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**ORIGINAL**

**MEMORANDUM**

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TO: Docket Control Center

Arizona Corporation Commission 2009 JAN 28 P 1:11

FROM: Ernest G. Johnson  
Director  
Utilities Division

**DOCKETED**

JAN 28 2009

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: January 28, 2009

DOCKETED BY 

RE: SUNRISE UTILITIES, L.L.C. (DOCKET NO. WS-04247A-04-0604) AND BEAVER DAM WATER COMPANY (DOCKET NO. W-03067A-04-0216) - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES

In Decision No. 68247, dated October 25, 2005, the Arizona Corporation Commission ("Commission") approved the application of Sunrise Utilities, L.L.C. ("Sunrise" or "Company") for a Certificate of Convenience and Necessity ("CC&N") to provide water and wastewater service in Mohave County, Arizona. In issuing its decision, the Commission ordered the Company to provide certain documents to the Commission. Specifically, Decision No. 68247 ordered that Sunrise should file the following within 365 days of the effective date of the decision:

- a) "a copy of its Mohave County Franchise for its water facilities.
- b) "a copy of the Arizona Department of Environmental Quality ("ADEQ") Certificate of Approval to Construct ("ATC") its public water facilities."
- c) "a copy of the ADEQ Certificate of Approval to Construct its arsenic treatment facilities, if necessary."
- d) "a copy of the developers' Letter(s) of Adequate Water Supply, stating that there is an adequate water supply..."
- e) "a copy of the Letter of Intent and/or the Aquifer Protection Permit ("APP") to be issued by ADEQ."

Based on the October 25, 2005 date of the decision, the original due date of the above items was October 25, 2006. In the intervening period, two of the five items shown above have been provided to the Commission and one has been removed as a compliance requirement.

First, the Mohave County Franchise (Item a above) was docketed on January 25, 2007. Second, the Company is no longer under Commission order to provide the Arizona Department of Environmental Quality ("ADEQ") Approval to Construct ("ATC") for the arsenic treatment facilities (Item c above). The Company provided evidence that their arsenic level is below the Environmental Protection Agency ("EPA") new maximum contaminant level, thus removing the need for the construction of arsenic facilities. This was reflected in a February 20, 2008 Procedural Order, where Sunrise was formally relieved of its obligation to provide the ATC for its

arsenic treatment facilities. Third, on November 14, 2008, the Company docketed the Arizona Department of Water Resources ("ADWR") Analysis of Adequate Water Supply (Item d above).

Based on the above, the obligation for Items a, c and d above have been met. The remaining compliance items are the ATC for public water facilities (Item b above) and Letter of Intent and/or APP issued by ADEQ (Item e above).

On November 14, 2008, the Company filed a request for extension of time to comply with the remaining items in Decision No. 68247. The filing seeks to extend the current October 25, 2008 deadlines, until October 25, 2009, for the provision of the remaining items. The attached application outlines a number of issues that have contributed to the delay in the overall subdivision development and in the ultimate regulatory approval and subsequent Commission compliance for this decision. These included the chaotic real estate market in general, changes in underlying real estate ownership, financial documentation needs at ADEQ, new controlling shareholders, and substantial technical review timeframes. The Company also acquired new wells which required a redesign of the distribution system by a new engineering firm. In its letter re-emphasizing its need for service, the developer - Scenic Investments L.L.C. - explained that it has been necessary for the subdivision's preliminary plat to be replatted several times.

In this case, the Company has demonstrated through the completion of several compliance items that the administrative and regulatory processing of the development has been ongoing and is moving toward completion.

Based on the application and all of the above, Staff does not object to the Company's request for an extension of time until October 25, 2009 to comply with the ADEQ ATC for public water facilities and the ADWR Letter of Intent and/or APP as required by Decision No. 68247. However, Staff recommends that no further time extensions be granted in this matter.

EGJ:BKB:lhlm

Originator: Brian K. Bozzo

Attachment

SERVICE LIST FOR:  
DOCKET NOS.

SUNRISE UTILITIES, L.L.C. AND BEAVER DAM WATER CO.  
WS-04247A-04-0604 AND W-03067A-04-0216

Beaver Dam Water Company  
P.O. Box 550  
Beaver Dam, Arizona 86432

Mr. Richard Sallquist  
Sallquist, Drummond & O'Connor  
1430 East Missouri, B-125  
Phoenix, Arizona 85014  
Attorneys for Sunrise Utilities, L.L.C.

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

Ms. Janice Alward  
Chief Counsel, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

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

**ORIGINAL**

**SALLQUIST, DRUMMOND & O'CONNOR, P.C.**

ATTORNEYS AT LAW

TEMPE OFFICE

4500 S. Lakeshore Drive

SUITE 339

TEMPE, ARIZONA 85282

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ARIZONA CORPORATION COMMISSION  
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PHONE (480) 839-5202  
FACSIMILE (480) 345-0412  
E-MAIL dick@sd-law.com

RICHARD L. SALLQUIST

November 14, 2008

Arizona Corporation Commission  
**DOCKETED**

**HAND DELIVERY**

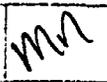
Kay Kilger

Arizona Corporation Commission

Docket Control

1200 West Washington Street

Phoenix, Arizona 85007

DOCKETED BY 

Re: Sunrise Utilities, LLC; Docket Nos. WS-04247A-04-0604 and W-03067A-04-0216;  
Decision No. 68247; Request for Extension of Time to Comply

Dear Ms. Kilger:

The subject Company hereby requests an extension of the due dates for the Compliance Items established in the Procedural Order dated February 20, 2008 for the Arizona Department of Environmental Quality's ("ADEQ") Approval to Construct ("ATC") for water facilities and the Aquifer Protection Permit ("APP"), and the Arizona Department of Water Resources' ("ADWR") Adequacy Analysis, all of which were due October 25, 2008.

The ADWR Adequacy Analysis was recently issued on July 9, 2008, and has now been docketed under separate cover, a copy of which is attached hereto.

As one might expect in this chaotic real estate market, some of the underlying real estate has changed hands. Certain interests in the Company have also been realigned and were finalized just this week. That realignment solved the provision of the financial assurances required by ADEQ as indicated in our October 20, 2007 Request for Extension for the APP. That financial documentation will be filed with ADEQ by the new controlling shareholders within 10 business days. As also stated in our October 12, 2007 Request, the Company expects the Technical Review to be completed within five to six months of providing that financial information.

The Application for the ATC for Water Facilities is expected to be filed within 30 days, with a six month processing time. The Company has acquired additional existing wells, which were also utilized in the ADWR Analysis review. These new sources

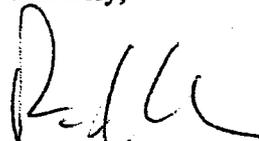
Kay Kilger  
November 14, 2008  
Page 2

required the Company's new engineering firm to redesign the distribution system. Also, the subdivisions were replatted as explained in the Developer's letter of support for the extension, which letter is attached.

The Company now believes the obstacles to timely obtaining the Compliance Items have been resolved. Therefore, the Company hereby requests the Commission extend the Compliance Dates for the ADEQ APP, the ADEQ ATC for water facilities, and the ADWR Adequacy Analysis be extended to October 25, 2009.

Thank you for your consideration in this regard. In the event you have any questions regarding this matter, please do not hesitate to call the undersigned.

Sincerely,



Richard L. Sallquist

Enclosures

Cc: Brian Bozzo  
Mike Black