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MEMORANDUM

TO: Docket Control Center

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FROM: Steven M. Olea
Director
Utilities Division

2012 JAN -6 P 3:50

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

JAN 6 2012

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DATE: January 6, 2012

RE: SAHUARITA WATER COMPANY, L.L.C. - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINE (DOCKET NO. W-03718A-07-0687)

In Decision No. 70620, dated November 19, 2008, the Arizona Corporation Commission ("Commission") approved the application of Sahuarita Water Company, L.L.C. ("Sahuarita" or "Company") for a rate increase and financing.

As part of Decision No. 70620, the Commission ordered the following:

"Sahuarita Water Company, L.L.C., shall file with Docket Control, within three years of the effective date of this Decision, as a compliance item in this docket, copies of the Approval to Construct from the Arizona Department of Environmental Quality for well(s), storage tank(s), booster pump station(s), and the distribution system necessary to serve the initial subdivision in the extension area."

Based on the Commission ordered three year timeframe, the original due date for compliance with the above requirement was on or about November 19, 2011.

On November 4, 2011, Sahuarita docketed a request for extension of time - until November 19, 2013 - to file the required Approval to Construct ("ATC") discussed above. The application outlines that Decision No. 70620 extended the existing Certificate of Convenience and Necessity ("CC&N") by including three individually owned development areas in the existing CC&N but states that the development and overall usage of these areas is currently uncertain.

The first area was to be developed by a company called Mission Peaks 4000, L.L.C. under the project name Mission Peaks Master Planned Community ("Mission Peaks"). The effects of the financial crisis impacted the landscape surrounding this development and the Mission Peaks land area was subsequently sold to a company called Freeport-McMoRan Copper & Gold ("Freeport-McMoRan"). The new ownership terminated the Mission Peaks project. This affected the development for the second and third areas in the extension, owned by Sahuarita Mission and the Arizona State Land Department ("ASLD"), as their development was originally planned to be included in the third phase of the Mission Peaks development.

According to the application, the various parties have had to "re-examine" how each area will be developed. Freeport McMoRan and the Company are currently having discussions regarding the type of water service that will be desired from Sahuarita. Revised plans for the

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Sahuarita Mission and ASLD areas are not yet finalized. Aside from the ATC which is the subject of this extension of time request, the Company is in compliance with Decision No. 70620. The three ownership parties have also provided updated request for service letters expressing their continued desire to receive service from Sahuarita.

Based on the application and all of the above, Staff does not object to Sahuarita's request for an extension of time in this regard. Staff therefore recommends that the Commission due date for filing the ATC outlined above be extended from November 19, 2011 to November 19, 2013.

SMO:BKB:lhv

Originator: Brian K. Bozzo

Attachment

SERVICE LIST FOR:
DOCKET NO.

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W-03718A-07-0687

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