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MEMORANDUM

TO: Docket Control

FROM: Ernest G. Johnson
[Signature]
Director
Utilities Division

DATE: December 18, 2006

RE: RESPONSIVE STAFF REPORT FOR THE APPLICATION OF ARIZONA
WATER COMPANY FOR AN EXTENSION OF TIME TO COMPLY WITH
DECISION NO. 67439 DOCKET NO. W-01445A-04-0453

Attached is the Responsive Staff Report for this application. Staff recommends approval of the request for a time extension to comply with Decision No.67439.

EGJ:LAJ:red

Originator: Linda Jaress

Arizona Corporation Commission
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On August 16, 2006, Arizona Water Company ("Arizona Water" or the "Company") filed a request for an extension of time to comply with a portion of Decision No. 67439, dated December 3, 2004. The compliance at issue is related to the requirements to file a developer's Certificate of Assured Water Supply, a main extension agreement and a Certificate of Approval to Construct. On September 1, 2006, Staff filed a response to the request for a time extension and indicated no objection.

Four Procedural Orders were issued regarding the time extension culminating in the ordering of a hearing on the matter, the filing of direct testimony from the Company and the filing of responsive testimony or Staff Report from Staff. On December 8, 2006, the Company filed its direct testimony. Staff has read and considered the Company's testimony filed December 8, 2006, and remains in support of the extension of time.

The Company's testimony explains that the developer has made significant progress toward development, including having the City of Coolidge annex the development. This action, along with the need for a current, neighboring development to receive adequate fire flow from the plant planned for the new development in the extension area, supports the continuing need for the extension. Nothing on the record indicates that Arizona Water or the developer are purposely taking action to avoid progress in the development.

Staff is not aware of any adverse public impact of granting the extension. However, denial of the time extension could result in adverse business consequences to the developer. Staff believes that the Company's request for a time extension should be granted.

Service List for: Cave Creek Water Company
Docket No. W-01452A-05-0082

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