

EAST SLOPE WATER COMPANY, INC.

**P.O. BOX 85160
TUCSON, ARIZONA 85754
520-623-5172
FAX 520-792-0377**

May 17, 2012

Cochise County Board of Supervisors
1415 W. Melody Lane, Building G
Bisbee, Arizona 85603

Re: Application for Franchise

The Honorable Board of Supervisors;

Attached is a completed Application for Franchise for East Slope Water Company, Inc. along with the \$500.00 application fee. I have attached the legal description of the individual existing CC&N's for East Slope Water, exhibit's "A" & "B". Antelope Run, exhibit "C", and Indiada Water, exhibit "D". I have also included the description of the requested combined Franchise area as exhibit "E".

This action was approved by the Arizona Corporation Commission on April 4, 2012 in the attached copy of the applicable pages of Docket #W-02031A-10-0168, ET Al., Decision #73091.

The purpose of this application is to request the joining of three existing franchises' (see attached referenced as Exhibit's "E"), into one franchise in order to provide water Service as one company, namely East Slope Water Company, Inc.

We have included the Arizona Corporation Commissions Order for your review.

If you have any questions or need additional information, please feel free to contact me at the number listed above.

Regards;



Bonnie O'Connor, President
Southwestern Utility Management, Inc.
For
East Slope Water Company, Inc., Bob Watkins, Owner

Enclosure(s)

RECEIVED
COCHISE COUNTY
BOARD OF SUPERVISORS
2012 MAY 25 A 10:22

**COCHISE COUNTY, ARIZONA
APPLICATION FOR FRANCHISE**

Applicant's Name: East Slope Water Company, Inc.

Address: PO Box 85160 City: Tucson State: Arizona Zip: 85754

Telephone: 520-623-5172 Emergency Telephone: 520-429-3208 (onsite Technician)

Who will own and operate the system, if other than applicant:

Name: Nathan Watkins, President, Bob Watkins, Owner

Address: City: 301 North Garden Ave. Sierra Vista State: AZ Zip: 85635

Telephone: (520) 458-4388 Emergency Telephone: (520) 432-2017

Indicate the type of franchise you are applying for:

- Cable TV Electricity Gas Sewer Water
 Telecommunications Fiber Optic

Note: If you are claiming an exemption from obtaining a franchise please specify reason:

Does the applicant have an existing or proposed agreement with anyone proposing to have an ownership interest in the franchise? Yes No

If the answer is yes, please attach a statement from Corporate Council setting forth the name(s) and address(es) of the person(s) with such ownership interest, and a copy of the agreement.

What is the applicant's experience in providing service for the utility for which applicant is applying for a franchise? The Applicant has 30 plus years' experience in maintaining and operating water facilities. The company intends to join the franchises' of East Slope Water Company, Antelope Run Water Company and Indiada Water Company into one franchise as required by the Arizona Corporation Commission's approval per Decision # _____.

How many people do you anticipate serving with this utility? Approximately 1005 service connections (3518 people)

**THIS APPLICATION MUST BE ACCOMPANIED BY A \$500 NONREFUNDABLE
FRANCHISE APPLICATION FEE AND A LEGAL DESCRIPTION OF THE
BOUNDARY OF THE AREA TO BE SERVED BY THE FRANCHISE.**

APPLICATION TO COMBINE EXISTING FRANCHISE AREA'S

FOR THE OPERATION OF A WATER PLANT AND DISTRIBUTION SYSTEM.

TO THE BOARD OF SUPERVISORS OF COCHISE COUNTY, STATE OF ARIZONA, East Slope Water Company, Inc. , AN ARIZONA CORPORATION, respectfully petitions the Honorable Board of supervisors of Cochise County, State of Arizona, for permission to COMBINE EXISTING FRANCHISE AREA'S AND EXISTING WATER PLANT/DISTRIBUTION SYSTEM's, to construct, maintain and operate its pipe lines, conduits and other necessary facilities for a period of twenty-five (25) years, for the purpose of transporting, distributing and selling WATER SERVICE for all purposes and to construct and maintain pipes, conduits, and other necessary facilities along, under and across the public streets, alleys and highways in the area known as East Slope Water Company, Inc., Antelope Run Water Co. and Indiada Water Company, Sierra Vista, COCHISE COUNTY, ARIZONA, and more particularly described as follows:

SEE ATTACHED EXHIBITS "A THROUGH E" COMBINE EXISTING FRANCHISE AREA'S

All construction, maintenance and use of the above shall be under such restriction and limitations, and upon such terms as the Board of Supervisors shall provide, and which shall not be inconsistent with law, or the orders or rules of the Arizona Corporation Commission. That your petitioner is a corporation duly organized and doing business under the laws of the State of Arizona. The area to be served is patented land and your petitioners have heretofore filed and application for a Certificate of Convenience and Necessity with the Arizona Corporation Commission.

Wherefore, your petitioner prays that after due and legal notice of this petition given as required by law, the application for your petitioner for the purpose of COMBINING EXISTING FRANCHISE AREA'S FOR THEIR WATER PLANT/DISTRIBUTION SYSTEM. To construct, maintain and operate its pipe lines, conduit, and other necessary facilities as aforesaid, be approved and granted.

Dated this 23RD day of MAY, 2012.

Jeff Wathen
Signature of Petitioner

P.O. Box 85160, Tucson, Arizona 85754
Mailing Address

1	<u>COMMODITY CHARGE:</u>	
	<u>Per 1,000 Gallons</u>	
2	<u>5/8" x 3/4" Meter (Residential)</u>	
3	0 gallons to 3,000 gallons	\$0.95
4	3,001 to 10,000 gallons	1.70
	Over 10,000 gallons	3.17
5	<u>3/4" Meter (Residential)</u>	
6	0 gallons to 3,000 gallons	\$0.95
7	3,001 to 10,000 gallons	1.70
	Over 10,000 gallons	3.17
8	<u>5/8" x 3/4" Meter (Commercial/Irrigation)</u>	
9	First 10,000 gallons	\$1.70
	Over 10,000 gallons	3.17
10	<u>3/4" Meter (Commercial/Irrigation)</u>	
11	0 gallons to 10,000 gallons	\$1.70
12	Over 10,000 gallons	3.17
13	<u>1" Meter (All Classes)</u>	
14	0 gallons to 15,000 gallons	\$1.70
	Over 15,000 gallons	3.17
15	<u>1 1/2" Meter (All Classes)</u>	
16	0 gallons to 34,000 gallons	\$1.70
	Over 34,000 gallons	3.17
17	<u>2" Meter (All Classes)</u>	
18	0 gallons to 55,000 gallons	\$1.70
19	Over 55,000 gallons	3.17
20	<u>3" Meter (All Classes)</u>	
21	0 gallons to 115,000 gallons	\$1.70
	Over 115,000 gallons	3.17
22	<u>4" Meter (All Classes)</u>	
23	0 gallons to 185,000 gallons	\$1.70
	Over 185,000 gallons	3.17
24	<u>6" Meter (All Classes)</u>	
25	0 gallons to 380,000 gallons	\$1.70
26	Over 380,000 gallons	3.17
27	...	
28	...	

1 **SERVICE LINE AND METER INSTALLATION CHARGES:**
 2 **(Refundable Pursuant to A.A.C. R14-2-405)**

3		Service Line	Meter	Total
4	Service Size	Charge	Installation	Charges
4	5/8" Meter	\$ 430.00	\$ 130.00	\$ 560.00
5	3/4 " Meter	430.00	230.00	660.00
5	1" Meter	480.00	290.00	770.00
6	1-1/2" Meter	535.00	500.00	1,035.00
6	2" Meter Turbine	815.00	1,020.00	1,835.00
7	2" Meter Compound	815.00	1,865.00	2,680.00
7	3" Meter	1,030.00	1,645.00	2,675.00
8	3" Meter Compound	1,150.00	2,545.00	3,695.00
8	4" Meter Turbine	1,460.00	2,620.00	4,080.00
9	4" Meter Compound	1,640.00	3,595.00	5,235.00
9	6" Meter Turbine	2,180.00	4,975.00	7,155.00
10	6" Meter Compound	2,300.00	6,870.00	9,170.00

11 **SERVICE CHARGES:**

11	Establishment	\$35.00
12	Reconnection (Delinquent)	35.00
12	Meter Test (If Correct)	25.00
13	Meter Reread (If Correct)	20.00
13	After Hours Service Charge	35.00
14	NSF Check Charge	25.00
14	Deposit	*
15	Deposit Interest (Per Annum)	*
15	Deferred Payment (Per Month)	**
16	Late Charge (Per Month)	**
16	Re-establishment (within 12 months)	***
17	Monthly Service Charge for Fire Sprinkler	****

18 * Per Commission Rule A.A.C. R14-2-403(B).

18 ** Per Commission Rule A.A.C. R14-2-403(B).

19 *** Per Commission Rule A.A.C. R14-2-403(D) – Months off the system times the monthly minimum.

20 **** 2% of monthly minimum for a comparable sized meter connection, but no less than \$10.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

21 IT IS FURTHER ORDERED that the revised schedules of rates and charges shall be effective
 22 for all service rendered on and after April 1, 2012, except that the WIFA Surcharge shall become
 23 effective for all service rendered the first day of the month following Commission approval of the
 24 WIFA Surcharge.

25 IT IS FURTHER ORDERED that Bob B. Watkins d/b/a East Slope Water Company shall
 26 notify its customers of the revised schedules of rates and charges authorized herein and their effective
 27 date, as well as information explaining the WIFA Surcharge, the approximate date that the WIFA
 28 Surcharge is expected to go into effect and Staff's estimated WIFA Surcharge amount, by means of

1 either an insert in its next regularly scheduled billing or by a separate mailing, in a form acceptable to
2 Staff.

3 IT IS FURTHER ORDERED that Bob B. Watkins d/b/a East Slope Water Company is hereby
4 authorized to obtain a 20-year amortizing loan in an amount not to exceed \$2,748,504 to finance the
5 proposed improvement projects, and at an interest rate not to exceed that which is available from
6 WIFA.

7 IT IS FURTHER ORDERED that such financing authority shall be expressly contingent upon
8 Bob B. Watkins d/b/a East Slope Water Company's use of the proceeds for the purposes stated and
9 approved herein.

10 IT IS FURTHER ORDERED that Bob B. Watkins d/b/a East Slope Water Company is
11 authorized to engage in any transactions and to execute any documents necessary to effectuate the
12 authorizations granted herein.

13 IT IS FURTHER ORDERED that Bob B. Watkins d/b/a East Slope Water Company shall file
14 with Docket Control, as a compliance item in this docket, within 30 days of execution, copies of the
15 executed loan documents between Bob B. Watkins d/b/a East Slope Water Company and WIFA.

16 IT IS FURTHER ORDERED that within 30 days of executed loan documents' filing, Staff
17 shall calculate the WIFA Surcharge and prepare and file a recommended order for Commission
18 consideration.

19 IT IS FURTHER ORDERED that upon Commission approval of the WIFA Surcharge, Bob
20 B. Watkins d/b/a East Slope Water Company shall open an interest-bearing account into which all
21 WIFA Surcharge funds collected from customers will be deposited.

22 IT IS FURTHER ORDERED that the only disbursement of funds from this account will be to
23 (1) make debt service payments (principal and interest/fees) to WIFA, and (2) make income tax
24 payments on a pro rata annualized basis not to exceed \$55,854. The excess of collections and interest
25 earnings over actual debt service (principal and interest/fees) shall be refunded as determined by the
26 Commission in future rate proceedings. For purposes of determining the amount, if any, of excess
27 collections, interest expense shall be calculated on an accrual basis as opposed to the amount of cash
28 rendered as payment.

1 IT IS FURTHER ORDERED that Bob B. Watkins d/b/a East Slope Water Company shall file
2 with Docket Control by January 30th of each year, as a compliance item in this docket, a report
3 reconciling all WIFA Surcharge monies billed and collected, along with copies of the prior year's
4 monthly bank statements for the WIFA Surcharge account.

5 IT IS FURTHER ORDERED that the granted authorization to incur debt shall terminate on
6 December 31, 2014.

7 IT IS FURTHER ORDERED that Bob B. Watkins d/b/a East Slope Water Company shall use
8 the NARUC Depreciation Rates as delineated in the Depreciation Table attached as Exhibit A, on a
9 going forward basis.

10 IT IS FURTHER ORDERED that Bob B. Watkins d/b/a East Slope Water Company shall file
11 a rate application no later than June 30, 2017, using a December 31, 2016, test year. The Company
12 may file the rate application earlier than June 30, 2017, but not before the proposed improvement
13 projects have been completed and placed into service.

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

17 IT IS FURTHER ORDERED that Bob B. Watkins d/b/a East Slope Water Company shall
18 continue reporting information including, but not limited to, accurate water use data and plant
19 description data, separately for each of the individual Public Water Systems, as defined by ADEQ, in
20 future annual reports and rate case filings.

21 IT IS FURTHER ORDERED that Bob B. Watkins d/b/a East Slope Water Company shall file
22 with Docket Control, as a compliance item in this docket, within 90 days of the effective date of this
23 Decision, at least three BMPs in the form of a tariff that substantially conforms to the forms available
24 at the Commission's website, for the Commission's review and consideration. A maximum of two
25 BMPs may come from the "Public Awareness/Public Relations" or "Education and Training"
26 categories of the BMPs as outlined by the ADWR in its Modified Non-Per Capita Conservation
27 Program and relevant ADWR documents.

28 IT IS FURTHER ORDERED that Bob B. Watkins d/b/a East Slope Water Company shall,

1 within 30 days of the effective date of this Decision, repair or replace the leaking pressure tank at
2 ESWC Well Site No. 1.

3 IT IS FURTHER ORDERED that Bob B. Watkins d/b/a East Slope Water Company shall,
4 within 30 days of the effective date of this Decision, post correct ADWR Well ID No. signage at the
5 ARWC Well Site No. 5.

6 IT IS FURTHER ORDERED that Bob B. Watkins d/b/a East Slope Water Company shall file
7 with Docket Control, as a compliance item in this docket, no later than December 31, 2014, copies of
8 the Approvals of Construction for each of the proposed improvement projects outlined in the attached
9 Exhibit B.

10 IT IS FURTHER ORDERED that Bob B. Watkins d/b/a East Slope Water Company shall file
11 with Docket Control, as a compliance item in this docket, within one year of the effective date of this
12 Decision, a copy of the Cochise County Franchise Agreement demonstrating the transfer of Antelope
13 Run Water Company's and Indiada Water Company's Franchise Agreements to Bob B. Watkins
14 d/b/a East Slope Water Company.

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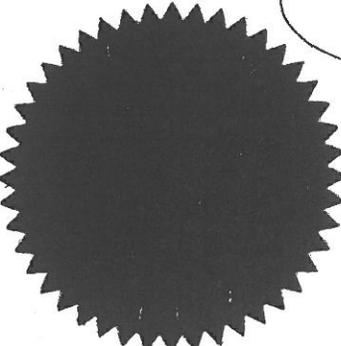
1 IT IS FURTHER ORDERED that Bob B. Watkins d/b/a East Slope Water Company shall file
2 as part of its annual report an affidavit attesting that it is current on payment of its property taxes in
3 Arizona.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

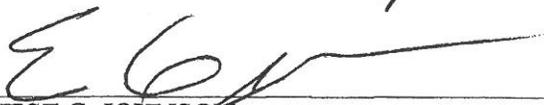
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CHAIRMAN	COMMISSIONER	
		
COMMISSIONER	COMMISSIONER	COMMISSIONER



11 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
12 Executive Director of the Arizona Corporation Commission,
13 have hereunto set my hand and caused the official seal of the
14 Commission to be affixed at the Capitol, in the City of Phoenix,
15 this 4th day of April 2012.

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ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

1 SERVICE LIST FOR: BOB B. WATKINS DBA EAST SLOPE WATER
2 COMPANY, ANTELOPE RUN WATER COMPANY,
3 INDIADA WATER COMPANY, INC.

4 DOCKET NOS.: W-02031A-10-0168, W-02327A-10-0169, W-01906A-10-0170,
5 W-01906A-10-0171, W-02031A-10-0171, W-02327A-10-0171,
6 W-01906A-10-0183, W-02031A-10-0184, and W-02327A-10-
7 0185

8 Steve Wene, Esq.
9 MOYES SELLERS & HENDRICKS, LTD
10 1850 North Central Avenue, Suite 1100
11 Phoenix, AZ 85004

12 Janice Alward, Chief Counsel
13 Legal Division
14 ARIZONA CORPORATION COMMISSION
15 1200 West Washington Street
16 Phoenix, AZ 85007

17 Steven M. Olea, Director
18 Utilities Division
19 ARIZONA CORPORATION COMMISSION
20 1200 West Washington Street
21 Phoenix, AZ 85007

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Board of Supervisors

Ann English
Chairman
District 2

Richard R. Searle
Vice-Chairman
District 3

Patrick G. Call
Supervisor
District 1



Michael J. Ortega
County Administrator

James E. Vlahovich
Deputy County Administrator

Katie A. Howard
Clerk

May 2, 2013

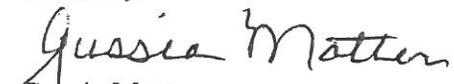
Bonnie O'Connor
Southwest Utilities Management, Inc
PO Box 85160
Tucson, AZ 85754

Dear Ms. O'Connor:

I am enclosing a copy of the Resolution that will be used to grant a franchise to East Slope Water Company, Inc. on June 11, 2013. Please let me know if you have any questions.

Also enclosed is an Acceptance of Franchise that must be signed and returned to this office before the date of your Public Hearing. I am returning your outdates check for the \$500.00 franchise fee and will look for a replacement with your Affidavit of Acceptance.

Sincerely,


Gussie Motter
Community Development Liaison