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MEMORANDUM

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Arizona Corporation Commission

2011 JUL -5 P 3:42

FROM: Steven M. Olea  
Director  
Utilities Division

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JUL -5 2011

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: July 5, 2011

DOCKETED BY [Signature]

RE: WOODRUFF WATER COMPANY, INC., WOODRUFF UTILITY COMPANY, INC., AND ARIZONA WATER COMPANY - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES - DECISION NO. 68453 (DOCKET NOS. W-04264A-04-0438, SW-04265A-04-0439 AND W-01445A-04-0755)

In Decision No. 68453, dated February 2, 2006, the Arizona Corporation Commission ("Commission") approved the application of Woodruff Water Company, Inc. and Woodruff Utility Company, Inc. (together known as "Woodruff" or "Company") for approval of a Certificate of Convenience and Necessity ("CC&N") to provide water and sewer service in Pinal County, Arizona.

As part of Decision No. 68453, the Commission ordered that Woodruff:

**"...file, not later than three months following the fifth anniversary of the effective date of this Decision, a rate application."**

Based on the February 2, 2006 date of the decision, Woodruff's original due date for the above compliance item was May 2, 2011.

On May 31, 2011, Woodruff docketed a filing which included a request for a five year extension of time to provide the above mentioned rate application. The application states that in late 2009, the water company and "the ownership and management for the entities owning the property for the Community" were transferred from the original developer. The Company also made the following comment regarding the status of the development:

**"Given the current economic state and lack of demand for new residential development, there are no plans to develop the community any time in the near future, nor will the facility become operational in the near future."**

In summary, no development took place under the original developer for a period of three and a half years and none occurred after the development was transferred. Consequently, the Company sought to eliminate the rate case requirement by requesting an amendment within this application; however, the Commission has not approved that request. The application did provide for a secondary motion in which the Company requests a five year extension of time if an amendment is not approved.

The Company seeks to avoid filing the rate application until the projects development takes place and the Company anticipates another lengthy period until this comes about. Although an extension of five years is considerable, there is still no guarantee that general development or any significant number of customers will occur in the new period. Staff concludes that neither the Company's set five year extension nor a shorter extension appear to be warranted.

Staff recommends that the extension period be linked to the date of service to the first customer. Staff therefore recommends that the Company's current due date for provision of the required rate case application be extended to a period no later than five years after service is provided to its first customer. Staff further recommends that the Company file notice in this docket indicating the date that service begins to its first customer within 15 days of provision of that service

SMO:BKB:lm

Originator: Brian K. Bozzo

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WOODRUFF UTILITY COMPANY, INC.  
ARIZONA WATER COMPANY  
DOCKET NOS. W-04264A-04-0438, W-04265A-04-0439 & W-01445A-04-0755

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