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ARIZONA CORPORATION COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

8 IN THE MATTER OF THE APPLICATION
9 OF CORONADO UTILITIES, INC. FOR A
10 DETERMINATION OF THE FAIR VALUE
11 OF ITS UTILITY PLANT AND PROPERTY
12 AND FOR INCREASES IN ITS RATES
13 AND CHARGES FOR UTILITY SERVICE
14 BASED THEREON.

DOCKET NO: SW-04305A-09-0291

NOTICE OF COMPLIANCE

15 Pursuant to Decision No. 71956 (November 1, 2010) ("Order"), Coronado Utilities,
16 Inc. ("Coronado") hereby files this Notice of Compliance in the above-referenced matter.
17 The Order requires Coronado to work with Arizona Water Company ("Arizona Water")
18 on a water termination agreement, and file a status report on the negotiations with Arizona
19 Water within six months.

20 The status report is attached as **Exhibit A**. Coronado and Arizona Water have not
21 yet been able to reach an agreement. The companies request that the Commission open a
22 rule-making docket to explore this issue.

23 RESPECTFULLY SUBMITTED this 2nd day of May, 2011.

FENNEMORE CRAIG, P.C.

24 By For

25 Jay L. Shapiro
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Attorneys for Coronado Utilities, Inc.

1 ORIGINAL and 13 copies of the foregoing
filed this 2nd day of May, 2011 with:

2 Docket Control
3 Arizona Corporation Commission
1200 West Washington Street
4 Phoenix, Arizona 85007

5 **COPY** of the foregoing hand-delivered
this 2nd day of May, 2011 to:

6 Ayesha Vohra, Esq.
7 Legal Division
Arizona Corporation Commission
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Phoenix, Arizona 85007-2927

9 Carmel Hood, Compliance
10 Utilities Division
Arizona Corporation Commission
11 1200 W. Washington Street
Phoenix, AZ 85007

12
13 By *Maurice J. [Signature]*
2417301.1/012923.0003

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Exhibit A

Status Report:
Coronado Utilities, Inc.'s Negotiations with Arizona Water Company
Pursuant to Decision No. 71956

Over the last six months, since the issuance of Decision No. 71956 (November 1, 2010) (“Order”), Jason Williamson of Coronado Utilities, Inc. (“Coronado”) and Bill Garfield of Arizona Water Company (“Arizona Water”) have met and conferred on a number of occasions about having Arizona Water terminate water services to its non-delinquent customers to assist Coronado’s collecting sewer bills from its delinquent customers. Such meetings have occurred in compliance with the Order.

As stated in the docket leading up to the Order, Arizona Water cannot terminate water service to Coronado’s delinquent sewer customers for the following reasons:

- The Commission’s rules expressly prohibit the disconnection of water service for unregulated services or equipment or for another class of service, such as sewer service.
- Disconnecting water service to a customer in good standing who has paid the water bill but has not paid another utility’s sewer bill would i) alienate the customer; ii) impose an unjustifiable penalty on the customer; iii) increase customer complaints; and iv) result in the water company’s loss of good will with those customers.

Coronado believes that the proper next step would be for the Commission to establish a rule-making procedure to guide all regulated sewer utilities that wish to work with other entities such as electric, gas, phone, or water utilities or other service providers who are willing to assist sewer utilities to collect unpaid sewer bills.

In the meantime, Coronado and Arizona Water will continue their dialogue and report back to the Commission with any additional ideas that arise. The companies look forward to hearing back from Staff on its views as to the appropriate next steps.