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**MEMORANDUM
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Arizona Corporation Commission
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2011 MAR 15 A 10:40

FROM: Steven M. Olea
Director
Utilities Division

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

MAR 15 2011

DOCKETED BY 

DATE: March 15, 2011

RE: ARIZONA WATER COMPANY - REQUEST FOR EXTENSION OF COMPLIANCE
DEADLINES (DOCKET NO. W-01445A-06-0317)

In Decision No. 69386, dated March 22, 2007, the Arizona Corporation Commission (“Commission”) approved the application of Arizona Water Company (“Arizona Water” or “Company”) for an extension of its Certificate of Convenience and Necessity (“CC&N”). Specifically, Decision No. 69386 ordered that the following:

“... that Arizona Water Company shall file with the Docket Control as a compliance item in this docket, a copy of the first developer’s Certificate of Assured Water Supply for the extension area, within one year of the effective date of this Decision.”

Based on the March 22, 2007 date of Decision No. 69386, the original due date for provision of the Arizona Department of Water Resources (“ADWR”) Certificate of Assured Water Supply (“CAWS”) was March 22, 2008.

On January 9, 2008, the Company filed for 365 days of additional time, until March 22, 2009, to provide the Certificate of Assured Water Supply (“CAWS”) filing. Staff filed a memorandum on February 15, 2008, and did not object to the Company request for additional time. On March 4, 2008, via Procedural Order, the Commission granted the Company request and extended the due date for provision of the CAWS until March 22, 2009.

On January 16, 2009, the Company filed a second request for an extension of time, seeking an additional two year period, until March 22, 2011 for provision of the CAWS filing. Staff filed a memorandum on February 11, 2009, recommending that the Commission grant the Company request for extension of time. On April 7, 2009, the Commission issued Decision No. 70950 which granted the Company’s second request for extension of time and extended the due date for provision of the CAWS filing until March 22, 2011.

On January 24, 2011, the Company filed the current request for an extension of time, seeking an additional two years or until March 22, 2013, for provision of the CAWS filing from ADWR. The application stated that the Company is serving eight customers in the area and the CAWS is the final required compliance item under Decision No. 69386. The Company further stated that its receipt of the physical availability demonstration (“PAD”) from the Arizona Department of Water Resources (“ADWR”), which they define as a precursor to the CAWS,

demonstrates that they are moving toward total compliance. Finally, the Company has provided developer letters updating the need for service from Arizona Water and concludes that any potential loss of the CC&N would do harm to the "slowly improving market".

On March 14, 2011, Staff contacted Mr. Bob Geake, Vice President and General Counsel for Arizona Water, to discuss the extension of time filing. Mr. Geake stated that the development of the extension area has not proceeded due to the economy and the current housing market. He further stated that the Company has no control over the future date in which development will again proceed. The Company thereby requests that the Commission grant the additional time until March 22, 2013, for provision of the CAWS.

Based on all of the above, Staff does not object to the Company request for an additional extension of time on the CAWS. Staff therefore recommends that the current March 22, 2011 due date for provision of the CAWS filing be extended until March 22, 2013. Staff further recommends that no further extensions be granted in this matter.

SMO:BKB:lh

Originator: Brian K. Bozzo

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DOCKET NO.

ARIZONA WATER COMPANY
W-01445A-06-0317

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