

ORIGINAL

COMMISSIONERS
GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS



0000127978

RECEIVED
ARIZONA CORPORATION COMMISSION

2011 AUG -2 A 11:10

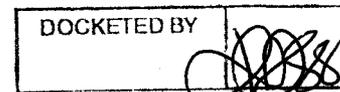
AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

AUG 2 2011

August 2, 2011

Mr. Christopher T. Volpe
Vice President
Vail Water Company
1010 N. Finance Center Dr., Suite 200
Tucson, Arizona 85710



RE: VAIL WATER COMPANY – COMPLIANCE STATUS NOTIFICATION # 2
DOCKET NOS. W-01651B-99-0351 & W-01651B-99-0406
DECISION NO. 62450

On June 22, 2011, Staff issued a letter (Compliance Notification) informing Vail Water Company (“Company”) of its obligation to comply with Commission Decision No. 62450, dated April 14, 2000. Pursuant to this order, Findings of Fact 25(f), 25(g) and 25(j) respectively, state:

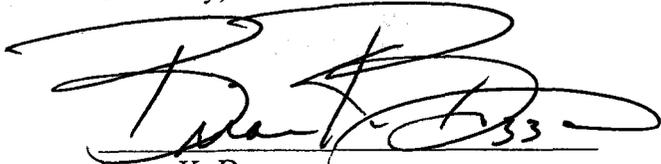
- (f) *“Final plans for the direct use of CAP water within Vail’s service territory are to be submitted to the Commission no later than December 31, 2010;”*
- (g) *“Vail must directly use the CAP allocation within its service territory by December 31, 2015;”*
- (j) *“If Vail does not comply with either of the timeframes in f or g, all CAP charges will cease at that time and any monies remaining in the CAP account shall be refunded in a manner to be determined by the Commission at that time;”*

As stated in the June 22, 2011 letter, the Company has failed to comply with Finding of Fact 25(f) of Decision No. 62450 and this current letter serves as a second notification and a reminder that the Company has failed to meet that deadline associated with the “final plans” requirement.

In our previous telephone conversation, you stated that the Company has neither ceased collecting nor refunded the referenced Central Arizona Project (“CAP”) monies. This letter is to advise you that, consistent with Finding of Fact 25(j), the Company should immediately cease CAP collections and propose to the Commission a mechanism to refund any monies remaining in the CAP account. This proposal should be submitted to the Commission by August 19, 2011. Further, the Company is notified that any CAP funds collected since January 1, 2011 were collected in violation of a Commission order.

If you have any questions, please feel free to contact me at (602) 542-0852.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian K. Bozzo", with a large, stylized flourish above it.

Brian K. Bozzo
Compliance and Enforcement Manager