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March 5, 2007

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Honorable Chairman Jeff Hatch-Miller
Commissioner William A. Mundell
Commissioner Mike Gleason
Commissioner Kristin K. Mayes
Commissioner Gary Pierce
Brian C. McNeil, Executive Director
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

Arizona Corporation Commission
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Re: In the Matter of the Application of Arizona Water Company for an Extension of its Certificate of Convenience and Necessity at Casa Grande, Pinal County, Arizona; Docket No. W-01445A-05-0469

Dear Chairman Hatch-Miller and Commissioners:

We have associated as counsel with Robert W. Geake in this docket, and write on behalf of applicant Arizona Water Company.

Arizona Water Company requests that the pending compliance deadline of March 23, 2007 for it to obtain a franchise or other consent or permission from the City of Eloy ("Eloy") be stayed and continued, and that Chief Administrative Law Judge Lyn Farmer's procedural order docketed February 12, 2007 be modified to so provide. Additionally, Arizona Water Company requests that this matter be placed on the Commission's regular open meeting schedule for March 13-14, 2007, which is Arizona Water Company's last opportunity to be accorded relief before the Order Preliminary in Decision No. 68607 (March 23, 2006) ("Decision") expires as to parcel 8 as set forth in Exhibit A to the Decision.

As set forth in detail in Judge Farmer's February 12, 2007 procedural order, the Commission determined in the Decision, over Eloy's intervention and objections, that there was a public need and necessity for water utility service to parcel 8, that Arizona Water Company was a fit and proper entity to receive a water CCN to serve parcel 8, and that Arizona Water Company should be granted an extended CCN to serve that area (Decision, Findings of Fact ¶¶40-47; Conclusions of Law ¶¶4-5). The owner of parcel 8, Derrick Ethington, testified that he wished to have Arizona Water Company, not Eloy, provide public utility water service to his property. (Decision,

And Bryan Cave,
A Multinational Partnership,
London

March 5, 2007

Page 2

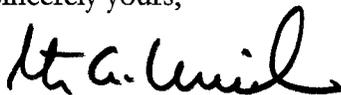
Findings of Fact ¶45). Following Judge Farmer's February 12, 2007 Procedural Order, Mr. Ethington docketed a letter to the Arizona Corporation Commission again supporting Arizona Water Company's application to provide water service, and requesting that Arizona Water Company be granted additional time to comply with the conditions of the Decision. See Letter docketed February 20, 2007, and enclosed here.

The terms of the Order Preliminary are such that Arizona Water Company's CCN in parcel 8 will expire on March 23, 2007. Arizona Water Company duly and timely sought additional time to comply with the filing requirement by a formal Request docketed on November 28, 2006. As set forth in that Request, the sole reason Arizona Water Company has not been able to comply with the condition as to parcel 8 is the refusal of Eloy to consider Arizona Water Company's request for a franchise or right-of-way permit to install its water lines to serve parcel 8. Staff recommended denial of Arizona Water Company's request, noting that there were 3-1/2 months remaining until the compliance due date of March 23, 2007 (See Staff Report docketed December 5, 2006). Arizona Water Company informed the Commission that Eloy has persisted in its refusal to even consider Arizona Water Company's requests. Now, approximately two weeks before the Order Preliminary will expire on its own terms, Eloy stands poised to accomplish by its own actions (or in this case, inactions) a result that the Commission did not intend when it ruled that Arizona Water Company should be awarded a CCN for parcel 8, consistent with the landowner's wishes.

Arizona Water Company believes the Commission (through ALJ Farmer) should conduct a brief hearing and take evidence as to the circumstances why Arizona Water Company has not been able to comply with the Order Preliminary as to parcel 8. Fundamental due process and fairness, as well as preemption of the Commission's jurisdiction over public utility corporations by a municipality, are implicated by Eloy's conduct. A municipality, having intervened and presented its case and not prevailed, should not be able through its own deliberate actions to thwart the Commission's will, to the prejudice of the ultimate property owners and customers.

Arizona Water Company appreciates that this is an unusual request, but given the impending expiration of the one year condition as to parcel 8, respectfully urges that the Commission consider this request to stay that portion of the Order Preliminary during its upcoming open meetings so that the March 23, 2007 deadline does not pass due to Eloy's refusal to approve Arizona Water Company's timely and appropriate request for a franchise or right-of-way to serve parcel 8.

Sincerely yours,



Steven A. Hirsch
Counsel for Arizona Water Company

SAH:ct

March 5, 2007

Page 3

cc: Lyn Farmer, Chief Administrative Law Judge
Thomas H. Campbell, Esq.
Michael T. Hallam, Esq.
Gary L. Vasques, Esq.
Michael W. Patten, Esq.
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February 8, 2007

Honorable Chairman Hatch-Miller
Commissioner William A. Mundell
Commissioner Mike Gleason
Commissioner Kristin K. Mayes
Commissioner Gary Pierce
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Arizona Corporation Commission
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Re: Docket No. W-01445A-05-04⁶59

Dear Chairman Hatch-Miller and Commissioners:

I have received and reviewed a copy of a Staff Memorandum that was filed in this docket on December 5, 2006. The Staff Memorandum indicates that the Staff does not support Arizona Water Company's request for additional time to obtain the consent of, or a city franchise from, the City of Eloy to serve my development, which is located in what was referred to as parcel eight in Decision No. 68607 in this case.

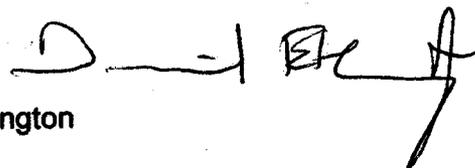
I testified at the December 2005 hearing in this matter in support of the approval of Arizona Water Company's application to expand its certificated area to include and serve several areas, including my property on which I want to build my development. I still want to be served by Arizona Water Company, and not by the City of Eloy, which is holding up my plans by refusing to issue a permit or franchise to Arizona Water Company. I am ready to receive water service, and have requested it from Arizona Water Company, but from what I can see, the sole reason that Arizona Water Company is not being allowed to serve me is the City of Eloy's lack of cooperation.

February 8, 2007

Page 2

I am requesting by this letter that you approve Arizona Water Company's request for additional time to comply with the conditions of Decision No. 68607 that concern parcel eight, and that you also urge the City of Eloy to cooperate with Arizona Water Company so that I may receive water service to my development. Thank you for your consideration.

Very truly yours,

A handwritten signature in black ink, appearing to read "Derrick Ethington". The signature is stylized with a large initial "D" and a long horizontal stroke.

Derrick Ethington

c: Docket Control
Arizona Corporation Commission
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