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MEMORANDUM

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FROM: Ernest G. Johnson
Director
Utilities Division

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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

AUG 19 2008

DATE: August 18, 2008

DOCKETED BY

RE: AVM-2005, L.L.C. AND SIGNAL PEAK WATER COMPANY - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINE (DOCKET NOS. W-20496A-06-0751 AND W-02109A-06-0751)

In Decision No. 69737, dated July 30, 2007, the Arizona Corporation Commission ("Commission") approved the application of Signal Peak Water Company, Inc. for approval of the sale of its assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to AVM-2005, L.L.C ("AVM").

As part of Decision No. 69737, the Commission ordered the following:

"that AVM file, for the 12 months from the effective date of this Decision, with the Commission's Docket Control, as a compliance item in this docket, ADEQ documentation which establishes that AVM's water is being monitored and tested monthly for total coliform analysis and establishes that AVM is providing water which meets the requirements of the Safe Drinking Water Act "

Based on the July 30, 2007 date of Decision No. 69737, the due date for the above mentioned ADEQ documentation was July 30, 2008.

On July 28, 2008, AVM docketed the attached motion for extension of time requesting until January 30, 2009 for the provision of the required Arizona Department of Environmental Quality ("ADEQ") documentation. In the application, the Company stated that a previous certified operator appeared to have misunderstood the ADEQ requirements and this has significantly delayed the effort for this compliance item. The Company states that they have hired a new operator who, upon discovering the error, has been working with ADEQ to achieve compliance. The required testing has now been completed and filed with ADEQ but has not been processed by ADEQ. AVM further stated that they were unaware of the oversight of this former employee and only just discovered that they could not meet the Commission deadline and would need an extension of time. Due to this unforeseen error, they are requesting the extension of time to allow ADEQ time to process the testing and issue the appropriate compliance documents to the Company for submission to the Commission.

Staff contacted Mr. M. Ryan Hurley, attorney to the Company, to discuss the status of the filing. He indicated that the Company was awaiting ADEQ processing on the testing information and on the issuance of documentation and stated that the 6 month extension period was the

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maximum period they expected to need in order to receive the ADEQ documentation and provide it to the Commission. Staff also contacted Ms. Donna Calderon, ADEQ manager, to discuss the timing of the issuance of the ADEQ documentation. She indicated that some additional information would be required for ADEQ to determine the status of the Company and that the Company would also be responsible for requesting a Drinking Water Status Report from ADEQ which will take time to prepare.

Staff Recommendation

Based on the application and all of the above, Staff does not object to the Company request for extension of the ADEQ documentation requirement until January 30, 2009.

EGJ:BKB:lm

Originator: Brian K. Bozzo

Attachment

SERVICE LIST FOR:
DOCKET NO.

AVM-2005, L.L.C. AND SIGNAL PEAK WATER COMPANY
DOCKET NOS. W-20496A-06-0751 & W-02109A-06-0751

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Attorneys for Transferee AVM-2005, L.L.C.

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THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF THE) **DOCKET NO. W-20496A-06-0751**
APPLICATION OF SIGNAL PEAK) **W-02109A-06-0751**
WATER COMPANY, INC. FOR)
APPROVAL OF THE SALE OF ITS) **DECISION NO. 69737**
ASSETS AND TRANSFER OF ITS)
CERTIFICATE OF CONVENIENCE) **MOTION FOR EXTENSION OF**
AND NECESSITY TO AVM-2005,) **TIME**
L.L.C.

On July 30, 2007, an Opinion and Order (Decision No. 69737) was entered in this case that granted the Applicant's request, but which, in addition, required the Transferee AVM-2005, L.L.C. ("AVM") to file ADEQ documentation showing compliance with various testing requirements (*See* Decision No. 69737, paragraph 20) within one (1) year of the effective date of the Order.

AVM has been working diligently to file all compliance items pursuant to the Order. Unfortunately the previous Certified Water Operator apparently misunderstood the ADEQ requirements, thus significantly delaying AVM's compliance efforts. AVM has hired a new Certified Water Operator who discovered this error and who has been working with ADEQ to achieve compliance as soon as possible. The testing required by ADEQ and required for compliance with the Commission's Order have been completed and filed at ADEQ. Unfortunately they have not yet been processed by ADEQ and AVM

will be unable to meet the compliance deadline for this item of July 30, 2007 as required by the Order (07-30-08).

AVM was unaware of this oversight by their previous employee and only recently discovered that they would be unable to meet their compliance deadline. Thus, they were unaware until now of the need to request an extension of time from the Commission.

AVM feels that it has moved with all due speed to meet the Commission's requirements, and indeed has satisfied all other compliance items. However due to the error of their previous Certified Water Operator which was only recently discovered they are respectfully requesting an extension of six (6) months to allow ADEQ time to process the testing and issue the proper compliance documents.

Therefore, AVM herewith moves to extend the date for the required filing of ADEQ documentation from July 30, 2008 to January 30, 2009.

RESPECTFULLY SUBMITTED this 28th day of July, 2008.

Rose Law Group pc



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ORIGINAL and thirteen (13) copies of
the foregoing were delivered via Hand Delivery
this 28th day of July, 2008, to:

Arizona Corporation Commission
Docket Control
1200 Washington Street
Phoenix, Arizona 85007

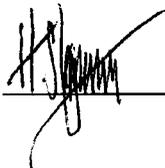
A copy of the foregoing was delivered via U.S. Mail
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