

ORIGINAL



0000079687

MEMORANDUM

TO: Docket Control

FROM: Ernest G. Johnson
Director
Utilities Division

Date: December 10, 2007

RE: SUPPLEMENTAL STAFF REPORT FOR WATER UTILITY OF GREATER TONOPAH, INC. AND HASSAYAMPA UTILITY COMPANY, INC. - APPLICATION FOR EXTENSION OF CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER SERVICE (DOCKET NOS. W-02450A-06-0626 AND SW-20422A-06-0566)

Attached is the Supplemental Staff Report, as required by Procedural Order, for Hassayampa Utility Company, Inc.'s application for extension of its existing Certificate of Convenience and Necessity for wastewater services. Staff is recommending approval with conditions. The Staff Report for Water Utility of Greater Tonopah was filed in Docket No. W-02450A-06-0626, which has been consolidated with Docket No. SW-20422-06-0566.

EGJ:BNC:red

Originator: Blessing Chukwu

Arizona Corporation Commission
DOCKETED
DEC 10 2007

DOCKETED BY	nr
-------------	----

AZ CORP COMMISSION
DOCKET CONTROL

2007 DEC 10 P 3:57

RECEIVED

Service List for: Water Utility of Greater Tonopah, Inc. and Hassayampa Utility Company, Inc.
Docket Nos. W-02450A-06-0626 and SW-20422A-06-0566

Mr. Michael W. Patton
Mr. Timothy J. Sabo
Roshka DeWulf & Patten, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

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

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

SUPPLEMENTAL STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

HASSAYAMPA UTILITY COMPANY, INC.

DOCKET NO. SW-20422A-06-0566

APPLICATION FOR EXTENSION
OF EXISTING CERTIFICATE OF
CONVENIENCE AND NECESSITY

DECEMBER 10, 2007

STAFF ACKNOWLEDGMENT

The Supplemental Staff Report for Hassayampa Utility Company, Inc. (Docket No. SW-20422A-06-0566) was prepared by the Staff member signed below.

A handwritten signature in black ink, appearing to be 'B. Chukwu', written over a horizontal line.

Blessing Chukwu
Executive Consultant

**SUPPLEMENTAL STAFF REPORT
HASSAYAMPA UTILITY COMPANY, INC.
DOCKET NO. SW-20422A-06-0566**

On September 18, 2006, Hassayampa Utility Company, Inc. ("Hassayampa" or "Company") filed an application (Docket No. SW-20422A-06-0566) with the Arizona Corporation Commission ("ACC" or "Commission") for an extension of its Certificate of Convenience and Necessity ("CC&N") to provide wastewater services in Maricopa County, Arizona. On September 18, 2006, Water Utility of Greater Tonopah, Inc. ("WUGT") filed an application (Docket No. W-02450A-06-0626) with the Commission for an extension of its CC&N to provide water service in Maricopa County, Arizona. On August 8, 2007, by Procedural Order, WUGT and Hassayampa dockets were consolidated.

Staff filed its Staff Report in the WUGT docket (Docket No. W-02450A-06-0626) on July 23, 2007. On September 28, 2007, Staff filed its Staff Report on Hassayampa docket (Docket No. SW-20422A-06-0566). Hassayampa filed its Response to the Staff Report on October 12, 2007, and its Maricopa County Franchise for the extension area on October 26, 2007.

Hearing was scheduled for December 1, 2007. A few days before the hearing, Hassayampa informed Staff that it was changing its service plan for the requested CC&N area and would be filing a revised engineering memorandum to replace the original September 5, 2006 engineering memorandum. On November 5, 2007, Hassayampa filed a revised engineering memorandum and on November 15, 2007, filed a correction to the revised engineering memorandum. Due to the revision, by Procedural Order issued November 14, 2007, Staff was ordered, among other things, to file a Supplemental Staff Report on or before December 10, 2007.

On November 27, 2007, Hassayampa filed a revised response to the Staff Report. In the revised response to the Staff Report, the Company stated "HUC intends to seek approval for Campus 1 WRF as set forth in its original September 5, 2006 engineering memorandum submitted as part of the Application in this docket....., HUC is also withdrawing the revised engineering memorandum submitted in this docket on November 5, 2007 (as corrected on November 15, 2007)." Also in the revised response to the Staff Report, Hassayampa now agrees to withdraw its request for modification of the conditions recommended by Staff or has no objections to the conditions.

This Supplemental Staff Report addresses Hassayampa's application in Docket No. SW-20422A-06-0566.

Pursuant to ARS 40-282.B, every applicant for a CC&N and/or CC&N extension is required to submit to the Commission evidence showing that the applicant has received the required consent, franchise or permit from the proper authority. If the applicant operates in an unincorporated area, the Company has to obtain the franchise from the County. If the applicant

operates in an incorporated area of the County, the applicant has to obtain the franchise from the City/Town.

Staff has previously recommended that the Commission approve Hassayampa's application for an extension of its CC&N within portions of Maricopa County, Arizona, to provide wastewater services, subject to compliance with certain conditions. Among the conditions is a requirement that Hassayampa be required to file with Docket Control, as a compliance item in this docket, a copy of the franchise agreement from Maricopa County for the requested area, within 365 days of the decision in this matter. Hassayampa, on October 26, 2007, filed its Maricopa County Franchise for the extension area in the docket. As such, Staff believes that the franchise filing is complete, therefore, this condition is no longer necessary.

Staff since filing its Staff Report has considered changing its recommendation in this docket to an Order Preliminary to the issuance of a CC&N because of the initial indecisiveness of Hassayampa's plans regarding which facilities would come on line first. Because of the procedural status of this case, Staff has elected not to recommend an Order Preliminary. Had Staff not filed its Staff Report, Staff would most likely have recommended an Order Preliminary to the issuance of a CC&N. Since Hassayampa has withdrawn its revised engineering memorandum submitted in this docket on November 5, 2007 (as corrected on November 15, 2007) and reverted back to its original September 5, 2006 engineering memorandum submitted as part of the Application in this docket, Staff's recommendations remain unchanged, except in regards to the Maricopa County Franchise, which is no longer necessary. Hassayampa currently has no objections to Staff's recommendations in Docket No. SW-20422A-06-0566. (See Hassayampa's revised response to Staff Report filed November 27, 2007).

With regards to compliance with Decision No. 68922 and Decision No. 68307, according to the Utilities Division Compliance Section, there are no outstanding ACC compliance issues. It is Staff's understanding that Hassayampa intends to comply as ordered. According to the Applicants "Revised Response to Staff Report" filed on November 27, 2007, "HUC intends to seek approvals for the Campus 1 WRF." If Hassayampa fails to comply with Decision No. 68922, specifically as it relates to Campus 1 Water Reclamation Facilities ("WRF"), it would adversely affect the CC&N extension areas that are the subject of this application. Staff's review, analysis, and recommendations of this application are based on Campus 1 WRF, being that the WRF would serve the initial phase of the development in the CC&N extension area. Hassayampa has not installed any infrastructure and has no customers in the original CC&N area.

Staff recommends the Commission approve Hassayampa's application for an extension of its CC&N within portions of Maricopa County, Arizona, to provide wastewater services, subject to compliance with the following conditions:

1. To require Hassayampa to charge its authorized rates and charges in the extension area.

2. To require Hassayampa to file with Docket Control, as a compliance item in this docket, a copy of the ATC issued by Maricopa County Environmental Services Department ("MCESD") for Hassayampa Ranch WRF Campus No. 1, needed to serve the initial phase of the development in the requested area by July 31, 2008.
3. To require Hassayampa to file with Docket Control, as a compliance item in this docket, a copy of the ATC issued by MCESD for the sewer tie-in between Hassayampa Ranch WRF Campus No. 1 and the initial phase of the development in the requested extension area by April 30, 2009.
4. To require Hassayampa to file with Docket Control, as a compliance item in this docket, copies of the APP and AZPDES issued by Arizona Department of Environmental Quality for the Hassayampa Ranch WRF Campus No. 1, needed to serve the initial phase of the development in the requested area by April 30, 2009.
5. To require Hassayampa to comply with all requirements and conditions set forth in Decision No. 68922 (August 29, 2006) and Procedural Order issued on June 18, 2007, in Docket No. SW-20422A-05-0659.

Staff further recommends that the Commission's Decision granting the requested CC&N extension to Hassayampa be considered null and void, after due process, should Hassayampa fail to meet Conditions No. 2, 3, 4, and 5 listed above within the time specified.