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MEMORANDUM

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TO: Docket Control
FROM: Ernest G. Johnson
Director
Utilities Division

2008 APR 18 A 10:42

AZ CORP COMMISSION
DOCKET CONTROL

DATE: April 18, 2008

RE: IN THE MATTER OF RULEMAKING TO AMEND EXISTING RULES AND/OR ESTABLISH NEW RULES REGARDING THE COMMISSION'S REQUIREMENTS FOR APPLICATIONS REQUESTING APPROVAL TO OBTAIN A NEW CERTIFICATE OF CONVENIENCE AND NECESSITY OR EXTEND AN EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER AND SEWER UTILITIES (DOCKET NOS. RW-00000B-07-0051 AND RSW-00000A-07-0051)

At the Public Comment session held in Phoenix on April 15, 2008, the Administrative Law Judge ("ALJ") requested comments from Staff and inquired about certain language changes in the current and proposed. The ALJ asked Staff why it would not be acceptable for the Commission to add language in the Arizona Administrative Code ("the Rules") requiring a certificate of assured water supply, a designation of assured water supply or a designation of adequate water supply be filed in an application for a new Certificate of Convenience and Necessity ("CC&N") and for extensions of CC&Ns.

Staff responded that those approvals are not granted by the Arizona Department of Water Resources ("ADWR") until after a water utility receives its CC&N extension. The ALJ pointed out that there are instances where ADWR has included areas larger than utility's CC&N in the utility's designation of assured or adequate water supply. Staff requested some time to review this issue and volunteered to provide a memorandum addressing the issue on or before Monday, April 21, 2008.

ADWR will not issue, amend or expand a designation of assured water supply or a designation of adequate water supply until the water utility has received a decision from the Commission approving the CC&N or extension of the CC&N. Staff believes there are no instances where these approvals could be included in an application for a CC&N or extension of a CC&N. Therefore, Staff recommends against including such language in the Rules.

EGJ:LAJ:tdp

Originator: Linda A. Jaress

Arizona Corporation Commission

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