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BEFORE THE ARIZONA CORPORATION CO.

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COMMISSIONERS

JEFF HATCH-MILLER -- Chairman

WILLIAM A. MUNDELL

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MIKE GLEASON

KRISTIN K. MAYES

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MAY 27 2005

AZ CORP COMMISSION DOCUMENT CONTROL

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IN THE MATTER OF THE APPLICATION OF)
VIRGIN MOUNTAIN UTILITES COMPANY TO)
EXTEND ITS EXISTING CERTIFICATE OF)
CONVENIENCE AND NECESSITY TO)
PROVIDE WATER SERVICE IN MOHAVE)
COUNTY, ARIZONA AND APPROVAL OF A)
HOOK-UP FEE TARIFF.)

DOCKET NO. W-03551A-04-0325

STAFF'S ALTERNATIVE RECOMMENDATIONS

On April 26, 2005, a hearing was held on Virgin Mountain Utilities Company's ("Virgin Mountain") Application to Extend their Certificate of Convenience and Necessity ("CC&N"). At the conclusion of the hearing, the Administrative Law Judge ("ALJ") requested that Staff file alternative recommendations (in the event the application was approved). Staff's alternative recommendations are as follows:

1. Staff recommends that Virgin Mountain be authorized an Order Preliminary to a CC&N.
2. That Virgin Mountain be required to demonstrate that it has an adequate water supply. This demonstration shall be accomplished by submitting to Docket Control either an Arizona Department of Water Resources ("ADWR") Letter of Adequacy or an ADWR Physical Availability Demonstration for the extension area.
3. That Virgin Mountain be required to submit to Docket Control an Arizona Department of Environmental Quality Approval to Construct water system (production, storage and distribution facilities) to begin service to the extension area.
4. That Virgin Mountain be required to demonstrate a need for service in the extension area by filing with Docket Control requests from all property owners in the extension area with associated Main Extension Agreements.
5. That Virgin Mountain be required to comply with alternative recommendations 2, 3 and 4 above within two (2) years from the date of this order with no time extensions allowed.

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- 6. That upon Virgin Mountain complying with conditions 2, 3, 4, and 5 above, Virgin Mountain shall file a motion to appear before the Commission (at an Open Meeting) to have the Commission grant Virgin Mountain the CC&N for the extension area.
- 7. That in the event Virgin Mountain fails to meet conditions 2, 3, 4 and 5 above, Virgin Mountain be required to submit a new application to provide service to the extension area if it still desires to pursue such authority.

RESPECTFULLY SUBMITTED this 27th day of May, 2005.

David Ronald

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The original and thirteen (13) copies of the foregoing were filed this 27th day of May, 2005 with:

Docket Control
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Copy of the foregoing were mailed this 27th day of May, 2005 to:

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