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MEMORANDUM

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TO: Docket Control
FROM: Ernest C. Johnson
Director
Utilities Division
DATE: November 7, 2006

Arizona Corporation Commission

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AZ CORP COMMISSION
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RE: SUNRISE UTILITIES, LLC, REQUEST FOR 365-DAY TIME EXTENSION TO COMPLY WITH PORTIONS OF DECISION NO. 68247 DOCKET NO. WS-04247A-04-0604 AND W-03067A-04-0216

On October 25, 2005, in Decision No. 68247, the Arizona Corporation Commission approved a Certificate of Convenience and Necessity for Sunrise Utilities, LLC ("Sunrise" or "LLC") to provide water and wastewater service in the northwest corner of Mohave County. The Decision required the filing of rate tariffs, a backflow prevention tariff and a curtailment tariff. The Company complied with those requirements on November 8, 2005. The Decision also required the filing of the following:

1. A franchise agreement with Mohave County for water and wastewater by October 25, 2006.
2. A copy of the Arizona Department of Environmental Quality ("ADEQ") Approval to Construct public water facilities by October 25, 2006.
3. A copy of the ADEQ Approval to Construct arsenic treatment facilities "if necessary" by October 31, 2005.
4. A copy of the developers' Letter(s) of Adequate Water Supply by October 25, 2006.
5. A copy of the Letter of Intent and/or the Aquifer Protection Permit issued by ADEQ by October 25, 2006.

On November 25, 2005, Mr. Timinskas, a manager of the LLC, requested a 2 year extension of the requirements. On December 9, 2005, Staff filed a recommendation for a one-year extension. On December 14, 2005, a Procedural Order was filed granting a one-year extension to October 25, 2005.

On October 4, 2006, a letter to the Director of the Utilities Division was docketed by Sunrise. Attached to the letter was evidence that the water quality did not necessitate arsenic treatment facilities. The letter also requested an additional 365 days within which to comply with the rest of the requirements.

On October 5, 2006, Staff filed a letter requesting that the Company acquire a statement from the developer explaining the need for the extension. On October 23, 2006, the developer, also a manager of the LLC, filed a letter explaining that the preliminary plat is currently under review by Mohave County. The preliminary plat approval is necessary to determine the number of lots and the water demand. The estimated water demand is necessary to determine water adequacy and necessary plant.

Staff believes that efforts have been made to move the development forward and that the need for service still exists. Staff recommends approval of a one-year extension of the applicable compliance items.

EGJ:LAJ:red

Originator: Linda A. Jaress

Service List for: Sunrise Utilities, LLC
Docket No. WS-04247A-04-0604 and W-03067A-04-0216

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October 3, 2006

Mr. Ernest Johnson, Director
Arizona Corporation Commission
Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007

Re: Sunrise Utilities, LLC; Docket No. WS-04247A-04-0604, Decision No. 68247,
dated October 25, 2006; consolidated with Beaver Dam Water Docket No. W-03067-04-
0216; Compliance Filings

Dear Mr. Johnson:

The subject Decision requires several matters be completed by Sunrise Utilities, LLC (the "Company") within 365 days of the Decision date. A number of those items have been completed, and others are tied to the first service date, which is not yet occurred. However the Mohave County Franchise, the Arizona Department of Water Resources ("ADWR"), and the Arizona Department of Environmental Quality ("ADEQ") requirements are to be completed by October 24, 2006.

The Application for the Franchise will be filed within 10 days with the Mohave County Board of Supervisors, and is expected to be issued within 60 days thereafter. The ADWR Letter of Adequacy is, by statute, the Developer's responsibility. The Developers advise the Company that they are awaiting Final Plat approvals of their respective subdivisions which, of course, determines the total water demand for each subdivision. The Company is advised that these requirements for the Letter of Adequacy should be available and submitted to ADWR within 90 days, with approval approximately 6 months after the application.

The Company submitted its application for the Aquifer Protection Permit ("APP") to ADEQ on September 13, 2006, and is anticipating that approval within 9 months. The ADEQ Certificate of Approval to Construct ("CAC") for the wastewater plant, which will be processed concurrently with the APP, is expected within one month thereafter. The CAC for the on-site facilities is dependent upon the APP, so that CAC is expected at about the same time as the issuance of the APP. Applications for the on-site facilities can

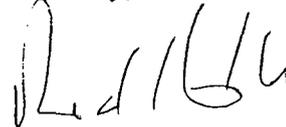
not be submitted for approval prior to final platting of the subdivision. Those CAC's are expected within 9-10 months.

The Company was also required to file a CAC for the arsenic treatment facilities, which was the subject of a Procedural Order dated December 14, 2005. The Company has received a new water quality report, a copy of which is attached, indicating that the water meets the new arsenic standard. Therefore, the Arsenic Treatment Plant previously contemplated will not be required, and the requirement of the Decision in that regard is not applicable.

The Company continues to work diligently with the Developers and agencies, but does need additional time to comply with the mandates of the Decision. Therefore, Company respectfully requests an additional 365 days within which to comply with the above cited requirements.

In the event you have any questions regarding these matters, please do not hesitate to contact the undersigned or Steve Timinskas at (702) 346-2280.

Sincerely,



Richard L. Sallquist

Enclosure

Cc: Docket Control (15 copies)
Brian Bozzo
Hearing Division
George Timinskas
Steve Timinskas