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BEFORE THE ARIZONA CORPORATION

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Arizona Corporation Commission

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AZ CORP COMMISSION  
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FEB 27 2009

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IN THE MATTER OF THE APPLICATION OF  
THE BURLINGTON NORTHERN AND SANTA  
FE RAILWAY COMPANY DBA AUBREY  
WATER COMPANY FOR APPROVAL OF A  
PERMANENT WATER RATE INCREASE.

DOCKET NO. W-03476A-06-0425

MOTION FOR EXTENSION OF  
TIME TO FILE REVISED WATER  
LOSS ANALYSIS PROGRAM

The Burlington Northern and Santa Fe Railway Company dba Aubrey Water Company ("Aubrey Water" or Company"), through undersigned counsel, hereby requests a twelve (12) month extension of time until February 28, 2010, to file its Revised Water Loss Analysis Program with the Arizona Corporation Commission ("Commission").

**I. BACKGROUND**

On March 22, 2007, the Commission issued Decision No. 69379 (the "Decision") in the above-captioned matter. The Decision approved a rate increase for Aubrey Water, but stayed the implementation of the rate increase until such time as the Company completed three compliance items, including the reduction in water loss on the Company's system to 10 percent.<sup>1</sup> To that end, the Decision required the Company to implement a Water Loss Analysis Program ("Initial Program") and file water loss and monitoring reports each January and July demonstrating the Company's progress in implementing the Initial Program recommendations and reducing system water loss to 10 percent, as required in the Decision. If the Company did not achieve 10 percent water loss on its system by December 31, 2008, the Decision required the Company to file a Revised Water Loss Analysis Program ("Revised Program") by February 28, 2009.

<sup>1</sup> Aubrey Water has since met the first two compliance items which required that the Company demonstrate i) its compliance with Arizona Administrative Code, Title 18, Chapter 4; and ii) that its books and records are in compliance with the NARUC USOA, although Staff must still file a memorandum regarding the latter.

Snell & Wilmer

LLP  
LAW OFFICES  
One Arizona Center, 400 E. Van Buren  
Phoenix, Arizona 85004-2202  
(602) 382-6000

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1           On January 30, 2009, Aubrey Water filed its January 2009 Water Loss Analysis Program  
2 Progress Report and 2009 Monitoring Report with the Commission (“January 2009 Reports”).  
3 The January 2009 Reports indicate that the Company has implemented all of the Initial Program  
4 recommendations to bring the water loss to 10 percent or less within 18 months of the Decision,  
5 but that the Company has still not achieved a 10 percent or less water loss for the system.  
6 Accordingly, the Decision requires Aubrey Water to file a Revised Program by February 28,  
7 2009.

8           On February 19, 2009, the Company met with Staff to discuss the January 2009 Reports,  
9 as well as the requirement that Aubrey Water file a Revised Program by February 28, 2009. The  
10 Company explained to Staff that despite its best efforts, as well as the expenditure of significant  
11 money since the issuance of the Decision, the achievement of a 10 percent system loss does not  
12 appear to be attainable. Accordingly, rather than filing and implementing a Revised Program,  
13 the Company informed Staff that it would prefer to work with the Commission to explore other  
14 options to reduce water loss to levels consistent with a system of comparable age, size and  
15 geographic characteristics.

16       **II. REQUEST FOR EXTENSION OF TIME TO FILE REVISED PROGRAM**

17           Although Aubrey Water has implemented all of the recommendations from its Initial  
18 Program, almost two years have passed since the issuance of the Decision and the Company has  
19 still been unable to achieve a 10 percent or less water loss for the system. Therefore, Aubrey  
20 Water has been unable to implement the Commission-approved rate increase. Notwithstanding,  
21 the Company is committed to reducing water loss on its system. To that end, Aubrey Water has  
22 ordered a pump-skid system to replace the two main pumps at the wellhead to address consistent  
23 water loss from the pumps. The pumps should be delivered during the first quarter of 2009.  
24 Additionally, Aubrey Water has engaged Mr. Ray Jones of Aricor Water Solutions to provide  
25 consulting services to the Company, as well as to assist the Company in addressing the water  
26 loss issue.

27           Within the next 90 days, the Company will prepare and file with the Commission, an  
28 application pursuant to A.R.S. §40-252, to revisit the compliance water loss requirements of the

1 Decision in light the Company's experience dealing with this issue over the past two years, as  
2 well as to include Mr. Jones' findings and recommendations regarding the system. The  
3 Company believes that an A.R.S. §40-252 process will take approximately 9 to 12 months which  
4 may ultimately render the necessity of filing a Revised Program moot if the Decision is  
5 amended. The Company, therefore, requests a 12-month extension of time to file a Revised  
6 Program until February 28, 2010.

7 DATED this 27th day of February, 2009.

8 SNELL & WILMER L.L.P.

9  
10 By 

11 Jeffrey W. Crockett  
12 Bradley S. Carroll  
13 One Arizona Center  
14 400 East Van Buren  
15 Phoenix, Arizona 85004-2202  
16 Attorneys for Aubrey Water Company

17 ORIGINAL and 13 copies of the foregoing  
18 filed this 27th day of February, 2009, with:

19 Docket Control  
20 ARIZONA CORPORATION COMMISSION  
21 1200 West Washington Street  
22 Phoenix, Arizona 85007

23 Copies of the foregoing delivered  
24 this 27th day of February, 2009, to:

25 Ernest Johnson, Director  
26 Utilities Division  
27 ARIZONA CORPORATION COMMISSION  
28 1200 West Washington Street  
Phoenix, Arizona 85007

Brian Bozzo, Compliance Manager  
Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, Arizona 85007

1 Katrin Stukov, Engineer  
2 Utilities Division  
3 ARIZONA CORPORATION COMMISSION  
4 1200 West Washington Street  
5 Phoenix, Arizona 85007

6 Marc E. Stern, Administrative Law Judge  
7 ARIZONA CORPORATION COMMISSION  
8 Hearing Division  
9 1200 West Washington Street  
10 Phoenix, Arizona 85007

11 Kevin Torrey, Attorney  
12 ARIZONA CORPORATION COMMISSION  
13 Legal Division  
14 1200 West Washington Street  
15 Phoenix, Arizona 85007

16 Margaret B. Schagrapewa

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