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COMMISSIONERS  
KRISTIN K. MAYES - Chairman  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

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Executive Director

ARIZONA CORPORATION COMMISSION 2010 AUG 26 A 9:46

ALL CORP COMMISSION  
DOCKET CONTROL

DATE: AUGUST 26, 2010  
DOCKET NOS.: SW-20494A-06-0769 and W-20495A-06-0769

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Sarah N. Harpring. The recommendation has been filed in the form of an Order on:

GLOBAL WATER-PICACHO COVE UTILITIES COMPANY and  
GLOBAL WATER-PICACHO COVE WATER COMPANY  
(EXTENSION OF TIME DEADLINE CONTAINED  
IN DECISION NO. 70312)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

SEPTEMBER 7, 2010

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

SEPTEMBER 21, 2010 and SEPTEMBER 22, 2010

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission

DOCKETED

AUG 26 2010

ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

DOCKETED BY

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 KRISTIN K. MAYES, Chairman  
4 GARY PIERCE  
5 PAUL NEWMAN  
6 SANDRA D. KENNEDY  
7 BOB STUMP

8 IN THE MATTER OF THE APPLICATION OF  
9 GLOBAL WATER-PICACHO COVE UTILITIES  
10 COMPANY FOR A CERTIFICATE OF  
11 CONVENIENCE AND NECESSITY.

DOCKET NO. SW-20494A-06-0769

12 IN THE MATTER OF THE APPLICATION OF  
13 GLOBAL WATER-PICACHO COVE WATER  
14 COMPANY FOR A CERTIFICATE OF  
15 CONVENIENCE AND NECESSITY.

DOCKET NO. W-20495A-06-0769

DECISION NO. \_\_\_\_\_

**ORDER EXTENDING TIME**  
**DEADLINES CONTAINED IN**  
**DECISION NO. 70312**

16 Open Meeting  
17 September 21 and 22, 2010  
18 Phoenix, Arizona

19 **BY THE COMMISSION:**

20 Having considered the entire record herein and being fully advised in the premises, the  
21 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

22 **FINDINGS OF FACT**

23 1. Global Water-Picacho Cove Water Company ("Picacho Water") and Global Water-  
24 Picacho Cove Utilities Company ("Picacho Utilities") are wholly owned subsidiaries of Global  
25 Water, Inc., which is itself a wholly owned subsidiary of Global Water Resources, LLC ("Global  
26 Parent").<sup>1</sup>

27 2. On December 8, 2006, Picacho Water and Picacho Utilities (collectively "Picacho")  
28 filed with the Arizona Corporation Commission ("Commission") a joint application for Certificates  
of Convenience and Necessity ("CC&Ns") to provide water and wastewater service in two separate  
areas totaling approximately 1,480 acres and located approximately 3 and 4 miles east of the City of

<sup>1</sup> Decision No. 70312 at 3.

1 Eloy in Pinal County, Arizona (“CC&N area”).

2 3. The owners of the properties in the CC&N area formally requested water and  
3 wastewater service from Picacho in December 2007 and intended to develop the land primarily for  
4 single-family residential purposes, with development to begin within approximately one year after the  
5 Commission granted CC&Ns.<sup>2</sup>

6 4. On April 24, 2008, the Commission issued Decision No. 70312, granting Picacho  
7 Water and Picacho Utilities CC&Ns to provide water and wastewater service in the CC&N area,  
8 subject, *inter alia*, to the following:

- 9 a. Picacho Utilities’ filing, as a compliance item in this docket, within 30 days  
10 after the effective date of the Decision, a tariff containing specified wastewater  
11 service rates and charges;
- 12 b. Picacho Water’s filing, as a compliance item in this docket, within 30 days  
13 after the effective date of the Decision, a tariff containing specified water  
14 service rates and charges;
- 15 c. Picacho’s filing, as a compliance item in this docket, within 3 months after the  
16 effective date of the Decision, a copy of a bill or bills for both companies, in a  
17 form acceptable to Staff and including specified information;<sup>3</sup>
- 18 d. Picacho’s filing, as a compliance item in this docket, within 365 days after the  
19 effective date of the Decision, copies of Picacho’s Pinal County franchises;
- 20 e. Picacho Utilities’ filing, as compliance items in this docket, within 2 years  
21 after the effective date of the Decision, the following:
- 22 i. Copies of Picacho Utilities’ General Permits for the collection system  
23 for Phase 1 of the initial phase of the Picacho Citrus and Langley  
24 Picacho Views developments, and
- 25 ii. A copy of Picacho Utilities’ Aquifer Protection Permit; and
- 26 f. Picacho Water’s filing, as compliance items in this docket, within 2 years after

27  
28 <sup>2</sup> Decision No. 70312 at 8, 11.

<sup>3</sup> It does not appear that this filing has been made in this docket.

1 the effective date of the Decision, the following:

- 2 i. Copies of Picacho Water's Approval to Construct for Phase 1 of the  
3 initial phase of the Picacho Citrus and Langley Picacho Views  
4 developments;
- 5 ii. Either a copy of Picacho Water's Approval to Construct for an arsenic  
6 treatment system or a copy of Picacho Water's ADEQ approval of an  
7 arsenic blending plan; and
- 8 iii. A copy of Picacho Water's Designation of Assured Water Supply  
9 ("DAWS") for the CC&N area.

10 5. On May 19, 2008, Picacho Water and Picacho Utilities filed their tariffs for water  
11 utility service and wastewater utility service. On July 23, 2008, the Commission's Utilities Division  
12 ("Staff") issued Notices of Compliance stating that the tariffs filed had been approved as in  
13 compliance with Decision No. 70312.

14 6. On April 24, 2009, Picacho Water and Picacho Utilities filed a Notice of Filing their  
15 Pinal County water and wastewater franchises, which had been granted by the Pinal County Board of  
16 Supervisors on April 15, 2009.<sup>4</sup>

17 7. On April 23, 2010, Picacho Water and Picacho Utilities jointly filed a Motion for  
18 Extension of Time, requesting that the April 24, 2010, deadline to file the items described in Findings  
19 of Fact No. 4(e) and (f) be extended to October 30, 2012. Picacho explained that the extension  
20 requested is similar in length to an extension granted to Picacho's sister company in Decision No.  
21 71430 (December 8, 2009)<sup>5</sup> and that expending resources to obtain the items required to be filed is  
22 not prudent at this time because of the economic downturn and the well-publicized decline in housing  
23 construction in Arizona, which have resulted in Picacho's facilities not yet being needed for the

24 <sup>4</sup> Although the Notice of Filing indicates that the franchises were being filed, the documents filed were two single-page  
25 Pinal County Board of Supervisor Agenda Item documents describing each franchise's agenda item, setting forth the  
26 motion made as to each, and including a witnessed approval signature of the Chairman of the Pinal County Board of  
27 Supervisors. The approved franchise agreements themselves were not filed. We note that the motion as to the water  
28 service franchise speaks to a Global Parent water franchise rather than a Picacho Water water franchise. It may behoove  
Picacho to file the franchise agreements themselves to clarify the compliance record on these items.

<sup>5</sup> Decision No. 71430 granted an extension of time requested by Hassayampa Utility Company, Inc. and Water Utility  
of Greater Tonopah, Inc., extending the deadlines for various filing requirements from April 30 and May 16, 2010, to  
December 31, 2012.

1 CC&N area. Picacho explained that it has continued to work on regional planning and other  
 2 activities in spite of the economic downturn and pointed out that Global Parent has entered into a  
 3 Memorandum of Understanding with the City of Eloy that includes provisions regarding regional  
 4 planning, water resources management, and economic development and grants Picacho a planning  
 5 area that includes the CC&N area. Picacho also pointed out that, in Decision No. 71238 (August 6,  
 6 2009), Picacho obtained a CC&N extension for an area that is to include a planned regional  
 7 transportation hub, which is expected to be developed before the residential areas included in the  
 8 original CC&N area. Finally, Picacho stated that it would be inappropriate for it to seek a DAWS  
 9 from ADWR when the DAWS is not yet necessary and ADWR has been subjected to dramatic  
 10 budget cuts.

11 8. On July 19, 2010, Staff issued a Memorandum stating that it is not unreasonable for  
 12 Picacho to seek an extension of time based on postponed development in the real estate market and  
 13 the economic downturn. Staff noted that Picacho had provided Staff with an updated request for  
 14 service from the developer on July 2, 2010. Staff stated that it does not object to Picacho's request  
 15 for an extension of the filing deadlines until October 30, 2012.

16 9. During the time since Decision No. 70312 was approved, a recession has been  
 17 declared in the United States,<sup>6</sup> and development in Arizona has been severely impacted. It has  
 18 become apparent that the expectations as to the residential development that would occur in the  
 19 CC&N area were based on a different economic reality and were overly optimistic.

20 10. In light of the facts in this case, it is reasonable and appropriate to grant Picacho an  
 21 extension of time, until October 30, 2012, to file with Docket Control, as compliance items in this  
 22 docket, the documents described in Findings of Fact No. 4(e) and (f).

### CONCLUSIONS OF LAW

24 1. Picacho Water and Picacho Utilities are public service corporations within the  
 25 meaning of Article XV of the Arizona Constitution and A.R.S. Title 40, Chapter 2.

26 2. The Commission has jurisdiction over Picacho Water and Picacho Utilities and the  
 27

28 <sup>6</sup> The Commission has previously taken official notice of the National Bureau of Economic Research's December 2008 Declaration that the U.S. has been in recession since December 2007. (See Decision No. 71651 (April 14, 2010).)

1 subject matter of their joint Motion for Extension of Time.

2 3. It is reasonable to extend, to October 30, 2012, the deadlines for Picacho Water and  
3 Picacho Utilities to file the documents described in Findings of Fact No. 4(e) and (f).

4 4. It is not necessary for the Commission to hold an evidentiary hearing before extending  
5 the deadlines for Picacho Water and Picacho Utilities to file the documents described in Findings of  
6 Fact No. 4(e) and (f).

7 **ORDER**

8 IT IS THEREFORE ORDERED that the deadline for Global Water-Picacho Cove Utilities  
9 Company to file the following with the Commission's Docket Control, as compliance items in this  
10 docket, as required by Decision No. 70312, is hereby extended to October 30, 2012:

- 11 1. Copies of Picacho Utilities' General Permits for the collection system for Phase 1 of
- 12 the initial phase of the Picacho Citrus and Langley Picacho Views developments, and
- 13 2. A copy of Picacho Utilities' Aquifer Protection Permit.

14 IT IS FURTHER ORDERED that the deadline for Global Water-Picacho Cove Water  
15 Company to file the following with the Commission's Docket Control, as compliance items in this  
16 docket, as required by Decision No. 70312, is hereby extended to October 30, 2012:

- 17 1. Copies of Picacho Water's Approval to Construct for Phase 1 of the initial phase of
- 18 the Picacho Citrus and Langley Picacho Views developments,
- 19 2. Either a copy of Picacho Water's Approval to Construct for an arsenic treatment
- 20 system or a copy of Picacho Water's ADEQ approval of an arsenic blending plan, and
- 21 3. A copy of Picacho Water's Designation of Assured Water Supply for the CC&N area.

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IT IS FURTHER ORDERED that all other provisions of Decision No. 70312 shall remain in effect.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN \_\_\_\_\_ COMMISSIONER \_\_\_\_\_

COMMISSIONER \_\_\_\_\_ COMMISSIONER \_\_\_\_\_ COMMISSIONER \_\_\_\_\_

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_

SNH:db

1 SERVICE LIST FOR: GLOBAL WATER-PICACHO COVE UTILITIES  
2 COMPANY and GLOBAL WATER-PICACHO COVE  
3 WATER COMPANY

4 DOCKET NOS: SW-20494A-06-0769 and W-20495A-06-0769

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