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MEMORANDUM
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Arizona Corporation Commission

FROM: Steven M. Olea
Director
Utilities Division

DOCKET CONTROL

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OCT 1 2010

DATE: October 1, 2010

DOCKETED BY

RE: PALO VERDE UTILITIES COMPANY AND SANTA CRUZ WATER COMPANY -
REQUEST FOR EXTENSION OF COMPLIANCE DEADLINE (DOCKET NOS.
SW-03575A-06-0545 AND W-03576A-06-0545)

In Decision No. 70381, dated June 13, 2008, the Arizona Corporation Commission ("Commission") approved the applications of Palo Verde Utilities Company and Santa Cruz Water Company ("collectively "Global Water PV / SC") for Certificates of Convenience and Necessity ("CC&N") in Pinal County, Arizona.

As part of Decision No. 70381, the Commission ordered that Global Water file the following item as a compliance item with Docket Control by June 30, 2009:

"...the Certificate of Approval to Construct for the first well, storage facility and distribution system for Phase 1 development in the Northwest Zone of the extension area..."

On June 30, 2009, the Company filed a motion for an extension of time for compliance with the above mentioned requirement. On July 9, 2009, Staff filed its response, recommending an extension until June 30, 2010. On September 3, 2009, the Commission issued Decision No. 71263, which approved an extension of time from the original June 30, 2009 due date until June 30, 2010.

On June 16, 2010, Global Water PV / SC docketed a subsequent motion requesting a two and a half year extension of time from the June 30, 2010 due date until December 31, 2012. The application points out that the "extension areas approved in Decision No. 70381 have not developed as quickly as expected" because Arizona "has experienced a significant recession" in which development "has been significantly impacted". The Company also states that it has accomplished numerous steps in the Compliance requirements of Decision No. 70381, including a number of Approvals of Construction ("AOC") and a Designation of Assured Water Supply ("DAWS") extension for the area in this docket. In general, the application states that Global Water PV / SC has invested "many millions of dollars in the extension areas granted by Decision No. 70381".

Further, the application confirmed the Company's position, as quoted in Decision No. 71263, that the Northwest Zone can be served by interconnecting the Southwest Zone to the Northwest Zone until enough customers exist to justify building separate facilities in the Northwest

Zone. The Company therefore states that the required Approval to Construct ("ATC") is not necessary at this time.

On September 15, 2010, Staff contacted Mr. Timothy Sabo, Company attorney, to discuss the the Company's application for extension of time. Mr. Sabo stated that he would provide additional written information and, on September 21, 2010, he provided a clarifying e-mail reiterating the very complex nature of the subject CC&N extension - which included 47 separate parcels, located in three separate zones (Southwest, North and Northwest) of the Company.

Global Water PV / SC's application summarizes by stating that they have exhibited substantial effort and invested significantly in the extension areas and have met many of the requirements of Decision No. 70381. They request that the extension date for this item be moved to December 31, 2012, which will match deadlines established for other requirements in this docket (in Decision No. 71631).

Based on the application and all of the above, Staff does not object to Global Water PV / SC's request for an extension of time until December 31, 2012 for the provision of the ATC for the first well, storage facility and distribution system for Phase 1 development in the Northwest Zone of the extension area. Staff therefore recommends that the Commission due dates for those filings be extended to that timeframe. Staff further recommends that Global Water PV / SC be ordered that any further time extensions that are requested should include updated requests for service for all parcels in the extension area outlined in Decision No. 70381.

SMO:BKB:lhbm

Originator: Brian K. Bozzo

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PALO VERDE UTILITIES COMPANY
SANTA CRUZ WATER COMPANY
DOCKET NO. SW-03575A-06-0545
DOCKET NO. W-03576A-06-0545

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