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MEMORANDUM

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TO: Docket Control Center

2008 JAN -8 P 12: 13

Arizona Corporation Commission

FROM: Ernest G. Johnson
Director
Utilities Division

DOCKETED

JAN 8 2008

AZ CORP COMMISSION
DOCKET CONTROL

DATE: January 8, 2007

DOCKETED BY

RE: ARIZONA WATER COMPANY - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES (DOCKET NO. W-01445A-05-0389)

In Decision No. 68442, dated February 2, 2006, the Arizona Corporation Commission ("A.C.C." or "Commission") approved the application of Arizona Water Company ("Arizona Water" or "Company") for an extension of its Certificate of Convenience and Necessity ("CC&N"). In issuing its decision, the Commission ordered the Company to provide filings relating to Certificates of Assured Water Supply ("CAWS"), Executed Main Extension Agreements ("MXAs) and Certificates of Approval to Construct ("ATC").

Specifically, Decision No. 68442 ordered the following:

- a) "that the Company file, within 365 days of the effective date of this Decision, with the Commission's Docket Control, as a compliance item, a copy of the respective developer's Certificate of Assured Water Supply issued by the Arizona Department of Water Resources for the areas described in Exhibit A."
- b) "that the Company file, within 365 days of the effective date of this Decision, with the Commission's Docket Control, as a compliance item, copies of any executed main extension agreements."
- c) "that the Company file, within 365 days of the effective date of this Decision, with the Commission's Docket Control, as a compliance item, copies of the respective Certificates of Approval to Construct issued by the Arizona Department of Environmental quality for the construction of mains in the three extension areas."

Exhibit A of the application included legal descriptions of three individual parcels. Specifically, for item number a and item number c above, Decision No. 68442 obligated the Company to provide a specific filing for each of the three individual parcels (Parcel One - Skousen Farms; Parcel Two - Lorensen Land and Cattle; and Parcel Three - Vail and Kleck). The Company had 365 days, until February 2, 2007, to provide these filings including copies of any executed MXAs outlined in item b.

On December 27, 2006, the Company filed for 365 days of additional time, until February 2, 2008, to provide the filings for the CAWS, the MXA, and the ATC. On February 1, 2007, via Procedural Order, the Commission granted the Company request and extended the CAWS, MXA and ATC due dates until February 2, 2008.

On December 13, 2007, Arizona Water docketed a request for additional time to comply with certain requirements in Decision No. 68442. The current request is for 365 days of additional time, until February 2, 2009, for the CAWS, MXA and ATC filings relating to Parcel Three in the decision. The Company application states that the Company has complied with each of the above requirements for Parcel One and Parcel Two and requests a 365 day extension of time only for the requirements associated with Parcel Three. As rationale for the extension, the Company application states that the Company has made substantial progress in compliance relating to the decision, that the current developer of the project had sent a letter reiterating the need for service in Parcel Three, and that the Company is currently providing service to 15 active customers in Parcel Three of the expansion area.

Staff confirmed that, on January 17, 2007, Mr. Kam Talebi, President of Vail and Kleck, L.L.C, docketed a letter stating that the property associated with Parcel Three was acquired by his firm in 2005. In his letter, Mr. Talebi stated that the Company is "still evaluating its development plans for the property". He closed with a statement that they still desire to receive service from Arizona Water.

Based on the application and all of the above, Staff does not object to the Company's request for a 365 extension of time to comply with the CAWS, MXA and ATC requirements outlined in Decision No. 68442. However, Staff recommends that there be no further time extensions be granted in this matter.

EGJ:BKB:lmh

Originator: Brian K. Bozzo

Attachment

SERVICE LIST FOR:
DOCKET NO.

ARIZONA WATER COMPANY
W-01445A-05-0389

Mr. Robert W. Geake
Arizona Water Company
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Phoenix, Arizona 85038-9006

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

Mr. Christopher C. Kempsey
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1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

Mike Gleason - Chairman
William A. Mundell
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Kristin K. Mayes
Gary Pierce

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SECRET CONTROL

Arizona Corporation Commission
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IN THE MATTER OF THE APPLICATION
OF ARIZONA WATER COMPANY FOR
AN EXTENSION OF ITS CERTIFICATE
OF CONVENIENCE AND NECESSITY AT
COOLIDGE, PINAL COUNTY, ARIZONA

DOCKET NO. W-01445A-05-0389

NOTICE OF FILING OF COMPLIANCE
ITEM/REQUEST FOR ADDITIONAL TIME
TO COMPLY WITH FILING
REQUIREMENT

On February 2, 2006 the Commission entered Decision No. 68442 in the above-captioned docket. Decision No. 68422 (the "Decision") approved Arizona Water Company's (the "Company") application for an extension of its Certificate of Convenience and Necessity for its Coolidge system. The first ordering paragraph of the Decision, at page 5, conditioned the approval of the extension on the conditions recommended by Staff, as set forth in Finding of Fact No. 18.

On February 1, 2007 Administrative Law Judge Marc E. Stern, via a procedural order, approved the Company's request for an extension of time, until February 2, 2008, to comply with the Decision.

The Company is now requesting an additional 365 days beyond the current compliance date, i.e., an extension to February 2, 2009, to comply. In support of this request, the Company presents the following reasons:

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1. For the Skousen Farms development (Parcel One in the Decision), a copy of the developer's ADEQ Certificate of Approval to Construct is attached hereto as Attachment A. For the Lorensen Land and Cattle development (Parcel Two in the Decision), the Company filed copies of the developer's ADEQ Certificate of Approval to Construct and a Main Extension Agreement in this docket on December 27, 2006, together with a copy of a Certificate of Assured Water Supply for the Skousen Farms development (as the Company pointed out at page 2, line 23 of its December 27 filing, the Lorensen Land and Cattle development will not involve subdivided land; therefore, pursuant to A.R.S. 45-576, a Certificate of Assured Water Supply is not necessary). Therefore, the Company has now complied with the Decision with respect to Parcels One and Two.

2. With respect to the Vail and Kleck, LLC development (Parcel Three in the Decision), the Company has received an updated development status report, dated September 27, 2007, from Kam Talebi, the Managing Partner of Vail and Kleck, LLC. A copy of the report is attached hereto as Attachment B. Mr. Talebi's letter confirms that Vail and Kleck, LLC is continuing with its plans to develop its property, but, understandably, market conditions have had an effect. In addition, Mr. Talebi has already confirmed his desire that the Company retain a Certificate of Convenience and Necessity for Parcel 3 and that water service will be required for the planned development per a letter that Mr. Talebi filed in this docket on January 17, 2007.

3. Finally, and, perhaps, most compelling, the Company is providing water service to 15 customers in the expansion area approved in the Decision.

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In consideration of the fact that, except for Parcel 3, as noted above, the Company has filed all of the compliance items required by the Decision, the Company submits that water service to these customers should not be subjected to any interruption, as the Company is in substantial compliance with the Decision.

In consideration of the foregoing, the Company respectfully requests another year, until February 2, 2009, to comply with the remaining conditions with respect to Parcel 3. This request should not prejudice any other party and, as noted above, the lack of an extension would result in significant adverse prejudice to the developer who is proceeding in good faith to develop its property in reliance upon the Decision and to the customers in the expansion area.

RESPECTFULLY SUBMITTED this 13th day of December 2007.

ARIZONA WATER COMPANY

By: Robert W. Geake
Robert W. Geake
Vice President and General Counsel
ARIZONA WATER COMPANY
Post Office Box 29006
Phoenix, Arizona 85038-9006

1 Original and thirteen (13) copies of the foregoing filed the 13th day of December 2007
2 with:

3 Docket Control Division
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 A copy of the foregoing was mailed this 13th day December 2007 to:

8 Christopher Kempley, Chief Counsel
9 Legal Division
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007

13 Ernest G. Johnson, Director
14 Utilities Division
15 Arizona Corporation Commission
16 1200 West Washington Street
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By: Robert W. Drake