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MEMORANDUM RECEIVED

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TO: Docket Control
Arizona Corporation Commission

AZ CORP COMMISSION
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DOCKETED

FROM: Ernest G. Johnson
Director
for Utilities Division

APR 11 2005

DATE April 11, 2005

DOCKETED BY *[Signature]*

RE: IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY FOR AN EXTENSION OF ITS CERTIFICATES OF CONVENIENCE AND NECESSITY TO PROVIDE WATER, DECISION NO. 66893 -REQUEST FOR AN EXTENSION OF TIME TO COMPLY DOCKET NO. W-01445A-03-0559

In Decision No. 66893 (April 6, 2004), the Arizona Corporation Commission ("Commission") authorized Arizona Water Company ("Arizona Water") an extension of its Certificate of Convenience and Necessity ("CC&N") of its Casa Grande system, subject to certain conditions.

Specifically, Arizona Water was required to file a copy of the Developer's Certificate of Assured Water Supply within 365 days of the Decision. Arizona Water was also required to file a main extension agreement associated with the extension area within 365 days of the Decision. The Decision informed Arizona Water that failure to meet the conditions within the specified time frame would render the Decision null and void without further Order of the Commission.

On March 30, 2005, Arizona Water filed a Request for Additional Time to Comply with Decision No. 66893. Arizona Water is requesting an additional 365 days to obtain the necessary documentation.

On April 7, 2005, Robson Communities filed a letter with the Commission on behalf of Cornman Tweedy 560, LLC, the owner of approximately 1,200 acres included in Decision No. 66893. Robson Communities has asserted that Arizona Water has failed to timely satisfy the Commission's requirements, and therefore the CC&N extension is null and void. Robson Communities also informed the Commission that the 1,200 acres has requested water service from Picacho Water Company, a financial affiliate of Robson Communities.

In light of the change in circumstances in facts supporting the Commission's decision, Staff recommends Arizona Water Company's request for an extension of time to comply with Decision No. 66893 be scheduled for additional evidentiary proceedings on the merits of Arizona Water's request and Robson Communities' objection to that request.

Originator: Jim Fisher
CC: Brian Bozzo

SERVICE LIST FOR: ARIZONA WATER COMPANY

DOCKET NO. W-01445A-03-0559

Mr. Robert W. Geake
Arizona Water Company
Post Office Box 29006
Phoenix, Arizona 85038

Mr. Peter M. Gerstman
Executive Vice President
Robson Communities
9532 East Riggs Road
Sun Lakes, Arizona 85248



Robson Communities

Master-Planned Resort Living For Active Adults

Peter M. Gerstman
Executive Vice President
General Counsel
(480) 895-4297
Email: Peter.Gerstman@Robson.com

April 7, 2005

Via Hand-Delivery

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: Opinion and Order dated April 6, 2004
Decision No. 66893
Docket No. W-01445A-03-0559

To Whom It May Concern:

I am writing this letter for and on behalf of Cornman Tweedy 560, LLC ("Cornman"), the owner of the real property located in Pinal County, Arizona, more particularly described as the East Half and the Northwest Quarter of Section 28, the West Half and the Northeast Quarter of Section 27, and the Northwest Quarter of Section 26, all in Township 6 South, Range 7 East, Gila and Salt River Base and Meridian (the "Property"). The Property contains approximately 1120 acres and is planned for development as part of the EJR Ranch Master Planned Community. All but approximately 160 acres of the property is already included in the EJR Ranch Planned Area Development in accordance with existing approved zoning.

By Opinion and Order dated April 6, 2004 (the "Order"), the Arizona Corporation Commission extended Arizona Water Company's Certificate of Convenience and Necessity to include the Property. The Order contained the following conditions:

"IT IS FURTHER ORDERED THAT Arizona Water Company shall file a copy of the Developers' Assured Supply for each respective development with the Commission within 365 days of this Decision.

IT IS FURTHER ORDERED THAT Arizona Water Company shall file a main extension agreement associated with the extension area more fully described in Exhibit A with the Commission within 365 days of this Decision."

Arizona Water Company has failed to timely satisfy those two conditions. The Order further provided as follows:

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"IT IS FURTHER ORDERED THAT in the event Arizona Water Company fails to meet the above conditions within the time specified, this Decision is deemed null and void without further Order of the Arizona Corporation Commission."

Because Arizona Water Company failed to timely satisfy the conditions listed above, the extension of its Certificate of Convenience and Necessity to include the Property is automatically null and void pursuant to the terms of the Order without the necessity of any further action.

Cornman has requested that Picacho Water Company provide water service to the Property, and Picacho Water Company intends to apply to extend its Certificate of Convenience and Necessity to include the Property. There are a number of reasons why Cornman would prefer water service from Picacho Water Company. Cornman, Picacho Water Company and Picacho Sewer Company are all affiliates of Robson Communities, Inc. We believe it would be advantageous to all, including the ultimate residents of EJR Ranch, if all of EJR Ranch were served by the same utility providers for reasons of cost, convenience, timing, avoidance of confusion and avoidance of unnecessary duplication of facilities. In addition, we believe it would be in the best interests of all concerned, including the ultimate residents of EJR Ranch, if the CC&N for Picacho Water Company included as much of the CC&N area of Picacho Sewer Company as possible so that water, effluent and wastewater issues can be best coordinated. If the Picacho Water Company's CC&N is extended to include the Property, then the CC&Ns for Picacho Water Company and Picacho Sewer Company will be the same.

For the reasons set forth above, Cornman does not desire to be within Arizona Water Company's CC&N area. If Arizona Water Company chooses to refile or otherwise attempt to extend its CC&N to include the Property, please notify me as soon as possible so that Cornman may again voice its objections to the extension.

Thirteen copies of this letter are being submitted to the Commission, along with this original. Please contact me if you have any questions or need any additional information.

Sincerely,



Peter M. Gerstman

PMG/pg

Cc: Edward J. Robson
Steven M. Soriano
James Poulos