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MEMORANDUM

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FROM: Ernest G. Johnson
Director
Utilities Division

DOCKETED

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AZ CORP COMMISSION
DOCKET CONTROL

DATE: April 2, 2008

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RE: TACNA WATER MANAGEMENT – REQUEST FOR MOTION FOR EXTENSION OF TIME (DOCKET NO. W-01344A-04-0815)

In Decision No. 69208, dated December 21, 2006, the Arizona Corporation Commission (“A.C.C.” or “Commission”) approved the application of Tacna Water Management Company (“Tacna” or “Company”) for an extension of its Certificate of Convenience and Necessity (“CC&N”).

As part of Decision No. 69208, the Commission ordered the company to provide the following information by December 21, 2007:

- a) “a copy of the Arizona Department of Environmental Quality Approval to Construct for facilities needed to serve the extension areas conditionally granted herein.”
- b) “a copy of the fully executed main extension agreements for water facilities for the extension area ...”

On February 6, 2008, Tacna docketed a request for an extension of time until April 4, 2008, to provide the Arizona Department of Environmental Quality (“ADEQ”) Approval to Construct (“ATC”) as outlined above. First, Staff noted that the Commission ordered that the ATC be filed on December 21, 2007, and the Company’s application for extension was received on February 6, 2008.

In reviewing the application, Tacna states that they are “working with Associates Engineering and Yuma County Development” in an effort to get the ATC filed. Staff found that the application for extension of time did not include a request for extension on the Main Extension Agreement (“MXA”) obligation shown above. Rather, the Company stated in the application that the MXA would be submitted by February 15, 2008. A review of the Compliance and eDocket databases and a check with the Utilities Division MXA personnel indicate that the MXA has not been filed.

On March 26, 2008, Staff contacted Mr. Steve Kelland, Tacna manager to discuss the request for extension of time. Mr. Kelland stated that the ATC submission surrounds the drilling of a well. The ATC review will be accomplished through Yuma County as ADEQ has designated that review to the County. Mr. Kelland stated that the application was filed with Yuma County

and was returned for additional information which will take two weeks to be finalized and resubmitted. After that, he stated that the Yuma County process includes an expedited 15 day review period. When asked if the Company's April 4, 2008 extension date was still reasonable, Mr. Kelland said that the end of April or May would currently be more realistic. Staff accepted this as a verbal amendment to the April 4, 2008 due date which was outlined in the February 6, 2008 application. On March 26, 2008, Staff also contacted Mr. Rick Stacks, Environmental Programs Manager for the Yuma County Department of Developmental Services, to verify that the review will be done through the County. Mr. Stacks confirmed that his agency has designation authority from ADEQ to review the Tacna application and issue an ATC from the County.

During the March 26, 2008 conversation, Staff also asked Mr. Kelland about the MXA that the Company was going to provide to the Commission. He stated that the Company had 10 meetings over three months with various customers to facilitate those agreements but was unable to do so. They ultimately installed the facilities and the Company paid for them rather than executing MXA's. Mr. Kelland stated that the MXA contemplated in Decision No. 69208 has not and will not be executed and, therefore, the Company will not be able to provide the Commission with an MXA filing.

Staff Recommendation

Staff recommends that the Company request for extension of time to provide the ATC be granted and the due date for such compliance be May 30, 2008. Staff notes that, without provision of an MXA, the Company will technically remain out of compliance with Decision No. 69208 even after receipt of the pending ATC.

Staff also recommends that no further time extensions be granted.

EGJ:BKB:lhv

Originator: Brian K. Bozzo

Attachment

SERVICE LIST FOR: TACNA WATER MANAGEMENT COMPANY
DOCKET NO. W-01344A-04-0815

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