

ORIGINAL

OPEN MEETING ITEM



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COMMISSIONERS  
MIKE GLEASON - Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE



Executive Director

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ARIZONA CORPORATION COMMISSION

DATE: JULY 11, 2008  
DOCKET NO: W-01445A-05-0700 AND WS-01775A-05-0700  
TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Yvette B. Kinsey. The recommendation has been filed in the form of an Order on:

FRANCISCO GRANDE UTILITY COMPANY AND ARIZONA WATER COMPANY  
(EXTENDING TIME DEADLINE  
CONTAINED IN DECISION NO. 68654)

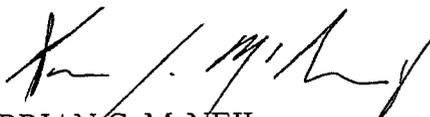
Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

JULY 21, 2008

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

JULY 29, 2008 AND JULY 30, 2008

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

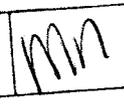
  
BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

AZ CORP COMMISSION  
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Arizona Corporation Commission  
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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

MIKE GLEASON - Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

IN THE MATTER OF THE JOINT APPLICATION OF: (1) FRANCISCO GRANDE UTILITY COMPANY, AN ARIZONA CORPORATION, TO TRANSFER A PORTION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY TO ARIZONA WATER COMPANY, AN ARIZONA CORPORATION; (2) ARIZONA WATER COMPANY TO INCLUDE CERTIFICATED AREA TO BE TRANSFERRED BY FRANCISCO GRANDE UTILITY COMPANY IN ARIZONA WATER COMPANY'S CASA GRANDE CERTIFICATE OF CONVENIENCE AND NECESSITY.

DOCKET NO. W-01445A-05-0700  
DOCKET NO. WS-01775A-05-0700

DECISION NO. \_\_\_\_\_

**ORDER EXTENDING TIME  
DEADLINE CONTAINED IN  
DECISION NO. 68654**

Open Meeting  
July 29 and 30, 2008  
Phoenix, Arizona

**BY THE COMMISSION:**

**FINDINGS OF FACT**

1. On October 4, 2005, Francisco Grande Utility Company ("Francisco") and Arizona Water Company ("AWC") ("Joint Applicants") jointly filed with the Arizona Corporation Commission ("Commission") to transfer a portion of Francisco's Certificate of Convenience and Necessity ("Certificate" or "CC&N") to AWC and for AWC to include the same area in AWC's Casa Grande Certificate.

2. On April 12, 2006, the Commission issued Decision No. 68654 approving the application of AWC and Francisco. Pursuant to Commission Decision No. 68654 (April 12, 2006), AWC was required to file the following compliance items:

- 1. Copies of the Arizona Department of Environmental Quality's Approval to Construct for facilities needed to serve the requested transfer areas within two years of the effective date of the Decision.

- 1           2.     A Notice of filing indicating Arizona Water Company has submitted for  
2                     Staff's review and approval, a copy of the fully executed main extension  
3                     agreements for water facilities for the requested transfer areas within  
4                     two years of the effective date of the Decision.
- 5           3.     A copy of the developers' Certificate of Assured Water Supply for the  
6                     requested transfer areas where applicable or when required by statute,  
7                     within two years of the effective date of the Decision.

8           3.     On March 10, 2008, AWC filed a Request for Additional Time for Compliance  
9                     ("Request") with Decision No. 68654, until April 12, 2010, to file the above compliance items. In  
10                    support of the Request, AWC included copies of letters from the owners of the majority of the  
11                    properties located in the approved expansion area stating their continuing need for service and intent  
12                    to develop. Some of the letters from the developers stated that their current plans are to develop  
13                    within 24 months and that if the market improves they hope to shorten that timeframe. Further, on  
14                    March 11, 2008, AWC filed an additional property owner letter which reaffirmed the owner's wish to  
15                    obtain water service from AWC.<sup>1</sup>

16           5.     On April 11, 2008, Staff filed a memorandum stating that Staff has no objection to  
17                     Arizona Water's request for additional time, until April 12, 2010, to comply with the requirements  
18                     outlined in Decision 68654. Staff further recommended that no further time extensions be granted in  
19                     this matter.

20           6.     AWC made a timely request to extend the compliance deadlines set forth in Decision  
21                     No. 68654. AWC also submitted letters from the owners of the majority of the properties located in  
22                     the approved extension area showing there is a continuing need for service and an intent to develop.  
23                     Therefore, we find that AWC's request for an extension of time is reasonable and should be granted.

24           7.     Further, although we are not adopting Staff's recommendation that no further time  
25                     extensions should be granted for AWC to comply with Commission Decision No. 68654, we will put  
26                     AWC on notice that any further requests for extensions of time to comply must demonstrate that  
27                     extraordinary circumstances exist that warrant additional time.

28           <sup>1</sup> See Request, Attachments 2-5.

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**CONCLUSIONS OF LAW**

1. Francisco Grande Utility Company and Arizona Water Company are a public service corporations within the meaning of Article XV of the Arizona Constitution and A.R.S. §§40-281 and 40-282.

2. The Commission has jurisdiction over Francisco Grande Utility and Arizona Water Company and the subject matter of the Request for Additional Time to Comply with Commission Decision No. 68654.

3. Staff's recommendations, as modified herein, are reasonable and should be adopted.

**ORDER**

IT IS THEREFORE ORDERED that Arizona Water Company's Request for an Extension of Time to Comply, until April 12, 2010, with Commission Decision No. 68654, is hereby granted.

IT IS FURTHER ORDERED that no additional extensions of time shall be granted regarding this matter absent extraordinary circumstances.

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IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_

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SERVICE LIST FOR: FRANCISCO GRANDE UTILITY COMPANY AND ARIZONA WATER COMPANY

DOCKET NOS. W-01445A-05-0700 and WS-01775A-05-0700

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