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BEFORE THE ARIZONA CORPORATION CO.

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

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

APR - 7 2009

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY AT COOLIDGE, PINAL COUNTY, ARIZONA.

DOCKET NO. W-01445A-06-0317

DECISION NO. 70950

ORDER EXTENDING TIME DEADLINE CONTAINED IN DECISION NO. 69386

Open Meeting
March 31 and April 1, 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 May 4, 2006, Arizona Water Company ("AWC") filed with the Arizona Corporation Commission ("Commission") an application for an extension of its Certificate of Convenience and Necessity ("Certificate" or "CC&N") for its Coolidge system.

2. On March 22, 2007, the Commission issued Decision No. 69386, which approved AWC's application to extend its CC&N to include approximately 21 square miles of land adjacent to its Coolidge System. The Decision required AWC, among other things, to comply with the following:

a. That AWC file within one year of the Decision, a copy of the first Approval to Construct ("ATC") from the Arizona Department of Environmental Quality ("ADEQ") for the facilities needed to serve the requested area.

1 b. That AWC file within one year of the Decision, a copy of the first developer's
2 Certificate of Assured Water Supply ("CAWS") from the Department of Water Resources
3 ("ADWR").

4 3. On January 9, 2008, AWC filed a copy of the first ATC for the facilities needed to
5 serve the extension area, in compliance with Decision No. 69386. In the same filing, AWC requested
6 an extension of time, until March 22, 2009, to file a copy of the first developer's CAWS. By
7 Procedural Order issued on March 4, 2008, AWC was granted an extension of time, until March 22,
8 2009, to file the first developer's CAWS.

9 4. On January 16, 2009, AWC filed a Request for Additional Time to Comply with
10 Filing Requirements ("Request") set forth in Decision No. 69386. The Request seeks to extend the
11 compliance deadline to file a copy of the CAWS for the first developer, until March 22, 2011.

12 5. In support of its Request, AWC stated it has complied with all but one of the
13 requirements set forth in Decision No. 69386. Further, AWC has a pending ADWR application for a
14 Physical Availability Determination ("PAD") for its Pinal Valley System, which includes the
15 Coolidge System that is the subject of the Decision. According to AWC's Request, the developments
16 within the extension area may need to rely on the PAD, but AWC does not believe the PAD will be
17 approved before March 22, 2009.

18 6. AWC's Request states that AWC is currently serving customers in the extension area.
19 Under a lease agreement with the City of Coolidge, AWC is providing water to the Coolidge Airport
20 and eight other customers in the extension area. Further, AWC attached to its Request a copy of an
21 application for an Analysis of Assured Water Supply ("AAWS") submitted to ADWR by the
22 developer for a development in the extension area. AWC states the application for an AAWS is a
23 preliminary step towards a CAWS.

24 7. AWC's Request included 41 letters from property owners expressing a continued
25 need and desire for water service in the extension area. According to AWC, the property owner
26 letters cover approximately 5,920 acres out of the 13,440 acres in the extension area.

27 8. On February 11, 2009, the Commission's Utilities Division ("Staff") filed a response
28 ("Response") to AWC's Request. Staff recommends granting AWC a two year extension of time to

1 file the CAWS because AWC and the first developer have taken steps toward ultimately fulfilling the
2 compliance requirements of Decision No. 69386, a significant number of property owners have a
3 continuing desire and need for service, and AWC is currently serving the Coolidge Airport and eight
4 other customers in the extension area.

5 9. Staff further recommends that if, after the recommended two year extension, AWC
6 files for an additional extension of time, the Commission should require AWC to show there is an
7 imminent need for water service for each section of land in the CC&N extension area. Absent a
8 strong showing of need, Staff recommends the Commission grant no further extensions of time to
9 comply with Decision No. 69386.

10 10. Based on the above facts, we believe AWC's request for an extension of time, until
11 March 22, 2011, to file a copy of the first developer's CAWS is reasonable.

12 11. Staff has recommended that any additional requests for extensions of time to comply
13 with Decision No. 69386, must include a strong showing that there is an imminent need for service
14 for each section of land in the CC&N extension. We will evaluate the specific facts and
15 circumstances of any future requests for extension of time by AWC and AWC should be on notice
16 that future requests must demonstrate that extraordinary circumstances exist that warrant granting
17 additional time for compliance.

18 CONCLUSIONS OF LAW

19 1. AWC is a public service corporation within the meaning of Article XV of the Arizona
20 Constitution and A.R.S. §§40-281 and 40-282.

21 2. The Commission has jurisdiction over AWC and the subject matter of the Request for
22 Additional Time to Comply with Commission Decision No. 69386.

23 3. Staff's recommendation that AWC should receive an extension of time to comply with
24 Decision No. 69386 is reasonable.

25 ORDER

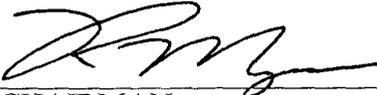
26 IT IS THEREFORE ORDERED that Arizona Water Company's request for an extension of
27 time, until March 22, 2011, to file a copy of the first developer's Certificate of Assured Water Supply
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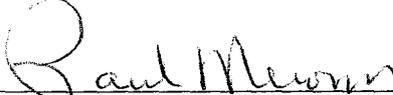
1 for the extension area conditionally granted in Decision No. 69386 is hereby granted.

2 IT IS FURTHER ORDERED that Arizona Water Company shall be on notice that any future
3 requests for extensions of time to comply with Decision No. 69386, must demonstrate that
4 extraordinary circumstances exist.

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

6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

7
8  _____
9 CHAIRMAN  _____
10 COMMISSIONER

11  _____
12 COMMISSIONER  _____
13 COMMISSIONER  _____
14 COMMISSIONER

15 IN WITNESS WHEREOF, I, MICHAEL P. KEARNS, Interim
16 Executive Director of the Arizona Corporation Commission,
17 have hereunto set my hand and caused the official seal of the
18 Commission to be affixed at the Capitol, in the City of Phoenix,
19 this 7th day of APRIL, 2009.

20 
21 MICHAEL P. KEARNS
22 INTERIM EXECUTIVE DIRECTOR

23 DISSENT _____

24 DISSENT _____

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