrow an amount not to exceed $170,703 under the terms and conditions and for the purposes described in the application.

Compliance Issues

45. The U.S. Environmental Protection Agency ("EPA") has reduced the maximum contaminant level ("MCL") for arsenic in drinking water from 50 micrograms per liter ("µg/l") to 10 µg/l, effective January 23, 2006.

46. Staff states that the Beaver Dam systems located near Littlefield are in compliance with the new MCL, with an undetectable arsenic level for one system and a level of 6 µg/l for the other.

47. The arsenic level for Littlefield Water's well is unknown at this time. However, the Littlefield well is not required as a water source for Beaver Dam's planned Littlefield interconnection project.

48. Beaver Dam's system located near the Nevada border is a consecutive system from the Virgin Valley Water District in Nevada, which has an arsenic level of 33 µg/l, based on an average value from its numerous well supplies. Staff states that the Virgin Valley Water District is currently evaluating treatment options within the State of Nevada.

49. The arsenic level of Beaver Dam's new well project located near the Nevada Border is unknown at this time. Staff states that if this new source has an arsenic level exceeding the new arsenic MCL, any treatment cost associated with meeting the new standard should be the

[4] The Times Interest Earned Ratio ("TIER") represents the number of times earnings will cover interest expense on short-term and long-term debt. A TIER greater than 1.0 means that operating income is greater than interest expense.

[5] The Debt Service Coverage ("DSC") ratio represents the number of times internally generated cash will cover required principal and interest payments on long-term debt. A DSC greater than 1.0 means that operating cash flow is sufficient to cover debt obligations.

responsibility of the developer and be addressed in the main extension agreement between the developer and Beaver Dam.

50. Staff states that Beaver Dam and Littlefield Water have no outstanding compliance issues with the Commission.

51. Beaver Dam and Littlefield Water are not located in an Arizona Department of Water Resources designated Active Management Area ("AMA"), and consequently are not subject to AMA reporting and conservation requirements.

52. Staff recommends that the proposed CC&N extensions be granted, but that Beaver Dam be required to file with Docket Control as compliance filings, within 365 days of this Decision, the following: 1) the main extension agreements associated with the proposed extension areas; 2) copies of the ADEQ Certificates of Approval to Construct associated with the proposed extension areas; and 3) a report regarding the arsenic level of the proposed well at Shadow Ridge Subdivision. Staff recommends that the CC&N extensions be considered null and void without further order from the Commission if Beaver Dam does not timely file these compliance filings.

53. Staff recommends that the sale of Littlefield Water's assets and the transfer of its CC&N to Beaver Dam be approved.

54. Beaver Dam and Staff have reviewed and agreed to Curtailment Plan tariffs as set forth in Exhibit B and Exhibit C attached hereto and incorporated herein, and Staff recommends that they be approved in this proceeding, and that the Company be required to file conforming tariffs within 45 days of this Decision.

55. Staff recommends that the Company be required to file a cross connection/backflow prevention tariff that generally conforms to the sample tariffs found on the Commission's website within 45 days of this Decision.

56. Staff's recommendations in Findings of Fact Nos. 28, 29, 31, 44 and 52-55 are reasonable and should be adopted.

57. Beaver Dam should also be required, as a condition of the authority for the requested transfer of Littlefield Water's assets and CC&N to Beaver Dam, to file, within 365 days of this Decision, evidence that water being served in Littlefield Water's current service area is in full

compliance with ADEQ requirements.

CONCLUSIONS OF LAW

1. Beaver Dam and Littlefield Water are public service corporations within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281, 40-282, 40-285, 40-301, 40-302, and 40-303.

2. The Commission has jurisdiction over Beaver Dam and Littlefield Water and the subject matters of the consolidated applications.

3. Notice of the consolidated applications was given in accordance with the law.

4. There is a public necessity for water utility service in the extension areas requested by Beaver Dam.

5. There is a continuing public necessity for water utility service in Littlefield Water's existing service area.

6. Inclusion of real property within the certificated area of a public service corporation providing water utility service does not obligate the owner of that real property to take water utility service from the public service corporation.

7. Beaver Dam is a fit and proper entity to receive Littlefield Water's CC&N and to extend its service territory to the requested areas.

8. The requested CC&N extensions and the requested transfer of Littlefield Water's assets and CC&N to Beaver Dam are in the public interest.

9. Approval of the sale of Littlefield Water's assets and the transfer of its CC&N to Beaver Dam is in the public interest.

10. The sale and transfer application should be granted subject to the condition set forth in Findings of Fact No. 57 above.

11. The CC&N extension application should be granted subject to the conditions recommended by Staff as set forth in Findings of Fact No. 52 above.

12. Beaver Dam should have tariffed rates on file for all commercial meter sizes.

13. Littlefield Water's current tariff should remain in effect for current Littlefield Water customers. Beaver Dam should therefore file a residential tariff for the Littlefield Water service area

that conforms to the current Littlefield Water tariff.

14. Beaver Dam's current tariff should remain in effect for residential customers and for non-residential customers currently taking service under Beaver Dam's "Homeowners Association 6-inch" meter rate and Beaver Dam's 8-inch meter rate. Beaver Dam should file a new tariff with monthly minimum charges and commodity charges applicable to all other non-residential customers.

15. The financing approved herein is for lawful purposes within Beaver Dam's corporate powers, is compatible with the public interest, with sound financial practices and with the proper performance by Beaver Dam of service as a public service corporation and will not impair Beaver Dam's ability to perform that service.

16. The financing approved herein is for the purposes stated in Beaver Dam's financing application and is reasonably necessary for those purposes and such purposes are not, wholly or in part, reasonably chargeable to operating expenses.

ORDER

IT IS THEREFORE ORDERED that the joint application of Beaver Dam Water Company and Littlefield Water Company to transfer Littlefield Water Company's assets and Certificate of Convenience and Necessity to Beaver Dam Water Company is hereby approved, conditioned upon Beaver Dam Water Company filing, within 365 days of this Decision, evidence that the water it provides within the current service territory of Littlefield Water Company is in full compliance with Arizona Department of Environmental Quality requirements.

IT IS FURTHER ORDERED that the authority conditionally granted herein for the transfer of Littlefield Water Company's assets and Certificate of Convenience and Necessity to Beaver Dam Water Company shall be null and void without further order from the Commission if Beaver Dam fails to timely file the compliance filing set forth in the preceding Ordering Paragraph.

IT IS FURTHER ORDERED that Beaver Dam Water Company shall charge the existing Littlefield Water Company residential rates and charges to all residential customers located in the Littlefield Water Company service territory, in conformity with the current Littlefield Water Company tariff.

IT IS FURTHER ORDERED that Beaver Dam Water Company shall file, within 30 days of this Decision, a tariff conforming to the current Littlefield Water Company tariff, which shall apply solely to customers located within the current Littlefield Water Company service territory.

IT IS FURTHER ORDERED that the requested extensions of Beaver Dam Water Company's existing service territory are hereby approved, conditioned upon Beaver Dam Water Company filing, with the Director of the Commission's Utilities Division, within 365 days of this Decision, the following: 1) the main extension agreements associated with the requested extension areas; 2) copies of the Arizona Department of Environmental Quality Certificates of Approval to Construct associated with the requested extension areas; and 3) a report regarding the arsenic level of the proposed well at Shadow Ridge Subdivision.

IT IS FURTHER ORDERED that the extensions of Beaver Dam Water Company's existing service territory conditionally approved herein shall be null and void without further order from the Commission if Beaver Dam fails to timely file the compliance filings enumerated in the preceding Ordering Paragraph.

IT IS FURTHER ORDERED that Beaver Dam Water Company shall charge its existing residential rates and charges in the requested extension areas, and shall continue to charge any customers taking service as of the date of this Decision under its "Homeowners Association 6-inch" meter rate and its existing 8-inch meter rate its currently tariffed charges for those services.

IT IS FURTHER ORDERED that Beaver Dam Water Company shall file, within 30 days, a tariff conforming with the following monthly minimum charges and commodity charges for meter sizes larger than 5/8 x 3/4-inch meters, which shall be applicable to all non-residential meters other than those enumerated in the preceding Ordering Paragraph:

Meter Size	Monthly Minimum Charge
1"	$ 33.25
1 ½"	66.50
2"	126.35

3"	465.50
4"	731.50
6"	997.50
8"	1,662.50
10"	1,862.00
12"	1,995.00
Commodity Charge Per 1,000 gallons:	
0-24,000	$ 1.20
25,000 - 49,000	1.35
50,000 – 99,000	1.50
100,000 +	1.75

IT IS FURTHER ORDERED that Beaver Dam Water Company shall notify its non-residential customers in its current service territory and in the Littlefield Water Company's service territory of the new non-residential meter tariff, and of its applicability, within 30 days of this Decision.

IT IS FURTHER ORDERED that Beaver Dam Water Company shall docket, within 45 days of this Decision: 1) a cross connection/backflow prevention tariff that generally conforms to the sample tariffs found on the Commission's website; and 2) curtailment plan tariffs as set forth in Exhibit B and Exhibit C attached hereto and incorporated herein.

IT IS FURTHER ORDERED that Beaver Dam Water Company is hereby authorized to enter into a loan agreement with the Water Infrastructure Financing Authority of Arizona for long-term debt for a term of twenty years in an amount not to exceed $170,703, at an interest rate not to exceed 6 percent.

IT IS FURTHER ORDERED that Beaver Dam Water Company is hereby authorized to engage in any transactions and execute any documents necessary to effectuate the financing authorization granted hereinabove.

IT IS FURTHER ORDERED that such financing authority is expressly contingent on Beaver

Dam Water Company's use of the proceeds for the purposes set forth in its application.

IT IS FURTHER ORDERED that approval of the financing set forth hereinabove does not constitute or imply approval or disapproval by the Commission of any particular expenditure of the proceeds derived thereby for purposes of establishing just and reasonable rates.

IT IS FURTHER ORDERED that Beaver Dam Water Company shall file copies of executed financing documents setting forth the terms of the financing, within 30 days of obtaining such financing.

IT IS FURTHER ORDERED that in the event Beaver Dam Water Company requests an extension of time to make any of the compliance filings ordered herein, the Commission's Utilities Division Staff shall docket a formal response to such request within thirty days of the request.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN COMMISSIONER COMMISSIONER

COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, 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 15th day of Feb., 2005.

BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT _____

DISSENT _____

TW:mj

SERVICE LIST FOR: LITTLEFIELD WATER COMPANY AND BEAVER DAM WATER COMPANY

DOCKET NOS.: W-03067A-04-0652, W-02298A-04-0652, W-03067A-04-0445 and W-03067A-04-0444

Bob Frisby, President
Beaver Dam Water Company
P.O. Box 550
Beaver Dam, Arizona 86432

Melvin Peterson, Director
Littlefield Water Company
P.O. Box 140
Littlefield, Arizona 86432

Bernice W. Evans
Beaver Dam of Arizona Strip, LLC
Beaver Dam Interchange, LLC
P.O. Box 133
Beaver Dam, AZ 86342

Christopher Kempley, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Ernest G. Johnson, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

BEAVER DAM WATER COMPANY
DOCKET NO. W-03067A-04-0445 & W-03067A-04-0652

All of Sections 9 and 21;

All of Section 16 except the following:

The East 396 feet of the S 1/2 of the SE 1/4 of the SE 1/4 of the SE 1/4
N 1/2 of the SE 1/4 of the SE 1/4 of the SE 1/4
S 1/2 of the NW 1/4 of SE 1/4 of SE 1/4
N 1/2 of the NW 1/4 of SE 1/4 of SE 1/4
N 1/2 of the NE 1/4 of SW 1/4 of SE 1/4

Section 8:
E 1/2 of the E 1/2

Section 17:
E 1/2 of the NE 1/4
NE 1/4 of the SE 1/4
E 1/2 of the SE 1/4 of the SE 1/4

All located in Township 39 North, Range 16 West, of the Gila and Salt River Base and Meridian, Mohave County, Arizona.

and

BEGINNING at the center 1/4 corner of Section 5, Township 40 North, Range 15 West, of the Gila and Salt River Base and Meridian, Mohave County, Arizona, said point being North 00 degrees 05 minutes 25 seconds West 2641.22 feet along the center section line from the south 1/4 corner of said Section 5 (Brass Cap), and running

THENCE North 00 degrees 05 minutes 25 seconds West 1786.80 feet along the center section line;

THENCE South 72 degrees 19 minutes 00 seconds East 489.03 feet;

THENCE South 17 degrees 30 minutes 00 seconds East 1180.00 feet;

THENCE North 56 degrees 14 minutes 00 seconds East 219.94 feet to the westerly right of way line of Old U.S. Highway No. 91 (a Mohave County right of way);

THENCE along the arc of a curve to the left and right of way, said curve having a radius of 931.92 feet, arc length of 80.05 feet, central angle of 04 degrees 55 minutes 19 seconds;

THENCE South 56 degrees 14 minutes 00 seconds West 285.03 feet

THENCE South 51 degrees 15 minutes 00 seconds East 472.82 feet;

THENCE South 68 degrees 50 minutes 00 seconds East 190.59 feet;

THENCE North 32 degrees 50 minutes 00 seconds East 111.87 feet to said U.S. No. 91 right of way line; THENCE along said right of way line as follows:

South 40 degrees 55 minutes 12 seconds East 98.82 feet;

BEAVER DAM WATER COMPANY
DOCKET NO. W-03067A-04-0445 & W-03067A-04-0652

THENCE South 49 degrees 04 minutes 48 seconds West 25.00 feet;

THENCE South 40 degrees 55 minutes 12 seconds East 439.97 feet;

THENCE along the arc of a curve to the right, said curve having a radius of 1372.94 feet, arch length of 199.15 feet and a central angle of 08 degrees 18 minutes 39 seconds;

THENCE South 23 degrees 42 minutes 30 seconds East 116.66 feet;

THENCE along the arc of a curve to the right, said curve having a radius of 894.93 feet, arc length of 781.18 feet and a central angle of 50 degrees 00 minutes 48 seconds;

THENCE leaving said right of way North 89 degrees 57 minutes 23 seconds West 551.84 feet to the West line of the Northeast quarter of the Southeast quarter of said Section 5;

THENCE North 00 degrees 07 minutes 17 seconds West 1113.17 feet along the 1/16 line;

THENCE North 45 degrees 55 minutes 28 seconds East 168.24 feet;

THENCE North 58 degrees 27 minutes 25 seconds West 197.79 feet;

THENCE South 45 degrees 37 minutes 04 seconds West 18.26 feet to the center section line of said Section 5;

THENCE North 89 degrees 58 minutes 03 seconds West 1259.04 feet along the center section line to the POINT OF BEGINNING.

and

The SW 1/4, W 1/2 of the SE 1/4, the S 1/2 of the NW 1/4 and the NW 1/4 of the NW 1/4 of Section 5;

the SE 1/4 of Section 6;

all of Section 7;

the SW 1/4 of Section 8;

the N 1/2 of the NW 1/4 of Section 17; and

the W 1/2, the N 1/2 of the NE 1/4 and the SW 1/4 of the NE 1/4 of Section 18

All located in Township 40 North, Range 15 West, of the Gila and Salt River Base and Meridian, Mohave County, Arizona.

<u>AREA TO BE TRANSFERRED FROM LITTLEFIELD</u>

The SW 1/4 and the S 1/2 of the SE 1/4 of Section 4;

the N 1/2 of Section 8; and

the N 1/2 of Section 9

All located in Township 40 North, Range 15 West, of the Gila and Salt River Base and Meridian, Mohave County, Arizona.

TARIFF SCHEDULE

Utility: Beaver Dam Water Company
Docket No.: W-03067A-04-0445, et al.
Phone No.: 928-347-5000

Decision No.: ____
Effective: _____

CURTAILMENT PLAN FOR BEAVER DAM WATER COMPANY

(Template 063004)

ADEQ Public Water System Nos: 08-006 and 08-311

Beaver Dam Water Company ("Company") is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

Company is able to maintain water storage in the system at 100 percent of capacity and there are no known problems with its well production or water storage in the system.

Restrictions: Under Stage 1, Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

Stage 2 Exists When:

a. Company's water storage or well production has been less than 80 percent of capacity for at least 48 consecutive hours, and

b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

TARIFF SCHEDULE

Attachment CPT - 1

Utility: Beaver Dam Water Company
Docket No.: W-03067A-04-0445, et al.
Phone No.: 928-347-5000

Sheet No: 2 of 4
Decision No.: ____
Effective: _____

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

Stage 3 Exists When:

a. Company's total water storage or well production has been less than 50 percent of capacity for at least 24 consecutive hours, and

b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.

2. Beginning with Stage 3, Company shall post at least **2 signs per system** showing the curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.

3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Once Stage 3 has been reached, the Company must begin to augment the supply of water by either hauling or through an emergency interconnect with an approved water supply in an attempt to maintain the curtailment at a level no higher than Stage 3 until a permanent solution has been implemented.

TARIFF SCHEDULE

Utility: Beaver Dam Water Company
Docket No.: W-03067A-04-0445, et al.
Phone No.: 928-347-5000

Sheet No: 3 of 4
Decision No.: ____
Effective: _____

Stage 4 Exists When:

a. Company's total water storage or well production has been less than 25 percent of capacity for at least 12 consecutive hours, and

b. Company has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Company will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 4, Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of drip or misting systems of any kind is prohibited
- The filling of any swimming pool, spas, fountains or ornamental pools is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall be served water only upon request
- Any other water intensive activity is prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

Notice Requirements:

1. Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

2. Company shall post at least **2 signs per system** showing curtailment stage. Signs shall be posted at noticeable locations, like at the well sites and at the entrance to major subdivisions served by the Company.

3. Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 4.

TARIFF SCHEDULE

Utility: Beaver Dam Water Company
Docket No.: W-03067A-04-0445, et al.
Phone No.: 928-347-5000

Sheet No: 4 of 4
Decision No.: ____
Effective: _____

Once Stage 4 has been reached, the Company must augment the supply of water by hauling or through an emergency interconnect from an approved supply or must otherwise provide emergency drinking water for its customers until a permanent solution has been implemented.

Customers who fail to comply with the above restrictions will be given a written notice to end all outdoor use. Failure to comply within two (2) working days of receipt of the notice will result in temporary loss of service until an agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees. If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

TARIFF SCHEDULE Attachment CPT-2

Utility: Beaver Dam Water Company
Docket No.: W-03067A-04-0445, et al.
Phone No.: 928-347-5000

Tariff Sheet: 1 of 3
Decision No.: _____
Effective: _____

CURTAILMENT PLAN FOR BEAVER DAM WATER COMPANY

(Template 063004)

Consecutive Water System

ADEQ Public Water System No: 08-093

Beaver Dam Water Company ("Company") is authorized to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff.

This curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of the tariff.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

Stage 1 Exists When:

Company's water supplier **Virgin Valley Water District** ("Supplier") is able to provide 100 percent of the Company's water demand.

Restrictions: Under Stage 1, the Company is deemed to be operating normally and no curtailment is necessary.

Notice Requirements: Under Stage 1, no notice is necessary.

Stage 2 Exists When:

a. The Supplier cannot supply more than 80 percent of the Company's daily average demand and,

b. Supplier has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Supplier will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 2, the Company may request the customers to voluntarily employ water conservation measures to reduce water consumption by approximately 50 percent. Outside watering should be limited to essential water, dividing outside watering on some uniform basis (such as even and odd days) and eliminating outside watering on weekends and holidays.

TARIFF SCHEDULE

Attachment CPT-2

Utility: Beaver Dam Water Company
Docket No.: W-03067A-04-0445, et al.
Phone No.: 928-347-5000

Tariff Sheet: 2 of 3
Decision No.: _____
Effective: _____

Notice Requirements: Under Stage 2, the Company is required to notify customers by delivering written notice door to door at each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such notice shall notify the customers of the general nature of the problem and the need to conserve water.

Stage 3 Exists When:

a. The Supplier cannot supply more than 50 percent of the Company's daily average demand and,

b. Supplier has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Supplier will be unable to meet anticipated water demand on a sustained basis.

Restrictions: Under Stage 3, the Company shall request the customers to voluntarily employ water conservation measures to reduce daily consumption by approximately 50 percent. All outside watering should be eliminated, except livestock, and indoor water conservation techniques should be employed whenever possible. Standpipe service shall be suspended.

Notice Requirements:

1. The Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both. Such Notice shall notify the customers of the general nature of the problem and the need to conserve water.

2. Beginning with Stage 3, the Company shall post at least 2 signs showing the curtailment stage. Signs shall be posted at noticeable locations, like entrance to major subdivisions served by the Company.

3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission at least 12 hours prior to entering Stage 3.

Stage 4 Exists When:

a. The supplier cannot supply more than 25 percent of the Company's daily average demand and,

b. Supplier has identified issues such as a steadily declining water table, increased draw down threatening pump operations, or poor water production, creating a reasonable belief the Supplier will be unable to meet anticipated water demand on a sustained basis.

TARIFF SCHEDULE

Attachment CPT-2

Utility: Beaver Dam Water Company
Docket No.: W-03067A-04-0445, et al.
Phone No.: 928-347-5000

Tariff Sheet: 3 of 3
Decision No.: _____
Effective: _____

Restrictions: Under Stage 4, the Company shall inform the customers of a **mandatory** restriction to employ water conservation measures to reduce daily consumption. Failure to comply will result in customer disconnection. The following uses of water shall be prohibited:

- Irrigation of outdoor lawns, trees, shrubs, or any plant life is prohibited
- Washing of any vehicle is prohibited
- The use of water for dust control or any outdoor cleaning uses is prohibited
- The use of drip or misting systems of any kind is prohibited
- The filling of any swimming pools, spas, fountains, or ornamental ponds is prohibited
- The use of construction water is prohibited
- Restaurant patrons shall serve water only upon request
- Any other water intensive activity shall be prohibited

The Company's operation of its standpipe service is prohibited. The addition of new service lines and meter installations is prohibited.

Notice Requirements:

1. The Company is required to notify customers by delivering written notice to each service address, or by United States first class mail to the billing address or, at the Company's option, both.

2. The Company shall have posted at least 2 signs showing the curtailment stage. Signs shall be posted at noticeable locations, like the entrance to the major subdivisions served by the Company.

3. The Company shall notify the Consumer Services Section of the Utilities Division of the Corporation Commission ("Commission") at least 12 hours prior to entering Stage 4.

Customers who fail to comply with the above referenced restrictions will be given written notice to end all outdoor use. Failure to comply within two (2) working days of receipt of the notice will result in temporary loss of service until agreement can be made to end unauthorized use of outdoor water. To restore service, the customer shall be required to pay all authorized reconnection fees.

If a customer believes he/she has been disconnected in error, the customer may contact the Commission's Consumer Services Section at 1-800-222-7000 to initiate an investigation.

Under Stage 4, the Company must rely on emergency hauling or must otherwise provide emergency drinking water for its customers.