

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



ORIGINAL



0000127980

W-016518-99-0351
W-016518-99-0406

RECEIVED
ARIZONA CORPORATION COMMISSION

2011 AUG - 2 10:46
COMPLIANCE
NOTIFICATION

AZ CORP COMMISSION
DOCKET CONTROL

June 21, 2011

Arizona Corporation Commission
DOCKETED

AUG 2 2011

CERTIFIED MAIL

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

DOCKETED BY

RE: VAIL WATER COMPANY – COMPLIANCE STATUS NOTIFICATION
DECISION NO. 62450

In Decision No. 62450, dated April 14, 2000, the Arizona Corporation Commission (“A.C.C.” or “the Commission”) approved Finding of Fact 25(f), which included the following order of the Commission:

“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.”

Based on previous year annual reports and on the most recent June 14, 2011 annual report update provided by the Company, Vail Water Company (“Vail” or “Company”) remains to this day in the same status of “investigating alternative plans” for CAP water use. This status extends all the way back to the year of 2004 and prior.

As such, the Company has not, as of this date, provided the “final plans” for direct use of CAP water and is therefore considered in violation of Decision No. 62450. Failure to comply with the decision further places the Company in violation of Arizona Revised Statute (“A.R.S.”) §40-202, which states:

“A public service corporation shall comply with every order, decision, rule or regulation made by the commission in any matter relating to or affecting its business as a public service corporation, and shall do everything necessary to secure compliance with and observance of every such order, decision, rule or regulation.”

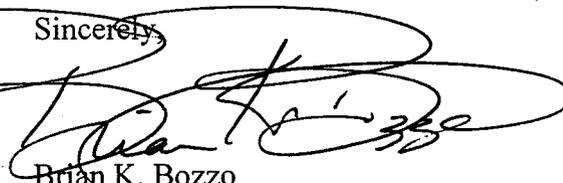
The Company has previously dealt with Compliance Staff via telephone regarding this matter. This writing is meant to formally notify Vail that the Company has not met the required compliance that was ordered by the Commission. The Company should do so immediately.

Vail Water Company
Compliance Status Letter
June 21, 2011
Page 2

Finally, the Company is further notified that Decision No. 62450 also sets forth that all CAP charges will cease and remaining CAP monies shall be refunded in the event that the Company fails to meet the requirements of the decision.

If you believe our conclusions are in error, please submit a detailed explanation as to why you believe Staff's conclusions are in error. Please submit this explanation by July 1, 2011. You may also contact the Utilities Division at (602) 542-4251 or reach me at (602) 542-0852 if you require any further information.

Sincerely,

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

Brian K. Bozzo
Compliance and Enforcement Manager
Utilities Division

BKB:lhbm