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Arizona Corporation Commission

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SEP 25 2006

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TO: Docket Control  
Arizona Corporation Commission

FROM: Ernest G. Johnson *EJ*  
Director  
Utilities Division

Date: September 25, 2006

RE: STAFF'S RESPONSE TO PALO VERDE UTILITIES COMPANY, L.L.C. AND SANTA CRUZ WATER COMPANY, L.L.C. RENEWED AND REVISED MOTION FOR EXTENSION OF TIME (DOCKET NOS. SW-03575A-04-0767 AND W-03576A-04-0767)

On May 5, 2006, Palo Verde Utilities Company, L.L.C. ("Palo Verde" or "Wastewater Company") and Santa Cruz Water Company, L.L.C. ("Santa Cruz" or "Water Company") collectively referred to as ("Global") filed a Motion for Extension of Time and Notice of Partial Compliance ("Motion") with the Arizona Corporation Commission ("ACC" or "Commission") requesting an extension of time for certain compliance items due on May 5, 2006, pursuant to Decision No. 67830 (May 5, 2005).

On May 18, 2006, Utilities Division Staff ("Staff") filed a Response to the Motion recommending, (1) that a 60 day time extension for Rancho Mirage Well #1 be granted; (2) that an extension until May 5, 2008, as requested by Global, for Glennwilde Well #2 and Rancho Mirage Well #2 be denied; and in the alternative, an extension to September 30, 2007, be granted; and (3) that a 120 day extension for submitting the operating/license agreement with the City of Maricopa as the substitute for a franchise be granted.

On June 2, 2006, Global filed a Reply in Support of its Motion for Extension of Time ("Reply"). In its Reply, Global accepted Staff recommendations and requested that the proposed extension for the operating/license agreement with the City of Maricopa be increased by a few weeks, so that the due date would be extended until September 30, 2006.

On June 13, 2006, Staff filed its response, to Global's June 2, 2006 Reply, stating that Staff had no objection to Global being granted an extension until September 30, 2006, to submit the operating/license agreement with the City of Maricopa as the substitute for a franchise. Staff further stated in its response that except for the change in due date (until September 30, 2006) for submitting the operating/license agreement with the City of Maricopa, all Staff's recommendations listed in its May 18, 2006 Response to Global's Motion remain unchanged.

On September 13, 2006, Global filed a Renewed and Revised Motion for Extension of Time ("Revised Motion"). In its Revised Motion, Global requested that the previously proposed September 30, 2006, due date for submitting the operating/license agreement with the City of Maricopa as the substitute for a franchise be extended until November 30, 2006. Per the Revised Motion, the operating/license agreement "will likely be on the City Council agenda for October 3, 2006" and Global requests the extension "to allow for contingencies and potential questions from the City Council." Staff has no objection to Global being granted an extension of time, to submit the operating/license agreement with the City of Maricopa as the substitute for a franchise. However, Staff would recommend an extension until December 31, 2006, for submitting the operating/license agreement with the City of Maricopa, instead of until November 30, 2006, as proposed by Global. Extending the due date until December 31, 2006, (the end of the year) would provide Global ample time to obtain and submit the operating/license agreement.

To summarize, Staff recommends:

1. That a 60 day time extension for Rancho Mirage Well #1 be granted;
2. That an extension until May 5, 2008, as requested by Global, for Glennwilde Well #2 and Rancho Mirage Well #2 be denied; and in the alternative, an extension to September 30, 2007, be granted;
3. That an extension until December 31, 2006, for submitting the operating/license agreement with the City of Maricopa as the substitute for a franchise be granted; and
4. That no further time extensions be granted.

EGJ:BNC

Originator: Blessing Chukwu

Chukwu

BEFORE THE ARIZONA CORPORATION COMMISSION

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**COMMISSIONERS**

- Jeff Hatch-Miller, Chairman
- William A. Mundell
- Mike Gleason
- Kristin K. Mayes
- Barry Wong

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SEP 18 2006

AZ CORP COMM  
Director Utilities

IN THE MATTER OF THE APPLICATION OF  
 PALO VERDE UTILITIES COMPANY FOR AN  
 EXTENSION OF ITS EXISTING CERTIFICATE  
 OF CONVENIENCE AND NECESSITY.

Docket No. SW-03575A-04-0767

IN THE MATTER OF THE APPLICATION OF  
 SANTA CRUZ WATER COMPANY FOR AN  
 EXTENSION OF ITS EXISTING CERTIFICATE  
 OF CONVENIENCE AND NECESSITY.

Docket No. W-03576A-04-0767

**RENEWED AND REVISED**

**MOTION FOR EXTENSION OF TIME**

On May 5, 2006, Palo Verde Utilities Company, LLC and Santa Cruz Water Company, LLC (collectively, "Global Subsidiaries") filed a Motion that the Commission grant an extension of time for certain compliance items due under Decision No. 67830 (May 5, 2005). Though the course of various responses and replies, Staff and the Global Subsidiaries agreed to the following extensions:

- (1) A 60 day extension with regard to Rancho Mirage Well # 1;
- (2) An extension until May 5, 2007 for Glennwilde Well # 2 and Rancho Mirage Well # 2; and
- (3) An extension until September 30, 2006 for submitting the operating/license agreement with the City of Maricopa as the substitute for a franchise.

(See Global Reply filed June 1, 2006 and Staff Memo filed June 13, 2006). The Commission has yet to rule on the May 5 motion. Unfortunately, it now appears that an additional extension will be needed for the license agreement. Counsel for the Global Subsidiaries has been diligently

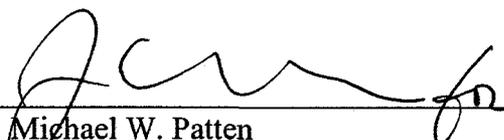
1 pursuing this matter with the counsel for the City of Maricopa. However, due to the extraordinary  
2 press of business facing the City, the City has not yet been able to approve the license agreement.  
3 The City Attorney has advised counsel for the Global Subsidiaries that the agreement will likely be  
4 on the City Council agenda for October 3, 2006. This date is several days after the due date  
5 previously proposed by the Global Subsidiaries. However, to allow for contingencies and  
6 potential questions from the City Council, the Global Subsidiaries request that the due date for the  
7 license agreement be extended until November 30, 2006.

8 To summarize, the Global Subsidiaries request that the Commission:

- 9 (1) Grant a 60 day extension with regard to Rancho Mirage Well # 1, as  
10 recommended by Staff;
- 11 (2) Grant an extension until May 5, 2007 for Glennwilde Well # 2 and Rancho  
12 Mirage Well # 2; as recommended by Staff; and
- 13 (3) Grant an extension until November 30, 2006 for submitting the  
14 operating/license agreement with the City of Maricopa as the substitute for a  
15 franchise.

16 RESPECTFULLY SUBMITTED this 12<sup>th</sup> day of September 2006.

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Original + 15 copies of the foregoing  
filed this 12<sup>th</sup> day of September 2006, with:

Docket Control  
ARIZONA CORPORATION COMMISSION  
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Copies of the foregoing hand-delivered/mailed  
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