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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

JUN - 5 2012

DOCKETED BY [Signature]

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, TO EXTEND ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY AT CASA GRANDE, PINAL COUNTY, ARIZONA.

DOCKET NO. W-01445A-05-0469

DECISION NO. 73220

ORDER EXTENDING TIME DEADLINE CONTAINED IN DECISION NOS. 68607 AND 71475

Open Meeting
May 22 and 23, 2012
Phoenix, Arizona

BY THE COMMISSION:

* * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. On March 23, 2006, the Arizona Corporation Commission ("Commission") issued Decision No. 68607, approving the application of Arizona Water Company ("AWC" or "Company") for an extension of its water Certificate of Convenience and Necessity ("CC&N"). The Decision approved the extension of AWC's CC&N to include areas referred to as parcels 1, 3, 4, 5, 6, 7, and 8.

Pursuant to Commission Decision No. 68607, Arizona Water was required to file the following:

- a copy of the Approval to Construct ("ATC") issued by the Arizona Department of Environmental Quality ("ADEQ") for the facilities needed to serve each of the parcels within two years of the effective date of the Decision;
a copy of one developers' Certificates of Assured Water Supply ("CAWS") for each of the parcels within two years of the effective date of the Decision; and
a copy of the fully executed main extension agreements ("MXAs") for water facilities for each parcel within two years of the effective date of the Decision.

2. On February 12, 2007, AWC filed all of the compliance items required for Parcel 6.

1 At that time, compliance items still remained for Parcels 3, 4, 5 and 7.¹

2 3. On January 28, 2008, AWC filed a request for an extension of time, until March 23,
3 2010, to comply with Decision No. 68607. AWC requested an extension of the deadline to obtain the
4 MXAs, ATCs, and CAWS for the remaining parcels.

5 4. On February 19, 2008, the Commission's Utilities Division ("Staff") filed a response
6 recommending approval of AWC's request for an extension of time, until March 23, 2010.

7 5. On March 11, 2008, by Procedural Order, AWC's request for an extension of time was
8 approved for the Company to file copies of the remaining compliance items by March 23, 2010.

9 6. On October 2, 2009, AWC filed a second request for an extension of time, until March
10 23, 2012, to comply with Decision No. 68607. AWC's extension request stated that: additional time
11 was needed due to the housing market decline;² the Arizona Department of Water Resources
12 ("ADWR") had not completed the approval process for the Company's Physical Availability
13 Demonstration ("PAD") application; approval of the PAD is a "precursor" to obtaining a CAWS;
14 and, because the extension area is located within the Pinal Active Management Area ("AMA"),
15 developers cannot plat a subdivision without a CAWS. AWC submitted letters from the current
16 owners of Parcels 3, 4, 5 and 7, showing the owners' continued desire to develop their properties and
17 to receive water service from AWC. AWC further stated that denial of its request to extend the time
18 deadline would be harmful to a recovery of the housing market in the area.

19 7. On November 27, 2009, Staff filed a response to AWC's second request for an
20 extension of time to comply with Decision No. 68607. In its response, Staff expressed concerns over
21 both the number of times AWC had requested that the time deadlines be extended and the length of
22 time to comply. Nonetheless, Staff recommended granting AWC's request based on the
23 Commission's recent discussions regarding the length of extension requests. According to Staff, in
24 deciding whether a request for an extension of time should be granted, the Commission would

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26 ¹ Decision No. 68607 did not require any compliance items for Parcel 1. The Decision granted an Order Preliminary for
27 Parcel 8, and AWC was required to obtain a consent, franchise, or permission from the City of Eloy, within one year of
the date of the Decision. AWC was unable to satisfy the requirement for Parcel 8 and the Order Preliminary became null
and void.

28 ² AWC's request noted that housing permits had dropped from an annual peak of 11,371 in 2005 to 3,104 in 2008, for
single family residences issued in Pinal County.

1 consider the condition of the housing market and recession; the need to comply with state agency
2 requirements; the need for long-term planning; and the complexity of the issues involved in the
3 request for an extension of time.

4 8. On January 26, 2010, the Commission issued Decision No. 71475 and found that
5 AWC had filed a timely request for an extension of the time deadlines contained in Decision No.
6 68607. Based on the following: the recent housing market decline; the current economic recession;
7 the length of time needed for developers and utilities to meet state agency requirements; and the
8 continuing desire expressed by property owners in the extension area to have AWC provide water
9 utility service in the extension area, the Commission granted AWC an extension of time, until March
10 23, 2012, to comply with Decision No. 68607.

11 9. On October 5, 2011, AWC filed a third request for another extension of time until
12 March 23, 2014, to file the required documentation as required by Decision Nos. 68607 and 71475
13 for parcels 3, 4, 5 and 7.

14 10. On December 25, 2011, and February 28, 2012, the Company filed two addendums to
15 its third request for an extension of time to comply with Decision Nos. 68607 and 71475 and
16 included copies of letters from property owners or their representatives who expressed their
17 continued desire for service to their properties by AWC.

18 11. On April 26, 2012, Staff filed its response to the Company's continuing request for an
19 extension of time to meet the Commission's compliance requirements for parcels 3, 4, 5 and 7 as
20 discussed herein and noted the ongoing problems associated with real estate development in Arizona.

21 12. Staff in its response related that AWC has obtained the approval of the Arizona
22 ADWR for a PAD for the Company's Pinal Valley system (which includes parcels 3, 4, 5 and 7).
23 The Company described the PAD as "an important precursor to, and a necessary requirement for
24 obtaining a CAWS" and stated that, in conjunction with ADEQ's approval, the combination
25 represents sufficient compliance on the CAWS condition reflected in Decision No. 68607.
26 Additionally, the Company has provided letters from property owners in parcels 3, 4, 5, and 7
27 reiterating their requests for service and their intent to develop within the approximate timeframe of
28 the requested extension.

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ORDER

IT IS THEREFORE ORDERED that Arizona Water Company's deadline to comply with the compliance deadlines as initially set forth in Commission Decision No. 68607 and modified by Decision No. 71475, as discussed herein, shall be extended to March 23, 2014.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

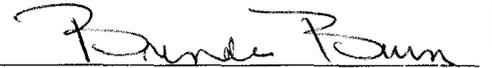
BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

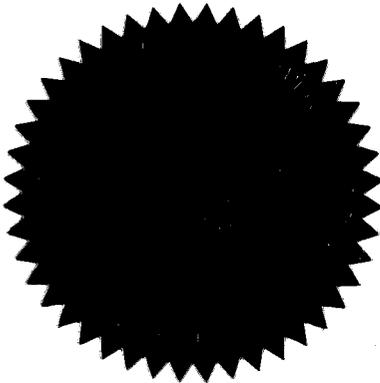

CHAIRMAN


COMMISSIONER

EXCUSED
COMM. KENNEDY
COMMISSIONER

EXCUSED
COMM NEWMAN
COMMISSIONER


COMMISSIONER



IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 5th day of June 2012.


ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

MES:db

1 SERVICE LIST FOR: ARIZONA WATER COMPANY

2 DOCKET NO.: W-01445A-05-0469

3 Robert W. Geake
4 ARIZONA WATER COMPANY
5 P.O. Box 29006
Phoenix, AZ 85038-9006

6 Thomas H. Campbell
7 Michael T. Hallam
8 LEWIS AND ROCA, LLP
40 North Central Avenue, Suite 1900
Phoenix, AZ 85004

9 Gary L. Vasquez
10 COOPER, VASQUEZ & RUETER, LLP
P.O. Box 15005
Casa Grande, AZ 85230-5005

11 Janice Alward, Chief Counsel
12 Legal Division
ARIZONA CORPORATION COMMISSION
13 1200 West Washington Street
Phoenix, AZ 85007

14 Steven M. Olea, Director
15 Utilities Division
ARIZONA CORPORATION COMMISSION
16 1200 West Washington Street
Phoenix, AZ 85007

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