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**MEMORANDUM
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FROM: Steven M. Olea
Director
Utilities Division

2010 JUL 19 A 10:30

AZ CORP COMMISSION
DOCKET CONTROL

DATE: July 19, 2010

Arizona Corporation Commission
DOCKETED

JUL 19 2010

RE: REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES –
GLOBAL WATER – PICACHO COVE UTILITIES COMPANY
GLOBAL WATER – PICACHO COVE WATER COMPANY
(DOCKET NOS. SW-20494A-06-0769 AND W-20495A-06-0769)

DOCKETED BY	<i>MS</i>
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In Decision No. 70312, dated April 24, 2008, the Arizona Corporation Commission (“Commission”) approved the applications of Global Water – Picacho Cove Utilities Company (“Picacho Utilities”) and Global Water – Picacho Cove Water Company (“Picacho Water”) for Certificates of Convenience and Necessity (“CC&Ns”).

As part of Decision No. 70312, the Commission ordered that within two years of the effective date of the decision, Global Water – *Picacho Cove Utilities Company* should file the following items as compliance items with the ACC’s Docket Control:

“Copies of Global Water – Picacho Cove Utilities Company’s General Permits for the collection system for Phase 1 of the initial phase of the Picacho Citrus and Langley Picacho Views developments.”

“A copy of Global Water – Picacho Cove Utilities Company’s Aquifer Protection Permit.”

As part of Decision No. 70312, the Commission separately ordered that within two years of the effective date of the decision, Global Water – *Picacho Cove Water Company* should file the following items as compliance items with Docket Control:

“Copies of Global Water – Picacho Cove Water Company’s Approval to Construct for Phase 1 of the initial phase of the Picacho Citrus and Langley Picacho Views developments.”

“Either (i) a copy of Global Water – Picacho Cove Water Company’s Approval to Construct for an arsenic treatment system or (ii) a copy of Global Water – Picacho Cove Water Company’s ADEQ approval of an arsenic blending plan.”

“A copy of Global Water – Picacho Cove Water Company’s Designation of Assured Water Supply.”

Based on the April 24, 2008 date of Decision No. 70312 and the two year compliance timeframes granted by the Commission, the above compliance items had required due dates of April 24, 2010.

On April 23, 2010, Picacho Utilities and Picacho Water (together "Picacho") docketed a motion requesting a two and a half year extension of time from the Commission ordered April 24, 2010 due date until October 30, 2012. The application states that Picacho is requesting the extension due to "the economic downturn and the well-publicized decline in the housing market in Arizona". The Company rationalizes that the outlay of funds necessary to complete and provide the above compliance items is not currently prudent because the facilities will not be necessary until there is a recovery in the Pinal County housing market.

Picacho notes that the Company has continued to pursue regional planning and other activities such as a "plan for the use of recycled water" and entering into a Memorandum of Understanding ("MOU") with the City of Eloy to outline provisions on "regional planning, water resources management and economic development". This MOU includes a planning area, granted by the City of Eloy, in which Picacho states they have continued to seek planning opportunities such as a "planned regional transportation hub" which they expect to be completed before the residential areas develop in the CC&N areas.

In summary, Picacho states that it would not be appropriate to proceed with the projects necessary to provide the Decision No. 70312 compliance and therefore requests an extension of time on each item from April 24, 2010 until October 30, 2012.

Staff concludes that it is not unreasonable that the Company would seek an extension of time based on postponed development in this real estate market and in this economic downturn. Staff further notes that on July 2, 2010, the Company provided Staff with an updated request for service from the developer.

Based on the application and all of the above, Staff does not object to Picacho Utilities or Picacho Water's request for an extension of time until October 30, 2012 for the provision of the Compliance items listed above.

SMO:BKB:lhmm

Originator: Brian K. Bozzo

SERVICE LIST FOR: GLOBAL WATER – PICACHO COVE UTILITIES COMPANY
GLOBAL WATER – PICACHO COVE WATER COMPANY
DOCKET NOS. SW-20494A-06-0769 & W-20495A-06-0769

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