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MEMORANDUM

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Director  
Utilities Division

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AZ CORP COMMISSION  
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Arizona Corporation Commission  
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JUN 3 2009

DATE: June 3, 2009

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RE: EMPIRITA WATER COMPANY, L.L.C. - MOTION FOR EXTENSION OF COMPLIANCE FILING DATE DEADLINE (DOCKET NO. W-03948A-06-0490 - DECISION NO. 69399)

On March 29, 2007, the Commission granted an Order Preliminary for Empirita Water Company, L.L.C. ("Empirita" or "Company") to extend its Certificate of Convenience and Necessity ("CC&N") upon completion of the requirements contained in Findings of Fact Nos. 43 and 45 in Decision No. 69399.

On September 3, 2008, the Commission issued Decision No. 70476 which granted Empirita the CC&N extension. Decision No. 70476 ordered that Empirita shall file:

"...all remaining compliance items in Decision No. 69399 in the times specified and if Empirita fails to do so, the CC&N extension described by Exhibit A shall be considered null and void after due process."

The compliance condition that the Company file the Approval of Construction ("AOC") for the water plant additions needed to serve the Redhawk II development is the only remaining item related to Decision No. 69399. The Company states in its extension request that the dramatic decrease in the rate of new home construction and the development of residential subdivisions has impacted the anticipated development timeline for the Redhawk II subdivision. The Company is requesting an additional two years, until September 3, 2011, to provide the AOC. The Company provided a letter from the developer which indicated a continued need for water service and the desire that Empirita be that water provider.

Staff Recommendation

Staff understands the downturn in the economy has put a damper on much of the development in the state and is concerned with projects being put on hold and the possibility of the development never taking place. However, in light of the continued need and request for service

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from the developer, Staff recommends approval of the Company's motion for extension of time to file the Approval of Construction for the water plant additions needed to serve the Redhawk II development until September 3, 2011.

Staff recommends that no further extensions of time be granted in this case.

EGJ:KDB:lm

Originator: Kimberly D. Battista

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DOCKET NO.                   W-03948A-06-0490

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