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MEMORANDUM

TO: Docket Control Center

FROM: Steven M. Olea
Director
Utilities Division

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AZ CORP COMMISSION
DOCKET CONTROL
2012 APR 24 AM 9 52

DATE: April 24, 2012

RE: ST. DAVID SPRINGS, L.L.C. - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES (DOCKET NOS. W-01898A-06-0326 AND W-20460A-06-0326)

In Decision No. 69257, dated January 19, 2007, the Arizona Corporation Commission ("Commission") approved the applications of St. David Springs, L.L.C. ("St. David") for a review of its rates and tariffs.

As part of Decision No. 69257, the Commission ordered the following:

"...St. David Springs LLC shall file a rate application no later than six months following the fifth anniversary of the effective date of this Decision."

On February 28, 2012, the Company docketed a letter requesting an extension time for a period of five (5) years, until July 19, 2017. As shown below, the application points out that the Company has very few customers and that it is not financially able to comply with the compliance item at this time.

"... the Applicant has determined that any effort to prepare the information that is a prerequisite for a rate application would be financially self-defeating ..."

The Company position is based on the lack of development within its service area. The application states that the Company has only three customers at this time, which is fewer than the five customers which existed in the year of 2006 - when the Commission transferred both the Certificate of Convenience and Necessity ("CC&N") and the Company assets from Harold and Mary Frarer dba F&F Water Company ("F&F") to Enclave Saint David, LLC ("Enclave"). Enclave then assigned its water company assets to St. David, which was expected to run the water company while Enclave developed the property area:

"Enclave is the sole member of St. David Springs. Enclave will hold and develop real estate, while St. David Springs will own and operate the water company assets. Enclave owns an additional approximate 800 acres in the vicinity of the town of St. David. In the near future, St. David Springs plans to file an application to extend its CC&N to encompass the rest of Enclave's real estate holdings."

Arizona Corporation Commission
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Staff concurs that the customer count is too few to result in any meaningful rate analysis. As the expected development has not yet materialized and given the possibility of a "self-defeating" rate application filing, Staff recommends that the July 19, 2012, due date for the provision of the rate application be extended until July 19, 2017.

SMO:BKB:lmh

Originator: Brian K. Bozzo

SERVICE LIST FOR:

ST. DAVID SPRINGS, L.L.C.

DOCKET NOS. W-01898A-06-0326 AND W-20460-06-0326

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