

NOTICES OF SUPPLEMENTAL PROPOSED RULEMAKING

After an agency has filed a Notice of Proposed Rulemaking with the Secretary of State's Office for *Register* publication and the agency decides to make substantial changes to the rule after it is proposed, the agency must prepare a Notice of Supplemental Proposed Rulemaking for submission to the Office, and the Secretary of State shall publish the Notice under the Administrative Procedure Act (A.R.S. § 41-1001 et seq.). Publication of the Notice of Supplemental Proposed Rulemaking shall appear in the *Register* before holding any oral proceedings (A.R.S. § 41-1022).

NOTICE OF SUPPLEMENTAL PROPOSED RULEMAKING

TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS; SECURITIES REGULATION

CHAPTER 2. CORPORATION COMMISSION FIXED UTILITIES

[R08-290]

PREAMBLE

1. Register citation and date for the Notice of Rulemaking Docket Opening, the Notice of Proposed Rulemaking, and any Notices of Supplemental Proposed, if applicable:

Notice of Rulemaking Docket Opening: 13 A.A.R. 4219, November 30, 2007

Notice of Proposed Rulemaking: 14 A.A.R. 450, February 15, 2008

2. Sections Affected

R14-2-402

R14-2-602

Rulemaking Action

Amended

Amended

3. The statutory authority for the rulemaking, including both the authorizing statute (general) and the statutes the rules are implementing (specific):

Authorizing statute: Arizona Constitution Article XV § 3; A.R.S. §§ 40-202; 40-203; 40-321, 40-322, 40-281, 40-282

Implementing statute: Arizona Constitution Article XV § 3; A.R.S. §§ 40-202; 40-203; 40-321, 40-322, 40-281, 40-282

4. The name and address of agency personnel with whom persons may communicate regarding the rule:

Name: Robin Mitchell, Esq.
Attorney, Legal Division, Arizona Corporation Commission

Address: 1200 W. Washington St.
Phoenix, AZ 85007

Telephone: (602) 542-3402

Fax: (602) 542-4870

E-mail: rmitchell@azcc.gov

or

Name: Steve Olea
Assistant Director, Utilities Division, Arizona Corporation Commission

Address: 1200 W. Washington St.
Phoenix, AZ 85007

Telephone: (602) 542-7270

Fax: (602) 542-2129

E-mail: solea@azcc.gov

5. An explanation of the rule, including the agency's reasons for initiating the rule:

These amendments will amend existing rules (R14-2-402 and R14-2-602), both entitled "Certificate of Convenience and Necessity" ("CC&N"). The proposed amendments and changes to these rules are designed to provide the Arizona Corporation Commission and the Commission's Staff more information in the application for a new CC&N or for an

Arizona Administrative Register / Secretary of State
Notices of Supplemental Proposed Rulemaking

extension of a CC&N. This additional information will aid Staff in its analysis and the Commission in its determination of the public interest when granting or denying a CC&N or a CC&N extension for water service and sewer service.

6. An explanation of the substantial change which resulted in this supplemental notice:

The following changes in Rule 402 and Rule 602 from the proposed rules in the Notice of Proposed Rulemaking constitute a substantial change:

1. Rule 402 requires an application for authority to abandon, sell, lease, transfer, or otherwise dispose of a utility.
2. Rules 402 and 602 include requirements related to the notices that must be provided to landowners and to municipal managers or administrators.
3. Rules 402 and 602 include numerous application requirements that were not in the proposed rules.

7. A showing of good cause why the rule is necessary to promote a statewide interest if the rule will diminish a previous grant of authority of a political subdivision of this state:

Not applicable

8. The preliminary summary of the economic, small business, and consumer impact:

NOTE – The Arizona Corporation Commission is exempt from the requirements of A.R.S. § 41-1055 relating to economic, small business, and consumer impact statements. See A.R.S. § 41-1057(2). However, under A.R.S. § 41-1057(2), the Arizona Corporation Commission is required to prepare a “substantially similar” statement.

Companies providing water service or wastewater service may incur additional costs resulting from the requirements for notification to affected landowners, developers and nearby municipalities and nearby water and wastewater service providers of an application for a new CC&N or an extension to a CC&N. Utilities may incur additional costs resulting from additional research and other communications with landowners. However, by providing this additional information in the application, applicants may incur lower organizational costs and may reduce regulatory costs thereby reducing the upward pressure on rates of customers of water and wastewater utilities which are forming or expanding. The rule change amendments should reduce the time period between the date of application and the date of a final order in the matter which would allow for faster development of the property.

9. The name and address of agency personnel with whom persons may communicate regarding the accuracy of the economic, small business, and consumer impact statement:

Name: Robin Mitchell, Esq.
Attorney, Legal Division, Arizona Corporation Commission

Address: 1200 W. Washington St.
Phoenix, AZ 85007

Telephone: (602) 542-3402

Fax: (602) 542-4870

E-mail: rmittchell@azcc.gov

or

Name: Steve Olea
Assistant Director, Utilities Division, Arizona Corporation Commission

Address: 1200 W. Washington St.
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Fax: (602) 542-2129

E-mail: solea@azcc.gov

10. The time, place, and nature of the proceedings for the making, amendment, or repeal of the rule, or if no proceeding is scheduled, where, when, and how persons may request an oral proceeding on the proposed rule:

Public comment will be held on October 14, 2008, beginning at 10:00 a.m. or as soon as practicable thereafter, in Hearing Room 1 of the Arizona Corporation Commission located at 1200 W. Washington St., Phoenix, AZ 85007. The Hearing Division requests written comments be received on or before October 14, 2008. Comments should be submitted to Docket Control at the above address. Oral comments may be made at the oral proceeding to held on October 14, 2008. Please reference docket number ACC-00000A-05-0613 on all documents.

11. Any other matters prescribed by statute that are applicable to the specific agency or to any specific rule or class of rules:

None

12. Incorporations by reference and their location in the rules:

None

13. The full text of the rules follows:

**TITLE 14. PUBLIC SERVICE CORPORATIONS; CORPORATIONS AND ASSOCIATIONS;
SECURITIES REGULATION**

**CHAPTER 2. CORPORATION COMMISSION
FIXED UTILITIES**

ARTICLE 4. WATER UTILITIES

Section

R14-2-402. ~~Certificate Certificates~~ of Convenience and Necessity for ~~water utilities; abandonments~~ Water Utilities; Extensions of Certificates of Convenience and Necessity for Water Utilities; Abandonment, Sale, Lease, Transfer, or Disposal of a Water Utility; Discontinuance or Abandonment of Water Utility Service

ARTICLE 6. SEWER UTILITIES

Section

R14-2-602. ~~Certificate Certificates~~ of Convenience and Necessity for ~~sewer utilities; additions/extensions; abandonments~~ Sewer Utilities; Extensions of Certificates of Convenience and Necessity for Sewer Utilities; Abandonment, Sale, Lease, Transfer, or Disposal of a Sewer Utility; Discontinuance or Abandonment of Sewer Utility Service

ARTICLE 4. WATER UTILITIES

R14-2-402. ~~Certificate Certificates~~ of Convenience and Necessity for ~~water utilities; abandonments~~ Water Utilities; Extensions of Certificates of Convenience and Necessity for Water Utilities; Abandonment, Sale, Lease, Transfer, or Disposal of a Water Utility; Discontinuance or Abandonment of Water Utility Service

A. ~~In this Section, unless otherwise specified:~~

1. ~~“Applicant” means a person who submits an application to obtain a Certificate of Convenience and Necessity to construct water utility facilities or operate as a water utility or to extend the service area under an existing Certificate of Convenience and Necessity held by the person.~~
2. ~~“CC&N” means Certificate of Convenience and Necessity.~~
3. ~~“Commission” means the Arizona Corporation Commission.~~
4. ~~“Contiguous” means in actual contact, touching, such as by sharing a common border.~~
5. ~~“Extension area” means the geographic area that an applicant is requesting to have added to the applicant’s existing CC&N service area.~~

A.B. ~~Application for a new Certificate of Convenience and Necessity~~ CC&N or extension of a CC&N.

1. ~~Any person or entity who desires to construct water utility facilities and/or or to operate as a water utility will shall, prior to commencement of commencing construction of utility facilities or operations, file with the Commission an application for a Certificate of Convenience and Necessity with the Arizona Corporation Commission CC&N and obtain Commission approval.~~
2. Any utility that desires to extend its CC&N service area shall file with the Commission an application for a CC&N extension.
3. Before filing an application for a CC&N or a CC&N extension, a person shall provide written notice of the person’s intention to file the application to each person who owns land within the proposed service area or extension area and who has not requested service. Each written notice to a landowner shall include, at a minimum:
 - a. The legal name, physical address, mailing address (if different), and telephone number of the intended applicant;
 - b. The approximate date by which the application will be filed;
 - c. The type of services to be provided if the application is approved;
 - d. The physical addresses and toll-free telephone numbers, in Phoenix and Tucson, for the Consumer Services Section of the Commission; and
 - e. The following information:
 - i. That the recipient is a property owner within the proposed service area or extension area;
 - ii. That if the application is granted, the intended applicant will be the exclusive provider of the specific services to the proposed service area or extension area and will be required by the Commission to provide those services under rates and charges and terms and conditions established by the Commission;
 - iii. That a CC&N does not prohibit persons from providing services only to themselves using their own facilities on their own property, although other applicable laws may restrict such activity;

Arizona Administrative Register / Secretary of State
Notices of Supplemental Proposed Rulemaking

- iv. That the application is available for inspection during regular business hours at the offices of the Commission and at the offices of the intended applicant;
 - v. That the Commission will hold a hearing on the application;
 - vi. That the landowner may have the right to intervene in the proceeding and may appear at the hearing and make a statement on his or her own behalf even if the landowner does not intervene;
 - vii. That the landowner may contact the Commission for the date and time of the hearing and for information on intervention;
 - viii. That the landowner may not receive any further notice of the application proceeding unless requested; and
 - ix. That the landowner may contact the intended applicant or the Consumer Services Section of the Commission if the landowner has any questions or concerns about the application, has any objections to approval of the application, or wishes to make a statement in support of the application.
4. Within 10 days after filing an application for a CC&N or a CC&N extension, an applicant shall provide written notice of the application to the municipal manager or administrator of each municipality with corporate limits that overlap with or are within five miles of the proposed service area or extension area. Each written notice shall include, at a minimum:
- a. The applicant's legal name, mailing address, and telephone number;
 - b. The date the application was filed;
 - c. The type of services to be provided if the application is approved;
 - d. A description of the requested service area or extension area, expressed in terms of cadastral (quarter section) or metes and bound survey;
 - e. The Commission docket number assigned to the application; and
 - f. Instructions on how to obtain a copy of the application.
- 2-5. Six copies of each ~~Each~~ application for a new Certificate of Convenience and Necessity CC&N or CC&N extension shall be submitted in a form and number prescribed by the Commission and shall include, at a minimum, the following information:
- ~~a. The proper applicant's legal name, and correct mailing address, and telephone number of the proposed utility company and its owner, if a sole proprietorship, each partner if a partnership, or the President and Secretary if a corporation;~~
 - b. If the applicant will or does operate the utility under a different business name, the name under which the applicant will be doing business;
 - c. The full name, mailing address, and telephone number of a management contact for the applicant;
 - d. The full name, mailing address, and telephone number of the attorney for the applicant, if any;
 - e. The full name, mailing address, and telephone number of the operator certified by the Arizona Department of Environmental Quality who is or will be working for the applicant;
 - f. The full name, mailing address, and telephone number of the onsite manager for the applicant;
 - g. Whether the applicant is a corporation, a partnership, a limited liability company, a sole proprietor, or another specified type of legal entity;
 - h. If the applicant is a corporation, the following:
 - i. Whether the applicant is a "C" corporation, an "S" corporation, or a non-profit corporation and whether the corporation is domestic or foreign;
 - ii. A list of the full names, titles, and mailing addresses of each of the applicant's officers and directors;
 - iii. A copy of the applicant's certificate of good standing issued by the Commission's Corporations Division;
 - iv. Unless the applicant is applying for a CC&N extension, a certified copy of the applicant's articles of incorporation and by-laws; and
 - v. If the applicant is a for-profit corporation, the number of shares of stock authorized for issue and, if any stock has been issued, the number of shares issued and date of issuance;
 - i. If the applicant is a partnership, the following:
 - i. Whether the applicant is a limited partnership or a general partnership and whether the partnership is domestic or foreign;
 - ii. The full names and mailing addresses of the applicant's general partners;
 - iii. The full names, mailing addresses, and telephone numbers of the applicant's managing partners;
 - iv. Unless the applicant is applying for a CC&N extension, a copy of the applicant's articles of partnership; and
 - v. If the applicant is a foreign limited partnership, a copy of the applicant's certificate of registration filed with the Arizona Secretary of State;
 - j. If the applicant is a limited liability company, the following:
 - i. The full names and mailing addresses of the applicant's managers or, if management is reserved to the members, the applicant's members;
 - ii. Unless the applicant is applying for a CC&N extension, a copy of the applicant's articles of organization;
 - k. The legal name and mailing address of each other utility in which the applicant has an ownership interest;
 - l. A description of the requested service area or extension area, expressed in terms of cadastral (quarter section) or

Arizona Administrative Register / Secretary of State
Notices of Supplemental Proposed Rulemaking

- metes and bound survey:
- m. The name of each county in which the requested service area or extension area is located and a description of the area's location in relation to the closest municipality, which shall be named;
 - b. A copy of the Articles of Partnership or Articles of Incorporation for the applicant and/or Bylaws if the utility is a non-profit organization, or association.
 - e. The type of plant, property, or facility proposed to be constructed.
 - d.n. A complete description of the facilities proposed to be constructed, including a preliminary engineering report with specifications in sufficient detail to properly describe the each water system and the principal systems and components which meet the requirements of the health department. Final and complete engineering specifications shall be supplied when they become available. of each water system (e.g., source, storage, transmission lines, distribution lines, etc.) to allow verification of the estimated costs provided under subsection (B)(5)(o) and verification that the requirements of the Commission and the Arizona Department of Environmental Quality can be met;
 - o. The estimated total construction cost of the proposed offsite and onsite facilities, including documentation to support the estimates, and an explanation of how the construction will be financed, such as through debt, equity, advances in aid of construction, contributions in aid of construction, or a combination thereof;
 - e. The rates proposed to be charged for the service that will be rendered.
 - p. Documentation establishing the applicant's financial condition, including at least the applicant's current assets and liabilities, an income statement, the applicant's estimated revenue and expenses for the first five years following approval of the application, and the estimated value of the applicant's utility plant in service for the first five years following approval of the application;
 - f. The estimated total cost of the proposed construction.
 - q. The rates proposed to be charged for services rendered, shown in the form of a proposed tariff that complies with Commission standards;
 - g. The manner of capitalization and method of financing for the project.
 - h. The financial condition of the applicant.
 - i.r. The estimated annual operating revenues and expenses that are expected to accrue from the proposed construction, for the first five years of operation for the requested service area or extension area, expressed separately for residential, commercial, industrial, and irrigation services, and including a description of each assumption made to derive the estimates;
 - j.s. The A detailed description of the proposed construction timeline for facilities, with estimated starting and completion date of the proposed construction: dates and, if construction is to be phased, a description of each separate phase of construction;
 - t. A copy of any requests for service from persons who own land within the proposed service area or extension area, which shall identify the applicant by name;
 - k.u. Maps of the proposed service area- or extension area identifying:
 - i. The boundaries of the area, with the total acreage noted;
 - ii. The land ownership boundaries within the area, with the acreage of each separately owned parcel within the area noted;
 - iii. The owner of each parcel within the area;
 - iv. Any municipality corporate limits that overlap with or are within five miles of the area;
 - v. The service area of any public service corporation, municipality, or district currently providing water or wastewater service within one mile of the area, with identification of the entity providing service and each type of service being provided;
 - vi. The location within the area of any known water service connections that are already being provided service by the applicant;
 - vii. The location of all proposed developments within the area;
 - viii. The proposed location of each water system and the principal components described in subsection (B)(5)(n); and
 - ix. The location of all parcels for which a copy of a request for service has been submitted per subsection (B)(5)(t);
 - v. A copy of each notice to be sent, as required under subsection (B)(4), to a municipal manager or administrator;
 - w. A copy of each notice sent, as required under subsection (B)(3), to a landowner not requesting service;
 - x. For each landowner not requesting service, either the written response received from the landowner or, if no written response was received, a description of the actions taken by the applicant to obtain a written response;
 - t.y. Appropriate A copy of each city, county, and/or or state agency approvals- approval required by law to construct the proposed facilities or operate the utility within the proposed service area or extension area or, for any approval not yet obtained, the status of the applicant's application for the approval;

Arizona Administrative Register / Secretary of State
Notices of Supplemental Proposed Rulemaking

- ~~m-z.~~ The estimated number of customers to be served for each of the first five years of operation, expressed separately for residential, commercial, industrial, and irrigation customers and including documentation to support the estimates;
- ~~aa.~~ A description of how wastewater service is to be provided in the proposed service area or extension area and the name of each wastewater service provider for the area, if any;
- ~~bb.~~ A letter from each wastewater service provider identified under subsection (B)(5)(aa), confirming the provision of wastewater service for the proposed service area or extension area;
- ~~cc.~~ Plans for or a description of water conservation measures to be implemented in the proposed service area or extension area, including, at a minimum:
- ~~i.~~ A description of the information about water conservation or water saving measures that the utility will provide to the public and its customers;
- ~~ii.~~ A description of how the applicant will work with each wastewater service provider identified under subsection (B)(5)(aa) to encourage water conservation;
- ~~iii.~~ A description of the sources of water that will be used to supply parks, recreation areas, golf courses, greenbelts, ornamental lakes, and other aesthetic water features;
- ~~iv.~~ A description of any plans for the use of reclaimed water;
- ~~v.~~ A description of any plans for the use of recharge facilities;
- ~~vi.~~ A description of any plans for the use of surface water; and
- ~~vii.~~ A description of any other plans or programs to promote water conservation;
- ~~dd.~~ A backflow prevention tariff that complies with Commission standards, if not already on file;
- ~~ee.~~ A curtailment tariff that complies with Commission standards, if not already on file;
- ~~ff.~~ A copy of a Physical Availability Determination, Analysis of Adequate Water Supply, or Analysis of Assured Water Supply issued by the Arizona Department of Water Resources for the proposed service area or extension area or, if not yet obtained, the status of the application for such approval;
- ~~gg.~~ If the applicant is requesting a CC&N extension:
- ~~i.~~ A current compliance status report from the Arizona Department of Environmental Quality, dated no more than 30 days before the date the CC&N extension application is filed, for each water system operated by the applicant, as identified by a separate Arizona Department of Environmental Quality Public Water System Identification Number; and
- ~~ii.~~ A water use data sheet for the water system being extended by the applicant; and
- ~~hh.~~ The notarized signature of the applicant.
- ~~3-6.~~ Upon the receipt of such receiving an application under subsection (B)(5), the Commission staff of the Utilities Division shall review and process the application for compliance with the information requirements of this regulation; additional information, amendments and/or corrections to the application to bring the application into compliance with this regulation shall be governed by the Commission's rules of administrative and hearing requirements concerning incomplete applications in accordance with the requirements of R14-2-411.
- ~~4-7.~~ Once the applicant has satisfied the information requirements of this regulation, as well as any additional information required by the staff of the Commission's Utilities Division staff determines that an application submitted under subsection (B)(5) is administratively complete, the Commission shall, as expeditiously as reasonably practicable, schedule hearings a hearing to consider such the application.
- ~~B-C.~~** Application for discontinuance or abandonment of utility service.
- ~~1.~~ Any A utility proposing to shall not discontinue or abandon any utility service currently in use by the public shall prior to such action without first obtain obtaining authority therefor from the Commission.
- ~~2.~~ The A utility desiring to discontinue or abandon a service shall include in the application, file with the Commission an application identifying the utility; including studies of data regarding past, present and prospective estimated future customer use of the subject service; describing any plant or facility that would no longer be in use if the application were approved as is necessary to support the application; and explaining why the utility desires to discontinue or abandon the service.
- ~~3.~~ An application shall not be required A utility is not required to apply for Commission approval to remove individual facilities where a customer has requested service discontinuance.
- ~~D.~~** Application for authority to abandon, sell, lease, transfer, or otherwise dispose of a utility.
- ~~1.~~ A utility shall not abandon, sell, lease, transfer, or otherwise dispose of its facilities or operation without first obtaining authority therefor from the Commission.
- ~~2.~~ A utility desiring to abandon, sell, lease, transfer, or otherwise dispose of its facilities or operation shall file with the Commission an application that includes, at a minimum:
- ~~a.~~ The legal name, physical address, mailing address (if different), and telephone number of the utility;
- ~~b.~~ A description of the utility property proposed to be abandoned, sold, leased, transferred, or otherwise disposed of;

Arizona Administrative Register / Secretary of State
Notices of Supplemental Proposed Rulemaking

- c. Documentation establishing the utility's financial condition, including at least the utility's current assets and liabilities, an income statement, the utility's revenue and expenses for the most recently completed 12-month accounting period, and the value of the utility's utility plant in service;
- d. The legal name, physical address, mailing address (if different), and telephone number of any proposed purchaser, lessee, transferee, or assignee;
- e. The terms and conditions of the proposed abandonment, sale, lease, transfer, or assignment and copies of any agreement that has been or will be executed concerning the transaction;
- f. A description of the effect that the proposed transaction will have upon the utility's services;
- g. The method by which the proposed transaction is to be financed;
- h. A description of the effect that the proposed transaction will have upon any other utility;
- i. The number of customers to be affected by the proposed transaction; and
- j. A description of the effect that the proposed transaction will have upon customers.

~~C.E.~~ Additions/ or extensions of service contiguous to outside existing Certificates of Convenience and Necessity CC&N service areas.

- 1. ~~Each~~ Except in the case of an emergency, a utility which that proposes to extend utility service to a location parcel not within its certificated service area, but located in a non-certificated area contiguous to its certificated CC&N service area; shall prior to the extension of service, notify the Commission of such before the service extension occurs.
- 2. ~~Such notifications~~ Each notification required under subsection (E)(1) shall be in writing, and shall be verified, and shall set forth, at a minimum;:
 - a. The legal name, mailing address, and telephone number of the utility;
 - b. ~~the~~ The number of persons or entities proposed to be served by such service extension, in the contiguous parcel;
 - c. ~~their location~~ The legal description of the contiguous parcel and the location of the structures to be served therein, in relation to the utility's CC&N service certificated area of the utility; and
 - d. ~~a~~ A statement of the utility that the service extension is will be extended only to a non-certificated area parcel which is contiguous to its certificated the utility's CC&N service area.
- 3. ~~Where~~ When emergency service is required to be provided to a customer person in a non-certificated area contiguous to the utility certificated a utility's CC&N service area, the utility shall advise notify the Commission simultaneously of such the service extension as soon as possible after the service extension occurs by providing written notice that includes the information required under subsection (E)(2) and the written notification shall set forth describes the nature and extent of the emergency.
- 2. ~~For purpose of this rule the following definition of "contiguous" is: Contiguous—Common, ordinary and approved meaning. In actual close contact; touching; bounded or traversed by.~~

ARTICLE 6. SEWER UTILITIES

R14-2-602. ~~Certificate~~ Certificates of Convenience and Necessity for sewer utilities; additions/extensions; abandonments Sewer Utilities; Extensions of Certificates of Convenience and Necessity for Sewer Utilities; Abandonment, Sale, Lease, Transfer, or Disposal of a Sewer Utility; Discontinuance or Abandonment of Sewer Utility Service

A. In this Section, unless otherwise specified:

- 1. "Applicant" means a person who submits an application to obtain a Certificate of Convenience and Necessity to construct sewer utility facilities or operate as a sewer utility or to extend the service area under an existing Certificate of Convenience and Necessity held by the person.
- 2. "CC&N" means Certificate of Convenience and Necessity.
- 3. "Commission" means the Arizona Corporation Commission.
- 4. "Contiguous" means in actual contact, touching, such as by sharing a common border.
- 5. "Extension area" means the geographic area that an applicant is requesting to have added to the applicant's existing CC&N service area.

A.B. Application for a new Certificate of Convenience and Necessity CC&N or extension of a CC&N.

- 1. Any person or entity who desires to construct sewer utility facilities and/or or to operate as a sewer utility will shall, prior to commencement of commencing construction of utility facilities or operations, file with the Commission an application for a Certificate of Convenience and Necessity with the Arizona Corporation Commission CC&N and obtain Commission approval.
- 2. Any utility that desires to extend its CC&N service area shall file with the Commission an application for a CC&N extension.
- 3. Before filing an application for a CC&N or a CC&N extension, a person shall provide written notice of the person's intention to file the application to each person who owns land within the proposed service area or extension area and who has not requested service. Each written notice to a landowner shall include, at a minimum:
 - a. The legal name, physical address, mailing address (if different), and telephone number of the intended applicant;
 - b. The approximate date by which the application will be filed;
 - c. The type of services to be provided if the application is approved;

Arizona Administrative Register / Secretary of State
Notices of Supplemental Proposed Rulemaking

- d. The physical addresses and toll-free telephone numbers, in Phoenix and Tucson, for the Consumer Services Section of the Commission; and
- e. The following information:
 - i. That the recipient is a property owner within the proposed service area or extension area;
 - ii. That if the application is granted, the intended applicant will be the exclusive provider of the specific services to the proposed service area or extension area and will be required by the Commission to provide those services under rates and charges and terms and conditions established by the Commission;
 - iii. That a CC&N does not prohibit persons from providing services only to themselves using their own facilities on their own property although other applicable laws may restrict such activity;
 - iv. That the application is available for inspection during regular business hours at the offices of the Commission and at the offices of the intended applicant;
 - v. That the Commission will hold a hearing on the application;
 - vi. That the landowner may have the right to intervene in the proceeding and may appear at the hearing and make a statement on his or her own behalf even if the landowner does not intervene;
 - vii. That the landowner may contact the Commission for the date and time of the hearing and for information on intervention;
 - viii. That the landowner may not receive any further notice of the application proceeding unless requested; and
 - ix. That the landowner may contact the intended applicant or the Consumer Services Section of the Commission if the landowner has any questions or concerns about the application, has any objections to approval of the application, or wishes to make a statement in support of the application.
- 4. Within 10 days after filing an application for a CC&N or a CC&N extension, an applicant shall provide written notice of the application to the municipal manager or administrator of each municipality with corporate limits that overlap with or are within five miles of the proposed service area or extension area. Each written notice shall include, at a minimum:
 - a. The applicant's legal name, mailing address, and telephone number;
 - b. The date the application was filed;
 - c. The type of services to be provided if the application is approved;
 - d. A description of the requested service area or extension area, expressed in terms of cadastral (quarter section) or metes and bound survey;
 - e. The Commission docket number assigned to the application; and
 - f. Instructions on how to obtain a copy of the application.
- 2-5. ~~Six copies of each~~ Each application for a new Certificate of Convenience and Necessity CC&N or CC&N extension shall be submitted in a form and number prescribed by the Commission and shall include, at a minimum, the following information:
 - a. ~~The proper applicant's legal name, and correct mailing address, and telephone number, of the proposed utility company and its owner, if a sole proprietorship, each partner if a partnership, or the President and Secretary if a corporation.~~
 - b. If the applicant will or does operate the utility under a different business name, the name under which the applicant will be doing business;
 - c. The full name, mailing address, and telephone number of a management contact for the applicant;
 - d. The full name, mailing address, and telephone number of the attorney for the applicant, if any;
 - e. The full name, mailing address, and telephone number of the operator certified by the Arizona Department of Environmental Quality who is or will be working for the applicant;
 - f. The full name, mailing address, and telephone number of the onsite manager for the applicant;
 - g. Whether the applicant is a corporation, a partnership, a limited liability company, a sole proprietor, or another specified type of legal entity;
 - h. If the applicant is a corporation, the following:
 - i. Whether the applicant is a "C" corporation, an "S" corporation, or a non-profit corporation and whether the corporation is domestic or foreign;
 - ii. A list of the full names, titles, and mailing addresses of each of the applicant's officers and directors;
 - iii. A copy of the applicant's certificate of good standing issued by the Commission's Corporations Division;
 - iv. Unless the applicant is applying for a CC&N extension, a certified copy of the applicant's articles of incorporation and by-laws; and
 - v. If the applicant is a for-profit corporation, the number of shares of stock authorized for issue and, if any stock has been issued, the number of shares issued and date of issuance;
 - i. If the applicant is a partnership, the following:
 - i. Whether the applicant is a limited partnership or a general partnership and whether the partnership is domestic or foreign;
 - ii. The full names and mailing addresses of the applicant's general partners;
 - iii. The full names, mailing addresses, and telephone numbers of the applicant's managing partners;

Arizona Administrative Register / Secretary of State
Notices of Supplemental Proposed Rulemaking

- iv. Unless the applicant is applying for a CC&N extension, a copy of the applicant's articles of partnership; and
- v. If the applicant is a foreign limited partnership, a copy of the applicant's certificate of registration filed with the Arizona Secretary of State;
- j. If the applicant is a limited liability company, the following:
 - i. The full names and mailing addresses of the applicant's managers or, if management is reserved to the members, the applicant's members;
 - ii. Unless the applicant is applying for a CC&N extension, a copy of the applicant's articles of organization;
- k. The legal name and mailing address of each other utility in which the applicant has an ownership interest;
- l. A description of the requested service area or extension area, expressed in terms of cadastral (quarter section) or metes and bound survey;
- b. A copy of the Articles of Co-Partnership or Articles of Incorporation for the applicant and/or Bylaws if the utility is a non-profit organization or association.
- e. The type of plant, property, or facility proposed to be constructed.
- m. The name of each county in which the requested service area or extension area is located and a description of the area's location in relation to the closest municipality, which shall be named;
- ~~d-n.~~ A complete description of the facilities proposed to be constructed, including a preliminary engineering report with specifications in sufficient detail to properly describe the each sewer system and the principal systems and components, and final and complete engineering specifications when they become available. of each sewer system (e.g., collection mains, trunk lines, lift stations, treatment plants, effluent disposal areas, etc.) to allow verification of the estimated costs provided under subsection (B)(5)(p) and verification that the requirements of the Commission and the Arizona Department of Environmental Quality can be met;
- o. A copy of the Aquifer Protection Permit issued by the Arizona Department of Environmental Quality for the proposed service area or extension area or, if not yet obtained, the status of the application for the Aquifer Protection Permit;
- e. The rates proposed to be charged for the service that will be rendered because of the proposed construction.
- f. The estimated total cost of the proposed construction.
- g. The manner of capitalization and method of financing for the project.
- p. The estimated total construction cost of the proposed offsite and onsite facilities, including documentation to support the estimates, and an explanation of how the construction will be financed, such as through debt, equity, advances in aid of construction, contributions in aid of construction, or a combination thereof;
- ~~h-q.~~ The Documentation establishing the applicant's financial condition of the applicant, including at least the applicant's current assets and liabilities, an income statement, the applicant's estimated revenue and expenses for the first five years following approval of the application, and the estimated value of the applicant's utility plant in service for the first five years following approval of the application;
- r. The rates proposed to be charged for services rendered, shown in the form of a proposed tariff that complies with Commission standards;
- ~~i-s.~~ The estimated annual operating revenues and expenses that are expected to accrue from the proposed construction for the first five years of operation for the requested service area or extension area, expressed separately for residential, commercial, industrial, and irrigation services, and including a description of each assumption made to derive the estimates;
- ~~j-t.~~ The A detailed description of the proposed construction timeline for facilities, with estimated starting and completion date of the proposed construction. dates and, if construction is to be phased, a description of each separate phase of construction;
- u. A copy of any requests for service from persons who own land within the proposed service area or extension area, which shall identify the applicant by name;
- ~~k-v.~~ Maps of the proposed service area- or extension area identifying:
 - i. The boundaries of the area, with the total acreage noted;
 - ii. The land ownership boundaries within the area, with the acreage of each separately owned parcel within the area noted;
 - iii. The owner of each parcel within the area;
 - iv. Any municipality corporate limits that overlap with or are within five miles of the area;
 - v. The service area of any public service corporation, municipality, or district currently providing water or wastewater service within one mile of the area, with identification of the entity providing service and each type of service being provided;
 - vi. The location within the area of any known sewer service connections that are already being provided service by the applicant;
 - vii. The location of all proposed developments within the area;
 - viii. The proposed location of each sewer system and the principal components described in subsection (B)(5)(n); and

Arizona Administrative Register / Secretary of State
Notices of Supplemental Proposed Rulemaking

- ix. The location of all parcels for which a copy of a request for service has been submitted per subsection (B)(5)(u);
 - l. Appropriate city, county and/or state agency approvals.
 - w. A copy of each notice to be sent, as required under subsection (B)(4), to a municipal manager or administrator;
 - m. Estimated number of customers to be served for the first five years of operation, including documentation to support the estimates.
 - x. A copy of each notice sent, as required under subsection (B)(3), to a landowner not requesting service;
 - y. For each landowner not requesting service, either the written response received from the landowner or, if no written response was received, a description of the actions taken by the applicant to obtain a written response;
 - z. A copy of each city, county, or state agency approval required by law to construct the proposed facilities or operate the utility within the proposed service area or extension area or, for any approval not yet obtained, the status of the applicant's application for the approval;
 - aa. The estimated number of customers to be served for each of the first five years of operation, expressed separately for residential, commercial, industrial, and irrigation customers and including documentation to support the estimates;
 - bb. A description of how water service is to be provided in the proposed service area or extension area and the name of each water service provider for the area, if any;
 - cc. A description of how effluent from the area will be reused or, if not reused, disposed of;
 - dd. If the applicant is requesting a CC&N extension:
 - i. A current compliance status report from the Arizona Department of Environmental Quality, dated no more than 30 days before the date the CC&N extension application is filed, for each wastewater system operated by the applicant, as identified by a separate Arizona Department of Environmental Quality Identification Number; and
 - ii. A wastewater flow data sheet for the wastewater system being extended by the applicant; and
 - ee. The notarized signature of the applicant.
- 3-6. ~~Upon the receipt of such receiving an application under subsection (B)(5), the Commission Utilities Division staff shall review and process the application for compliance with the information requirements of this regulation; additional information, amendments and/or corrections to the application to bring the application into compliance with this regulation shall be governed by the Commission's rules of administrative and hearing requirements concerning incomplete applications in accordance with the requirements of R14-2-610.~~
- 4-7. ~~Once the applicant has satisfied the information requirements of this regulation Utilities Division staff determines that an application submitted under subsection (B)(5) is administratively complete, the Commission shall, as expeditiously as reasonably practicable, schedule hearings a hearing to consider such the application.~~
- B-C.** ~~Additions/ or extensions of service contiguous to existing Certificates of Convenience and Necessity. CC&N service areas.~~
- 1. ~~Each Except in the case of an emergency, a utility which that proposes to extend utility service to a person parcel not located within its certificated service area, but located in a noncertificated non-certificated area contiguous to its certificated CC&N service area; shall, prior to the extension of service, notify the Commission of such before the service extension occurs.~~
 - 2. ~~Such Each notification required under subsection (C)(1) shall be in writing, and shall be verified, and shall set forth, at a minimum:~~
 - a. ~~The legal name, mailing address, and telephone number of the utility;~~
 - b. ~~the The number of persons or entities proposed to be served by such service extension, in the contiguous parcel;~~
 - c. ~~their location The legal description of the contiguous parcel and the location of the structures to be served therein, in relation to the certificated utility's CC&N service area, of the utility and~~
 - d. ~~a A statement of the utility that the service extension is will be extended only to a non-certificated area parcel which is contiguous to its certificated the utility's CC&N service area.~~
 - 3. ~~Where When emergency service is required to be provided to a customer person in a non-certificated area contiguous to the utility certificated a utility's CC&N service area, the utility shall advise notify the Commission simultaneously of such the service extension as soon as possible after the service extension occurs by providing written notice that includes the information required under subsection (C)(2) and the written notification shall set forth describes the nature and extent of the emergency.~~
- E-D.** ~~Application for authority to abandon, sell, lease, transfer, or otherwise dispose of a utility.~~
- 1. ~~A utility shall not abandon, sell, lease, transfer, or otherwise dispose of its facilities or operation without first obtaining authority therefor from the Commission.~~
 - 2. ~~Any A utility proposing desiring to abandon, sell, lease, transfer, or otherwise dispose of the utility its facilities or operation shall, prior to such sale, lease, transfer, or other disposal, file with the Commission an application for authority to do so including the following information that includes, at a minimum:~~
 - 1-a. ~~The legal name, physical address, mailing address (if different), and telephone number of the applicant utility;~~

Arizona Administrative Register / Secretary of State
Notices of Supplemental Proposed Rulemaking

- 2-b. A description of the utility property proposed to be abandoned, sold, leased, transferred or otherwise disposed of;
- 3-c. ~~The Documentation establishing the utility's financial condition, including at least the utility's current assets and liabilities, an income statement, the utility's revenue and expenses for the most recently completed 12-month accounting period, and the value of the utility's utility plant in service of the applicant;~~
- 4-d. ~~The legal name, physical address, mailing address (if different), and telephone number of any proposed purchaser, lessee, transferee, or assignee;~~
- 5-e. The terms and conditions of the proposed abandonment, sale, lease, transfer, or assignment and copies of any agreement ~~which that~~ has been or will be executed concerning the ~~same~~ transaction;
- 6-f. ~~The A description of the effect of that the proposed transaction will have upon the service of the applicant utility's services;~~
- 7-g. The method by which the proposed transaction is to be financed;
- 8-h. ~~The A description of the effect that the proposed transaction will have on upon any other utility and, if so, in what respect;~~
 - i. The number of customers to be affected by the proposed transaction; and
 - j. A description of the effect that the proposed transaction will have upon customers.

~~D.E.~~ Application for discontinuance or abandonment of utility service.

- 1. ~~Any A utility proposing to shall not~~ shall not discontinue or abandon any ~~type of utility~~ service currently in use by the public ~~shall prior to such action without first obtain~~ obtaining authority therefor from the Commission.
- 2. ~~The A utility desiring to discontinue or abandon a service shall include in the application, file with the Commission an application identifying the utility; including studies of data regarding past, present and prospective estimated future customer use of the subject service; describing any plant or facility that would no longer be in use if the application were approved as is necessary to support the application; and explaining why the utility desires to discontinue or abandon the service.~~
- 3. ~~An application shall not be required~~ A utility is not required to apply for Commission approval to remove individual facilities where a customer has requested service discontinuance.