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MEMORANDUM

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FROM: Ernest G. Johnson
Director
for Utilities Division

Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DATE: June 17, 2009

DOCKETED BY

RE: RED ROCK UTILITIES, L.L.C. - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES (DOCKET NO. WS-04245A-07-0363)

In Decision No. 70030, dated December 4, 2007, the Arizona Corporation Commission ("Commission") approved the application of Red Rock Utilities, L.L.C. ("Red Rock" or "Company") for an extension of its Certificate of Convenience and Necessity. In issuing its decision, the Commission ordered that Red Rock:

"file within 24 months of the effective date of this Decision a copy of the Approval to Construct for Phase I issued by the ADEQ."

Based on the December 4, 2007 date of Decision No. 70030, the original Commission due date on the above item is December 4, 2009.

On May 8, 2009, the Company filed a motion for an extension of time to file an Approval to Construct ("ATC") from the Arizona Department of Environmental Quality ("ADEQ") for the water system facilities needed to serve Phase I of the Verano master-planned community in Pima County, Arizona. The Company requests a two year extension of time, until December 4, 2011, to file the ATC.

In its motion, the Company states that the dramatic decrease in the rate of new home construction and the development of residential subdivisions and master-planned communities has impacted the timeline for development of the Verano master-planned community in Pima County. The Company attached a letter from the developer, South Wilmot Land Investors, L.L.C. ("SWLI"), which confirms its need for service and its desire that Red Rock be the water provider. SWLI also includes a list of activities to date on the Verano project. SWLI requested that Red Rock seek a two year extension of time to file the ATC for the initial development phase of the Verano project.

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 from the developer, Staff recommends approval of the Company's motion for extension of time to file the ATC for the water system facilities needed to serve Phase I of the Verano master-planned community in Pima County until December 4, 2011.

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

EGJ:KDB:lm

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DOCKET NOS. WS-04245A-07-0363

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