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MEMORANDUM

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Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

TO: Docket Control Center

FROM: Steven M. Olea  
Director  
Utilities Division

DATE: January 8, 2010

RE: WATER UTILITY OF GREATER TONOPAH - DOCKET NO. W-02450A-06-0253

In Decision No. 70037, dated December 4, 2007, the Arizona Corporation Commission (“Commission”) approved the application of Water Utility of Greater Tonopah, Inc. (“WUGT” or “Company”) for inclusion of a portion of a development known as Balterra in its Certificate of Convenience and Necessity (“CC&N”) relating to water service in Maricopa County, Arizona. As part of Decision No. 70037, the Commission ordered the following of the Company:

“...shall file with Docket Control, as a compliance item in this docket within two years of the effective date of this Order, copies of the Certificates of Approval of Construction issued by the Maricopa County of Environmental Services Department or Arizona Department of Environmental Quality for its water source, treatment plant, storage tanks and water distribution system for the proposed water system.”

“...shall file with Docket Control, as a compliance item in this docket, within two years of the effective date of this Order, a copy of its Discharge Authorization Letter issued by the Arizona Department of Environmental Quality for its proposed treatment plant.”

“...shall file with Docket Control, as a compliance item in this docket, by December 31, 2009, a copy of its Designation of Assured Water Supply or a copy of the Developer’s Certificate of Assured Water Supply issued by the Arizona Department of Water Resources for the extension area.”

Based on the Commission ordered timeframes shown above, the original due date for compliance with these requirements was December 4, 2009, for both the Certificates of Approval of Construction (“AOC”) and Discharge Authorization Letter and December 31, 2009, for the Designation of Assured Water Supply (“DAWS”)/Certificate of Assured Water Supply (“CAWS”).

On December 4, 2009, WUGT filed a “Motion for Extension of Time” to comply with the Approval of Construction and Discharge Authorization Letter obligations in Decision No. 70037. The Company identified the rationale for the delay of these items was due to the downturn in the housing market. They further identified that the Company was forced to choose between requesting the extension of time or “building the water system before it was needed” and further stated that construction would be both “expensive and premature” at the current time. The application states

that the Company and its parent (Global Water Resources) have already met compliance obligations with arsenic treatment obligations, participated in the Lower Hassayampa Sub-Basin study with the Arizona Department of Water Resources in order to ultimately obtain the Designation of Assured Water Supply and obtained the Maricopa County Franchise for the extension area and supplied it to the Commission. The application points out that these items are requirements of Decision No. 70037 and asserts that their provision demonstrates that WUGT has made substantial investments to comply with Decision No. 70037. The Company requests an extension of the AOC and Discharge Authorization Letter due dates from December 4, 2009 to December 4, 2013.

On December 31, 2009, WUGT filed a separate "Motion for Extension of Time" to comply with the Designation of Assured Water Supply ("DAWS")/Certificate Assured Water Supply ("CAWS") obligation also in Decision No. 70037. This application states that the Company has filed its application for DAWS with Arizona Department of Water Resources ("ADWR"). It identifies the application as a regional application covering all of WUGT's service areas and notes that the application is part of ADWR's review of issues in the Lower Hassayampa Sub-Basin. The Company points out that Karen Smith, Deputy Director of ADWR, stated via letter to the Commission, that the agency has been working tirelessly with developers and water providers to "achieve sustainable water use in the Lower Hassayampa Sub-Basin. In aggregate, the Company states that WUGT has "worked diligently with ADWR, local landowners and other stakeholders in pursuing the DAWS". The Company requests an extension of the DAWS/CAWS due date from December 31, 2009 to December 31, 2012.

As the December 4, 2009 and December 31, 2009 applications for extension of time are for compliance obligations within the same decision (Decision No. 70037), Staff has addressed them together in this memorandum. This filing therefore provides Staff's recommendations for both the December 4, 2009 and December 31, 2009 applications for extension of time by WUGT.

Staff is aware of the downturn in the housing market and the difficulty this has brought to the Arizona economy. It remains an ongoing concern. Further, the Company has been involved in the analysis of Lower Hassayampa Sub-Basin issues and has provided information for ADWR to utilize in that capacity. They have also accomplished other compliance items relating to arsenic and Franchise requirements associated with Decision No. 70037. Based on all of the above, Staff does not object to the WUGT extension of time requests for Decision No. 70037 as listed below:

<u>Compliance Item</u>	<u>Extension Date</u>
Certificates of Approval of Construction	December 4, 2013
Discharge Authorization Letter	December 4, 2013
DAWS/CAWS	December 31, 2012

SMO:BKB:lh

Originator: Brian K. Bozzo

SERVICE LIST FOR:  
DOCKET NO.

WATER UTILITY OF GREATER TONOPAH, INC.  
W-02450A-06-0253

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