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MEMORANDUM

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TO: Docket Control Center
Arizona Corporation Commission

Arizona Corporation Commission

DOCKETED

MAY 23 2007

FROM: Ernest G. Johnson
Director
Utilities Division

for

DATE: May 23, 2007

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AZ CORP COMMISSION
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RE: HASSAYAMPA UTILITIES COMPANY, INC. - MOTION FOR EXTENSION OF COMPLIANCE FILING DATES (DOCKET NO. SW-20422A-05-0659)

In Decision No. 68922, dated August 29, 2006, the Arizona Corporation Commission ("A.C.C." or "Commission") approved the application of Hassayampa Utilities Company, Inc. ("HUC") for a Certificate of Convenience and Necessity ("CC&N") to provide wastewater utility service in Arizona. As part of Decision No. 68922, the Commission ordered HUC to docket various compliance items at various dates.

On April 30, 2007, HUC filed a "Motion For Extension of Time" relating to four Commission required filings that were to be received from three separate sources: one with the Maricopa County Associations of Governments ("MAG"), two with the Maricopa County of Environmental Services Department ("MCESD") and one with the Arizona Department of Environmental Quality ("ADEQ"). The extension items, their current due date and the Company proposed extension dates are shown below.

<u>Item Description</u>	<u>Current Due Date</u>	<u>Co. Proposed Due Date</u>
1) MAG 208 Plan.	April 30, 2007	April 30, 2008
2) Approval to Construct from MCESD.	July 31, 2007	July 31, 2008
3) Approval of Construction from MCESD.	April 30, 2008	April 30, 2009
4) Aquifer Protection Permit or Az. Pollutant Discharge Elim. System Permit from ADEQ	April 30, 2008	April 30, 2009

In its application, the Company stated that HUC has encountered unexpected delay(s) in obtaining the 208 plan amendment, and therefore requests that all four deadlines be extended by one year each. The Company provided information describing the process and its supporting rationale for the delay, including:

- "The ATC, AOC and APP cannot be issued until the 208 plan amendment is approved."
- Because the property is located in unincorporated Maricopa County, MCESD must sponsor the 208 to MAG before MAG will further consider it.

- The sponsor typically must also request a “letter of no objection” from any municipality within three miles of the proposed 208 service area.
- For Hassayampa Ranch, this request was made to the Town of Buckeye.
- MCESD, Hassayampa Ranch Ventures, L.L.C., and HUC attempted repeatedly to obtain a no objection letter from the Town of Buckeye.
- Buckeye refused to issue such a letter and ultimately issued an objection letter late last summer. This objection was based on Hassayampa Ranch’s decision to not be annexed into the Town.
- At that time, MCESD was not ready to sponsor the original HUC MAG 208 plan Amendment (dated September 30, 2005) without Buckeye’s support.
- HUC was coincidentally in a position to expand and regionalize their 208 Plan Amendment to include Belmont and 339th Avenue developments and, with MCESD’s input, submitted a new 208 Plan Amendment in October 2006, which consolidated HUC’s Hassayampa Ranch service area with these other developments into the HUC Northeast 208 Plan Amendment (HUC NE 208).
- As of February 27, 2007, HUC has MCESD sponsorship, despite Buckeye’s repeated objections, of the HUC NE 208.
- HUC is now working with MAG to prepare a final draft version to be brought to the public and MAG committees.
- HUC anticipates obtaining local approval with MAG by September 2007.
- HUC hopes to have ADEQ certification by October 2007.
- The HUC NE 208 would then be sent to the EPA, which has 120 days to review.

The Company’s position is that if the MAG, ADEQ and EPA approval milestones are reached, the HUC NE 208 (Compliance Item #1, above) will be fully approved in February 2008. The Company could then begin the 12-15 month process for obtaining the other approvals – including the Approval to Construct and Approval of Construction from MCESD and the Aquifer Protection Permit (or the Arizona Pollutant Discharge Elimination System permit (“AZPDES”)) from ADEQ (Compliance Item Numbers 2, 3 and 4, above). The Company therefore requests that the Commission provide a one year extension on each compliance item.

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Staff reviewed the "Motion for Extension of Time" document filed by the Company and believes that the reasons provided are reasonable and that a one-year time extension is reasonable. Additionally, Staff recommends that the Company should not be allowed another time extension for these items.

Therefore, based on the information provided in the application and based on Staff's recommendation, Staff does not object to the Company's request for separate one year extensions on the filing dates for the MAG 208 Plan, Approval to Construct, Approval of Construction and the Aquifer Protection Permit / AZPDES permit – or with the Company's resulting due dates (outlined on page one of this report). However, Staff does recommend that the Company receive no further extensions on the Compliance items discussed herein.

EGJ:BKB:lmh

Originator: Brian K. Bozzo

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DOCKET NO. SW-20422A-05-0659

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