

ORIGINAL

MEMORANDUM
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TO: Docket Control Center

FROM: Steven M. Olea
Director
Utilities Division

DATE: April 12, 2010

RE: DIVERSIFIED WATER UTILITIES, INC. - REQUEST FOR EXTENSION TO
COMPLY WITH DECISION NO. 70181 (DOCKET NO. W-02859A-04-0844)

Arizona Corporation Commission
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AZ CORP COMMISSION
DOCKET CONTROL

In Decision No. 70181, dated February 27, 2008, the Arizona Corporation Commission (“Commission”) approved the application of Diversified Water Utilities, Inc. (“Diversified” or “Company”) for an extension of its Certificate of Convenience and Necessity (“CC&N”) in Pinal County, Arizona.

As part of Decision No. 70181, the Commission ordered Diversified to provide the following filings within two years, on or before February 27, 2010:

“A copy of the Arizona Department of Environmental Quality Approval to Construct for the water plant facilities needed to serve the first development in the extension area granted herein.”

“The developer’s Arizona Department of Water Resources Certificate of Assured Water Supply for the first subdivision in the extension area.”

On January 20, 2010, Diversified docketed a “Request for Extension to Comply” seeking an extension of time of not less than two years, or until February 27, 2012, for the provision of the above Arizona Department of Environmental Quality (“ADEQ”) Approval to Construct (“ATC”) and Arizona Department of Water Resources (“ADWR”) Certificate of Assured Water Supply (“CAWS”) filings.

The application states that the additional time is needed “due to the slowdown of development caused by the State’s current economic situation”. The Company further states that it has spent “substantial time and money processing an application for a CAWS with the ADWR. Diversified claims that ADWR “altered its criteria for reviewing such applications” and this necessitated “Diversified’s development of a new hydrologic model for its certificated area”. The Company states that ADWR is still in the process of “reviewing and commenting” on the model and the pending application for CAWS. Regarding the CAWS review process, Staff contacted Mr. Rick Obenshain, team leader in the Assured and Adequate Water Supply division of ADWR. Mr. Obenshain confirmed that the Company’s application would have been delayed while waiting on ADWR to update a numeric groundwater model which is used to process CAWS applications.

The original CC&N docket included letters requesting service that were provided by the two property owners, the Arizona State Land Department ("ASLD") and Wolfkin Farms, L.L.C. ("Wolfkin"). Staff endeavored to re-contact the property owners to confirm that they still owned the properties and continued in their prior request for service.

Staff contacted Ms. Cynthia Stefanovic, in the Water Rights and Agriculture Section of the ASLD, to discuss their need for service. On March 23, 2010, Staff asked Ms. Stefanovic to confirm how soon the ASLD expected to require water service. Ms. Stefanovic stated that an answer to that question was not known at this time but that the project was not included in their five (5) year plan.

Staff also contacted Ms. Kathy Aleman and Ms. Penny Wolfswinkel, who serve as corporate managers for Wolfkin. On March 9, 2010, Wolfkin provided correspondence which stated:

"We respectfully request that the decision to keep our Section 13 property in DWU be reversed ..."

Based on the above, Staff has determined that there is no immediate need for service to support Diversified's request for extension of time. Staff therefore recommends that Diversified's two year request for extension of time for the provision of the ADEQ ATC and ADWR CAWS be denied.

SMO:BKB:lmh

Originator: Brian K. Bozzo

SERVICE LIST FOR: DIVERSIFIED WATER UTILITIES, INC.
DOCKET NO. W-02859A-04-0844

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