

ORIGINAL



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MEMORANDUM

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TO: Docket Control  
FROM: Ernest G. Johnson  
Director  
Utilities Division

*EA for EGJ*

DATE: June 12, 2006

RE: STAFF REPORT FOR ARIZONA WATER COMPANY – EXTENSION OF ITS  
CERTIFICATE OF CONVENIENCE AND NECESSITY (DOCKET NO.  
W-01445A-03-0559)

Attached is the Staff Report for Arizona Water Company's application for request for extension of time to comply with decision No. 66893.

EGJ:SMO:tdp

Originator: Steve Olea

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Service List for: Arizona Water Company  
Docket No. W-01445A-03-0559

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

Steven A. Hirsch  
Bryan Cave LLP  
Two North Central Avenue, Suite 2200  
Phoenix, Arizona 85004-4406

Jeffrey W. Crockett  
SNELL & WILMER  
One Arizona Center  
Phoenix, Arizona 85004

Christopher C. Kempley  
Chief, 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

Lyn Farmer  
Chief, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

**STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION**

**ARIZONA WATER COMPANY**

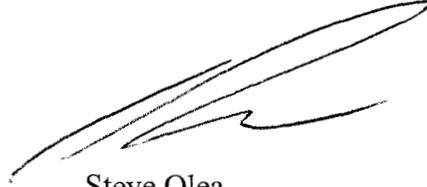
**DOCKET NO. W-01445A-03-0559**

**APPLICATION FOR EXTENSION OF  
CERTIFICATE OF CONVENIENCE & NECESSITY**

**JUNE 2006**

## STAFF ACKNOWLEDGMENT

The Staff Report for Arizona Water Company, Docket No. W-01445A-03-0559, was the responsibility of the Staff members listed below. Steve Olea was responsible for the review and *analysis of the Company's application.*

A handwritten signature in black ink, appearing to read 'Steve Olea', with a large, sweeping flourish extending to the right.

Steve Olea  
Assistant Division Director

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## **INTRODUCTION**

This Staff Report is being filed in compliance with the Procedural Order issued April 19, 2006. The Procedural Order required the Arizona Corporation Commission (“Commission”) Utilities Division Staff (“Staff”) to address the following items in this Staff Report:

1. Why such time periods as those required in Decision No. 66893 for Arizona Water Company (“AWC” or “Company”) to file the developer’s Certificate of Assured Water Supply (“CAWS”) and the main extension agreement (“MXA”) are recommended by Staff,
2. Why such requirements are included in Commission decisions,
3. How the determination is made by Staff as to how long to recommend for these time periods,
4. How requests for additional time to comply with these time periods are analyzed by Staff, and
5. Any other relevant policy issues that need to be addressed in this proceeding.

## **WHY STAFF RECOMMENDS SUCH TIME PERIODS**

The basic reason to require a time limit for the submission of both the developer’s CAWS and the MXA is to help ensure that there is truly a necessity for the service being requested. Staff believes that if service is truly needed, the developer and the utility will at least begin taking steps to have that service provided by obtaining the State required permits within a reasonable amount of time.

Secondly, Staff believes that whenever possible, the Commission should assure that there is actually adequate water available to provide water service. It would serve no public purpose for the Commission to grant a permanent CC&N in an area in which there is insufficient water available to match the need for water. With a CAWS, the Arizona Department of Water Resources (“ADWR”) is stating that there is at least a 100 year assured supply of water.

## **WHY ARE SUCH TIME PERIOD REQUIREMENTS INCLUDED IN COMMISSION DECISIONS**

Although Staff cannot speak for the Commissioners, Staff believes that the Commission orders these time limit requirements to do its best to ensure that service is actually needed and provided in a timely manner, and that there is adequate water to provide service to the requested CC&N area.

### **HOW DOES STAFF DETERMINE THE TIME LIMITS TO RECOMMEND FOR THESE TIME PERIODS**

When determining what time periods to recommend for compliance, Staff considers what it believes would be a reasonable time period for the particular issue and the length of time it should take the utility to obtain the permit from a particular government agency. When the original Staff Report was issued for this case, Staff believed one year to be appropriate for obtaining the developer's CAWS and the MXA. However, very recently, Staff has been recommending longer time periods. The reason for this change is that it seems to be taking longer to obtain a CAWS from ADWR and an Approval to Construct ("ATC") from the Arizona Department of Environmental Quality ("ADEQ"). The ATC is necessary in order to obtain approval for an MXA. Staff also considers the fact that if a situation arises that is out of the utility's control, it can submit a request to the Commission asking for additions time to comply.

### **HOW ARE REQUESTS FOR ADDITIONAL TIME TO COMPLY WITH THESE TIME PERIODS ANALYZED BY STAFF**

Staff analyzes requests for extensions of time on a case-by-case basis because the reasons provided by the utilities for such requests are not always the same. However, some of the items that Staff considers include – is the reason for the delay out of the utility's control, how long has it been since the original decision was issued in the case, has the utility previously requested a time extension for the case, and have any circumstances changed since the case was previously analyzed.

### **OTHER RELEVANT POLICY ISSUES**

Staff is presently considering no longer recommending MXAs to be filed as a compliance filing due to the fact that these must be submitted to the Commission (by rule) even if it is not ordered by a Commission decision. Staff would recommend the submission of only the ATC.

In addition, the Commission itself is considering requiring additional documentation to be submitted with all applications for CC&Ns (new or extensions). This additional documentation may or may not require the time periods being discussed in this case to be modified.