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MEMORANDUM

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FROM: Steven M. Olea  
Director  
Utilities Division

DATE: September 11, 2009

RE: WATER UTILITY OF GREATER TONOPAH, INC. AND HASSAYAMPA UTILITIES COMPANY, INC. – RESPONSE TO REPLY IN SUPPORT OF MOTION FOR EXTENSION OF TIME (DOCKET NOS. W-02450A-06-0626 AND SW-20422A-06-0566)

Arizona Corporation Commission

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2009 SEP 11 P 3:34

AZ CORP COMMISSION  
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In Decision No. 70357, dated May 16, 2008, the Arizona Corporation Commission (“Commission”) approved the application of Water Utility of Greater Tonopah, Inc. (“WUGT”) and Hassayampa Utilities Company, Inc. (“HUC”) (collectively, “the Utilities”) for extensions of their Certificates of Convenience and Necessity (“CC&N”) to provide water and wastewater utility service in various parts of Maricopa County, Arizona. As part of Decision No. 70357, the Commission ordered WUGT and HUC to docket various compliance items at various dates. These items, their original due date and the requested extension dates are shown below:

Company	Item Description	Due Date	Extension Request
WUGT	ADWR Designation of Assured Water Supply for the first subdivision	May 16, 2010	none requested
WUGT	Approval of Construction from MCESD for the initial water plant facilities, including production, storage and water distribution system to serve the initial phase of the development	May 16, 2010	December 31, 2012
HUC	Approval to Construct from MCESD for the sewer tie-in between Water Reclamation Facility Campus No. 1 and the initial phase of the development	April 30, 2009	December 31, 2012
HUC	Aquifer Protection Permit (APP) for the Water Reclamation Facility Campus No. 1 needed to serve the initial phase of the development	April 30, 2009	December 31, 2012

In the motion, HUC and WUGT have noted that development in the extension area has been severely impacted by the current economic crisis. The Hassayampa Ranch Water Reclamation Facility (“WRF”) Campus No. 1 has not been constructed and it will not be needed for several more years. Thus, the interconnect between Phase 1 of the development and the WRF will not be needed for several more years. Further, HUC states that the APP carries with it

annual costs and is not needed for several more years, therefore it is not prudent for HUC to incur these costs now.

On June 25, 2009, Staff filed a response to the Company's motion recommending the denial of the extension of time. Staff is concerned with projects being put on hold indefinitely or developments never taking place. On July 15, 2009, WUGT and HUC filed a reply in support of the Motion for Extension of Time responding to Staff's filed response. On August 18, 2009, a Procedural Order was issued which ordered Staff to file a response to the new information submitted by WUGT and HUC on or before September 30, 2009.

#### Staff Recommendation

Staff reviewed the information that was submitted by WUGT and HUC. In reviewing the requests for service from the developers, it was noted that there was no date certain indicated for development to take place. The letters from the developers do request service from WUGT and HUC; however; they do not define an apparent need for service in the near future in the CC&N extension area. Staff also noticed that a request for service was not obtained for the Desert Whisper development.

Staff understands the downturn in the economy and has noted that many developers have gone bankrupt and developments have been abandoned across the state. In this case, the developers indicate that the approval process is ongoing and that development may not take place for several more years. Therefore, Staff continues to recommend denial of the Company's motion for extension of time to file the required compliance items in Decision No. 70357. In the alternative, Staff recommends that the Commission issue an Order Preliminary utilizing the Utilities proposed dates for compliance which would require full compliance with Decision No. 70357 by WUGT and HUC before a Final Order granting a full CC&N is issued.

SMO:KDB:lhbm

Originator: Kimberly Battista

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Hassayampa Utilities Company, Inc.  
DOCKET NOS. W-02450A-06-0626 and SW-20422A-06-0566

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