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BEFORE THE ARIZONA CORPORATION CO.

COMMISSIONERS

- KRISTIN K. MAYES - Chairman
- GARY PIERCE
- PAUL NEWMAN
- SANDRA D. KENNEDY
- BOB STUMP

Arizona Corporation Commission

DOCKETED

MAR 17 2009

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY FOR AN EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY.

DOCKET NO. W-01445A-05-0389

DECISION NO. 70844

ORDER EXTENDING TIME DEADLINE CONTAINED IN DECISION NO. 68442

Open Meeting  
March 3 and 4, 2009  
Phoenix, Arizona

BY THE COMMISSION:

\* \* \* \* \*

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. On February 2, 2006, the Arizona Corporation Commission ("Commission") issued Decision No. 68442 which approved a request for an extension of Arizona Water Company's ("Company" or "Applicant") Certificate of Convenience and Necessity ("Certificate") to provide public water service to three parcels of land<sup>1</sup> located in both the City of Coolidge ("City"), and in portions of Pinal County, Arizona subject to certain conditions to be completed within one year of the Decision by February 2, 2007.

2. As a condition of the Commission's approval, the Company was required to do the following:

- that the Company charge its existing rates and charges for its Coolidge system in the proposed extension area;

<sup>1</sup> The three parcels were known as the Skousen, Lorenson and Vail parcels.

- 1 • that the Company file, within 365 days of the effective date of this  
2 Decision, with the Commission's Docket Control, as a compliance item, a  
3 copy of the respective developer's Certificate of Assured Water Supply  
4 ("CAWS") issued by the Arizona Department of Water Resources  
5 ("ADWR") for the areas described in Exhibit A;
- 6 • that the Company file, within 365 days of the effective date of this  
7 Decision, with the Commission's Docket Control, as a compliance item,  
8 copies of any executed main extension agreements;<sup>2</sup> and
- 9 • that the Company file, within 365 days of the effective date of the  
10 Decision, with the Commission's Docket Control, as a compliance item,  
11 copies of the respective Certificates of Approval to Construct ("CAC")  
12 issued by the Arizona Department of Environmental Quality for the  
13 construction of mains in the three extension areas.

14 3. On December 27, 2006, the Company filed a request for a one-year extension of time,  
15 until February 2, 2008, to complete the compliance requirements for Decision No. 68442. The  
16 Company indicated that it was in partial compliance with Decision No. 68442 and had filed some of  
17 the required documentation and stated that development was going forward on the three parcels of  
18 land included in the extension area.

19 4. On January 4, 2007, by Procedural Order, the Commission's Utilities Division  
20 ("Staff") was directed to file a response to the Company's request by January 18, 2007. Staff did not  
21 file any objections to this request by the Company.

22 5. On January 17, 2007, the owner of the Vail parcel filed a letter in support of the  
23 Company's request for an extension of time.

24 6. On February 1, 2007, by Procedural Order, the Company was granted an additional  
25 extension of time, until February 2, 2008, to comply with Decision No. 68442.

26 7. On December 13, 2007, the Company filed another request for an additional one-year  
27 extension of time, until February 2, 2009, to complete the compliance requirements for Decision No.  
28 68442. The Company indicated that it was in partial compliance with Decision No. 68442 and had  
completed the required compliance filing on the Skousen and Lorenson parcels and stated that  
development was going forward on the three parcels of land included in the extension area.

8. On January 8, 2008, Staff filed a memorandum with respect to the Company's

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<sup>2</sup> Staff notes that since the date of Decision No. 68442, Commission extension Decisions no longer require the filing of main extension agreements in the docket because the Commission's rules require that main extension agreements be filed with Staff for approval.

1 additional request for an extension of time, until February 2, 2009, to meet the compliance  
2 requirements of Decision No. 68442. Staff confirmed the completion of the compliance requirements  
3 for the Skousen and Lorenson parcels and confirmed that development was proceeding on the third  
4 parcel. Staff concluded that it did not object to the Company's request for an extension of time, until  
5 February 2, 2009, to complete the compliance requirements for the third parcel, but recommended  
6 that no further extensions of time be approved after the aforementioned date.

7 9. On January 24, 2008, by Procedural Order, the Company was granted an additional  
8 extension of time to comply with Decision No. 68442 until February 2, 2009, to meet the compliance  
9 requirements of the Decision.

10 10. On December 17, 2008, the Company filed a request for a third extension of time, this  
11 time for two years, until February 2, 2011, to complete its compliance requirements for the third  
12 parcel known as the Vail parcel. Attached to the Company's request was a letter from the CEO of the  
13 company which owns the Vail parcel. He indicates that his firm still desires water service for the  
14 parcel and states that development is to begin within 24 months "if market conditions do not worsen."

15 11. On January 28, 2009, Staff filed a memorandum in response to the Company's third  
16 request for an extension of time to comply with Decision No. 68442. Staff weighed the pros and  
17 cons for a further extension of time for the Company to meet the compliance for the third parcel and  
18 pointed out that the third parcel consists of only 160 acres and is essentially surrounded by, and is  
19 adjacent to, the Company's existing certificated service area. Staff ultimately concluded that the  
20 requested extension of time is in the best interest of all of the parties adding that it would not be  
21 economically or operationally feasible for a water provider other than the Company to provide  
22 service and recommends approval of the Company's request.

23 12. Under the circumstances, we find that Company's December 17, 2008, request for an  
24 additional extension of time is reasonable and should be approved.

#### 25 CONCLUSIONS OF LAW

26 1. The Company is a public service corporation within the meaning of article XV of the  
27 Arizona Constitution and A.R.S. §§ 40-252, 40-281 and 40-282.  
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2. The Commission has jurisdiction over the Company and the subject matter of the request addressed herein.

3. Staff's recommendations for the extension of time to file copies of the required documentation as set forth in Findings of Fact No. 2 should be adopted.

**ORDER**

IT IS THEREFORE ORDERED the Arizona Water Company is hereby granted an extension of time, until February 2, 2011, to file copies of the required documents as set forth in Decision No. 68442.

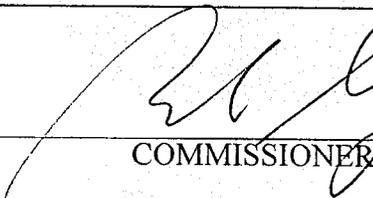
IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

  
CHAIRMAN

  
COMMISSIONER

COMMISSIONER

  
COMMISSIONER

  
COMMISSIONER

IN WITNESS WHEREOF, I, MICHAEL P. KEARNS, Interim 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 17th day of MARCH, 2009.

  
MICHAEL P. KEARNS  
INTERIM EXECUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_

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SERVICE LIST FOR:

ARIZONA WATER COMPANY

DOCKET NO.:

W-01445A-05-0389

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