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MEMORANDUM
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TO: Docket Control Center

FROM: Steven M. Olea
Director
Utilities Division

DATE: June 11, 2010

RE: IN THE MATTER OF THE APPLICATION OF DIVERSIFIED WATER UTILITIES, INC. TO EXTEND ITS CERTIFICATE OF CONVENIENCE AND NECESSITY IN PINAL COUNTY, ARIZONA (DOCKET NO. W-02859A-04-0844)

Arizona Corporation Commission

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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 issuing its decision, the Commission ordered the Company to file within two years after the effective date of the Order:

"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"

"a copy of the developer's Arizona Department of Water Resources Certificate of Assured Water Supply for the first subdivision in the extension area"

Based on the February 27, 2008 date of the decision, the due date of the above items was February 27, 2010. On January 20, 2010, Diversified filed a motion for extension of time until February 27, 2012, for provision of the above items.

Staff contacted the Company in an attempt to collect updated requests for service from property owners and developers within the extension area. Unfortunately, none of the property owners or developers in the extension area has started development and there is no estimate as to when water service will be needed.

On April 12, 2010, Staff filed its response to the Company's motion for extension of time recommending denial. On April 13, 2010, Diversified filed notice of withdrawal of its request for extension of time to comply with Decision No. 70181. Diversified stated in its filing that none of the property owners or developers have provided any of the required compliance filings and there is no timetable for compliance in the foreseeable future.

Currently, the Company is out of compliance with Decision No. 70181 which granted a conditional extension of the Company's Certificate of Convenience and Necessity based upon compliance with the conditions stated above. Per Decision No. 70181, if Diversified fails to comply with the conditions of the Decision within the required timeframe, the extension to its

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CC&N conditionally granted shall become null and void, after due process. Staff recommends that the Hearing Division issue a Recommended Opinion and Order recommending the Commission deem the Company's extension of its CC&N null and void based upon non-compliance with Decision No. 70181. Staff further recommends that Docket No. W-02859A-04-0844 be closed upon the effective date of the above recommended Commission Order in this matter.

SMO:KDB:lm

Originator: Kimberly D. Battista

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

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