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MEMORANDUM

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TO: Docket Control Center Arizona Corporation Commission
FROM: Steven M. Olea
Director
Utilities Division

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DATE: September 20, 2010

DOCKETED BY

RE: DOUBLE DIAMOND UTILITIES, INC. - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES (DOCKET NO. WS-20543A-07-0435)

In Decision No. 70352, dated May 16, 2008, the Arizona Corporation Commission (“Commission”) approved the applications of Double Diamond Utilities, Inc. (“Double Diamond” or “Company”) for Certificates of Convenience and Necessity (“CC&N”).

As part of Decision No. 70352, the Commission ordered that within two years of the effective date of the decision, Double Diamond should file the following items as compliance items with Docket Control:

“...copies of the water division’s Approval to Construct for Phase 1 of the initial phase of the Ranch at White Hills project”

“...copies of the wastewater division’s General Permits for Phase 1 of the wastewater plant for the Ranch at White Hills”

“...a copy of the Aquifer Protection Permit for the wastewater division”

Based on the May 16, 2008 date of Decision No. 70352 and the two year compliance timeframes granted by the Commission, the above compliance items had required due dates of May 16, 2010.

On April 30, 2010, Double Diamond docketed a motion requesting an approximate two and a half year extension of time from the May 16, 2010 - until December 31, 2012. The application points out that the Company has previously complied with other requirements associated with Decision No. 70352, including three separate tariffs (rate tariff, curtailment tariff and backflow prevention tariff) as well as a requirement for a Water Conservation Plan. The Company also states that while the economy has suffered a “precipitous downturn”, the developer of White Hills Ranch (identified as “the Mardians”) does intend to proceed with development. However, “common sense and good judgement dictate” that the due dates relating to this development be extended to a later date.

Finally, the Company discusses the nature of the three compliance issues in the requested extension of time, stating that they will require expensive engineering and design to obtain the necessary Arizona Department of Environmental Quality (“ADEQ”) permits. Further, Double

Diamond argues that incurring such expense now would not be prudent as the overall development plan could be impacted by the time of the market recovery. This could, in turn, impact the design location of backbone plant and other production and treatment facilities for the development.

Double Diamond summarizes by stating that it would be inefficient and potentially expensive to engage in what it terms as "premature engineering" of the subject development. The Company therefore requests an extension of time on each of the above items from May 16, 2010 until December 31, 2012.

Based on the application and all of the above, Staff does not object to Double Diamond's request for an extension of time until December 31, 2012, for the provision of a three Compliance items listed above. Staff therefore recommends that the Commission due dates for those filings be extended to that timeframe.

SMO:BKB:lh

Originator: Brian K. Bozzo

SERVICE LIST FOR: DOUBLE DIAMOND UTILITIES, INC.
 DOCKET NO. WS-20543-07-0435

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