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AZ CORP COMMISSION  
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**BEFORE THE ARIZONA CORPORATION COMMISSION**

IN THE MATTER OF THE APPLICATION  
OF CHAPARRAL CITY WATER  
COMPANY, INC., AN ARIZONA  
CORPORATION, FOR AN ORDER  
PRELIMINARY TO EXTENSION OF ITS  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY PURSUANT TO A.R.S. § 40-  
282.D.

DOCKET NO: W-02113A-05-0178

**REQUEST FOR EXTENSION OF  
DEADLINES**

Chaparral City Water Company, Inc. ("Chaparral City"), an Arizona public service corporation, hereby submits this Request for Extension of Deadlines as set forth in Decision No. 68238 (October 25, 2005), Decision No. 70608 (November 12, 2008), and Decision No. 71824 (August 10, 2010). Chaparral City seeks this relief for the benefit of the owner of the property that is the subject of these decisions. Background on this matter, an update of the parties' progress, and the reasons for this extension request are set forth below.

**A. Background.**

In 2005, the Arizona State Land Department requested that Chaparral City extend service to a parcel of state trust land containing approximately 1,300 acres that is adjacent to Chaparral City's service territory to facilitate the State's sale of the property. Because the development plan and ultimate use of the property was unknown, Chaparral City applied for an Order Preliminary under A.R.S. § 40-282(D). The Commission granted Chaparral City's application in Decision No. 68238 ("the Order Preliminary"). The Order Preliminary imposed certain requirements that must be satisfied for the parcel to be

1 included within Chaparral City's Certificate of Convenience and Necessity ("CC&N").

2       Thereafter, the Fountain Hills Investment Company, LLC ("FHIC"), an affiliate of  
3 The Ellman Companies, purchased the state land parcel. However, FHIC encountered  
4 difficulties in connection with its development planning, and Chaparral City requested an  
5 extension of the deadlines in the Order Preliminary. That request was granted in Decision  
6 No. 70608.

7       Then, in 2010, FHIC contacted Chaparral City and requested that the utility seek  
8 additional time to comply with the deadlines established in Decision No. 70608 because  
9 approval delays outside its control, including a public referendum challenging the  
10 development at that time, left the developer unable to provide the information necessary to  
11 obtain a final order approving expansion of Chaparral City's CC&N. As a result, on  
12 June 3, 2010, Chaparral City filed a request to extend the deadline, from April 25, 2010 to  
13 February 1, 2011, for compliance with the requirements of Decision No. 70608.

14       On June 4, 2010, Utilities Division Staff filed a Memorandum in response to  
15 Chaparral City's request stating that it had no objection to reinstating Chaparral City's  
16 Order Preliminary granted by Decision Nos. 68238 and 70608, and extending the  
17 compliance deadline to February 1, 2011. On August 10, 2010, the Commission issued  
18 Decision No. 71824 granting Chaparral City's request for extension until February 1,  
19 2011 to comply with the requirements of Decision Nos. 68238 and 70608.

20       **B. The Current Status of the Project.**

21       In the time since Decision No. 71824 was issued, significant progress has been  
22 made in completing the requirements imposed in Decision No. 68238. For one thing, the  
23 Company has determined that it is not required to modify its designation as an assured  
24 water provider with the Arizona Department of Water Resources, and anticipates that a  
25 letter confirming the Company's status will soon be issued by that agency. This will  
26 demonstrate that the extension of property will not adversely impact water supplies to

1 existing customers, as required by the Order Preliminary. See Decision No. 68238 at 5,  
2 Finding of Fact No. 3, and 8:7-13. The parties have also substantially completed  
3 negotiation of an agreement governing the extension of water service to the property,  
4 including completion of the engineering, and in fact, Chaparral City expects to submit  
5 said agreement for approval pursuant to AACR14-2-406 shortly. Chaparral City and the  
6 developer are also in discussions with the Town of Fountain Hills regarding authorization  
7 to construct and operate mains and related facilities within the municipality's public  
8 streets in accordance with A.R.S. § 40-283. See Decision No. 68238 at 5, Finding of Fact  
9 No. 8, and 8:25-28. Thus, the parties have been working diligently toward satisfying the  
10 conditions of the Order Preliminary so that the property can be included in Chaparral  
11 City's CC&N.

12 **C. The Basis for This Extension Request.**

13 Unfortunately, despite these efforts, Chaparral City did not have sufficient  
14 information to make a filing by the current compliance deadline. Chaparral City believes  
15 that an extension of the current February 1, 2011 deadline established in Decision No.  
16 71824 until July 1, 2011 will be sufficient. Chaparral City believes that it can complete  
17 the requirements established in Decision No. 68238 by that date.<sup>1</sup>

18 Chaparral City submits that an extension of the compliance deadline to July 1,  
19 2011 is in the public interest. First, the matter will not affect service to Chaparral City's  
20 existing customers in any way. Second, while it is the developer that benefits from the  
21 extension, the developer and its agents have been working toward satisfying the  
22 conditions of the Order Preliminary for sometime and at significant expense. Absent any

23

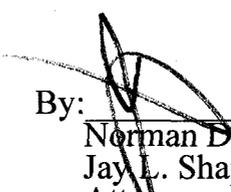
24 <sup>1</sup> The last significant requirement imposed in the Order Preliminary is the submission of an  
25 approval to construct issued by Maricopa County Environmental Services. Decision No. 68238 at  
26 5, Finding of Fact No. 7. The approval to construct will not be sought until actual construction is  
imminent. The Company does not know when that will occur, but assures the Commission that  
will comply with all MCES requirements, including obtaining approval to construct the facilities  
needed to extend service to the property.

1 harm to the Company and its ratepayers, it seems unnecessary to harm the developer by  
2 allowing the Order Preliminary to simply expire. This is especially true given that the  
3 Commission will have the opportunity to review the filing to ensure Chaparral City  
4 satisfies the conditions, and will continue to exercise regulatory authority over the  
5 Company's utility service. Finally, in light of the significant progress that has been made  
6 to date, Chaparral City will not seek any additional extension of time to satisfy the Order  
7 Preliminary if this request is granted by the Commission.

8 Consequently, Chaparral City is unaware of any harm that would result from  
9 approval of its request and respectfully asks that the Commission agree to extend the  
10 deadline for satisfaction of the conditions of the Order Preliminary to and including  
11 July 1, 2011.

12 DATED this 2nd day of March, 2011.

13 FENNEMORE CRAIG, P.C.

14  
15 By:   
16 Norman D. James  
17 Jay L. Shapiro  
18 Attorneys for Chaparral City Water  
19 Company

18 **ORIGINAL** and 13 copies  
19 filed this 2nd day of March 2, 2011 with:

20 Docket Control  
21 Arizona Corporation Commission  
22 1200 West Washington Street  
23 Phoenix, Arizona 85007  
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**COPY** hand-delivered  
this 2nd day of February, 2011 to:

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