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MEMORANDUM



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Arizona Corporation Commission

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FROM: Steven M. Olea
Director
Utilities Division

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DATE: April 12, 2011

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RE: EMPIRITA WATER COMPANY, L.L.C. - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES (DOCKET NO. W-03948A-06-0490)

In Decision No. 69399, dated March 29, 2007, the Arizona Corporation Commission ("Commission") approved the application of Empirita Water Company, L.L.C. ("Empirita" or "Company") for a Certificate of Convenience and Necessity ("CC&N"). Specifically, Decision No. 69399 stated that Empirita should docket:

"...copies of the AOC issued by ADEQ for the water plant additions needed to serve the Redhawk II development within one year of the effective date of the order granting the CC&N"

Decision No. 70476, dated September 3, 2008, granted the CC&N to Empirita and thereby set a definitive due date of September 3, 2009, for provision of the Approval of Construction ("AOC") relating to the Redhawk II development. On April 16, 2009, Empirita sought an extension of time from September 3, 2009 until September 3, 2011, for provision of the AOC. On August 6, 2009, via Decision No. 71222, the Commission granted the Company extension of time until September 3, 2011, which serves as the current due date for the required AOC.

On March 3, 2011, Empirita docketed a subsequent request for an extension of time, requesting that the Commission extend the due date for provision of the AOC on the Redhawk II development from September 3, 2011 until September 3, 2013. The application refers to the continuing effects of the "severe economic recession" in Arizona and states that the "dramatic decline in new home construction" has delayed the "development timeline" for the Redhawk development. The Company application was timely filed and also includes a March 2, 2011 letter from the developer (RedHawk at J-6 Ranch) stating its continued intention to develop and its continuing need for service from Empirita.

Based on all of the above, Staff does not object to the Company's proposed request for extension of time until September 3, 2013, for the provision of the AOC on the water plant additions needed to serve the Redhawk II development. Staff therefore recommends that the due date for the AOC be extended to September 3, 2013, and that no further extensions be granted in this matter.

SMO:BKB:lhbm

Originator: Brian K. Bozzo

SERVICE LIST FOR: EMPIRITA WATER COMPANY, L.L.C.
DOCKET NO. W-03948A-06-0490

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