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MEMORANDUM

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TO: Docket Control Center

FROM: Ernest G. Johnson
for Director
Utilities Division

DATE: February 13, 2009

RE: TONTO VILLAGE WATER COMPANY, INC. - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES (DOCKET NO. W-01580A-04-0672)

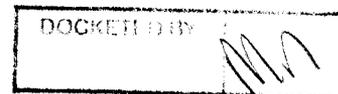
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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

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FEB 13 2009



In Decision No. 68066, dated August 17, 2005, the Arizona Corporation Commission ("Commission") approved the application of Tonto Village Water Company, Inc. ("Tonto Village" or "Company") for a rate increase. In issuing its decision, the Commission ordered that the Company install a new water source and provide the associated Arizona Department of Environmental Quality ("ADEQ") Approval of Construction ("AOC").

Specifically, Decision No. 68066 ordered that Tonto Village should:

"install its planned new water source by June 30, 2006, and file a copy of its ADEQ Approval of Construction with Docket Control by June 30, 2006."

The new water source installation was not completed by the original June 30, 2006 due date. On July 10, 2006, stating that it lacked financial resources, Tonto Village requested a one year extension of time until June 30, 2007. On November 17, 2006, Staff docketed a memorandum recommending that the Company be granted an extension of time until April 30, 2008 to install the planned new water source and file the associated ADEQ AOC. On December 4, 2006, an evidentiary hearing was requested by the Commission and a hearing was ultimately conducted on February 12, 2007. On September 27, 2007, the Commission issued Decision No. 69911, which granted an extension of time and ordered that Tonto Village file a copy of its ADEQ AOC by April 30, 2008.

Subsequent to all of the above, on May 14, 2008, Tonto Village filed a motion entitled "request for extension to install water source" which sought another one-year extension of time, until April 30, 2009, for completion of the water source requirement. On June 17, 2008, Staff docketed a response in which it did not object to the idea of an extension but recommended an extension of time until December 31, 2008, rather than the Company requested extension date of April 30, 2009. These matters lead to the Commission issuing Decision No. 70465, dated August 6, 2008. Decision No. 70465 granted an extension of time, until December 31, 2008, for the Company to install its planned new water source and docket the ADEQ AOC by that date.

On January 22, 2009, Mr. John G. Gliege, the attorney for Tonto Village, docketed another request for extension of time to provide the ADEQ AOC on the planned new water source. The application provided the following update on the current status of the well project:

- The well drilling was completed on December 1, 2008.
- The Drill Rig was removed from the site on December 5, 2008.
- The well was successfully test pumped on December 11, 2008.
- Water Samples were drawn and taken to the testing lab in Tempe, Arizona on December 11, 2008.
- The lab indicated that it would be four to six weeks before all the tests on the water were completed.
- Tonto Village's engineer has prepared and submitted plans to the ADEQ for the installation of a permanent pump in the well and for its connection to the water system of the Company.
- ADEQ has indicated that it could be up to six weeks before these plans can be reviewed and final approval given for the installation of the pump and the connection to the water system.

In the application, Mr. Gliege states that "in light of these minor delays" his client would like the compliance requirements delayed until a few weeks after the ADEQ review. This would allow for the installation of the pump and the connection of the well to the system. He states that his client anticipates that the project will be completed by May 1, 2009.

On February 13, 2009, Staff contacted Mr. Gliege to discuss the request for extension and obtain a project update to determine if the May 1, 2009 date outlined in the application was currently feasible. Mr. Gliege stated that the water testing has now been received from the testing lab and the testing has been remitted to ADEQ. He further stated that the ADEQ AOC is forthcoming and he felt the May 1, 2009 proposed date remained acceptable.

Based on the application and all of the above, Staff will not object to the Company's request for an additional extension of time to comply with the installation of the planned new water source and the provision of the AOC as required in Decision No. 68066 and affirmed through Decision No. 69911 and Decision No. 70465. Staff, therefore, recommends that the due date for the new well source project be moved to May 1, 2009. Staff also recommends that no further extensions of time be granted.

EGJ:BKB:lh

Originator: Brian K. Bozzo

Attachments

SERVICE LIST FOR:
DOCKET NOS.

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W-01580A-04-0672

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