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BEFORE THE ARIZONA CORPORATIO
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Arizona Corporation Commission
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AZ CORP COMMISSION
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JUN 26 2012

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IN THE MATTER OF THE APPLICATION) DOCKET NO. WS-04245A-04-0184
OF RED ROCK UTILITIES, L.L.C. FOR A)
CERTIFICATE OF CONVENIENCE AND) MOTION FOR FURTHER EXTENSION
NECESSITY TO PROVIDE WATER AND) OF COMPLIANCE FILING DATE
WASTEWATER SERVICE TO A PORTION) DEADLINE
OF PINAL COUNTY.)

I.

INTRODUCTION

By means of this Motion For Further Extension of Compliance Filing Date Deadline ("Motion"), Red Rock Utilities, L.L.C. ("Red Rock") requests that the Commission issue an appropriate order extending the deadline for Red Rock filing a rate application from August 3, 2012 to August 3, 2014. In support of its Motion, Red Rock submits the following information.

II.

BACKGROUND

On November 2, 2004, the Commission issued Decision No. 67409 granting a certificate of convenience and necessity ("CC&N") to Red Rock to provide water and wastewater service in an unincorporated area in Pinal County, Arizona, approximately 13 miles northwest of the Town of Marana. Therein the Commission directed Red Rock to file a rate case application on or before February 2, 2010. Thereafter, on December 28, 2009, Red Rock filed a Motion For Extension of Compliance Filing Date Deadline. In that motion, Red Rock described the circumstances beyond its control which occasioned its request for an extension of the aforesaid rate case application filing date to August 3, 2012.¹ Among those reasons were (i) an intervening change in ownership of the Red Rock Village Master Planned Community ("Red Rock Village"),

¹ In the interest of brevity, Red Rock's December 28, 2009 motion is incorporated herein by this reference.

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

1 and (ii) the recession which followed the 2008 financial crisis, each of which significantly
2 slowed the pace of development that originally had been anticipated for Red Rock Village. On
3 March 17, 2010, the Commission issued Decision No. 71499. Therein the Commission extended
4 the aforesaid rate case filing deadline to August 3, 2010, noting that due to the sale of the Red
5 Rock Village project to a different developer

6 “ . . . and the general effects of the recession and slowdown of the
7 marketplace, the pace of development [in Red Rock Village] has
8 been slower than expected.” [Decision No. 71499, page 2, lines 1-
9 3]

10 III.

11 INTERIM CIRCUMSTANCES OCCASIONING INSTANT MOTION

12 The aforesaid slower pace of development has continued to affect the growth of Red
13 Rock Village. Illustrative is the fact that as of March 17, 2010, when Decision No. 71499 was
14 issued, Red Rock had 527 customers. As of the date of the instant Motion, Red Rock has 575
15 customers.

16 In that regard, a recent internal² rate review of Red Rock’s water and wastewater utility
17 operations disclosed that a very significant rate increase in both the Company’s water and
18 wastewater rates and charges would be warranted, in the event that the Company filed a rate case
19 application on or before August 3, 2012.³ Despite the passage of several years, the effects of the
20 2008 financial crisis and subsequent recession continue to heavily burden the real estate
21 development and homebuilding industry in southern Arizona.

22 As a consequence of the foregoing, the owners of Red Rock have concluded that filing a
23 rate increase request at this time would not be in the best interest of (i) ratepayers who currently
24 reside in Red Rock Village, (ii) the near-term future of the Red Rock Village community as it
25 endeavors to attract additional families, and (iii) the long-term interests of Red Rock itself.

26
27 ² Red Rock’s utility rate consultant, Thomas Bourassa, assisted in the conduct of this internal rate review.

28 ³ Red Rock Village in many respects is a “starter” community for new families. Needless to say, significant increases in Red rock’s current rates conceivably could impair the ability of new families to purchase their first home in Red Rock Village.

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
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1 Thus, they concluded that Red Rock should seek the further extension of the rate case application
2 filing deadline which is the subject of this Motion.

3 In that regard, despite the fact that they are not receiving an adequate return on their
4 investment in water and wastewater utility plant, the owners of Red Rock are committed to
5 providing the resources necessary to ensure that Red Rock will continue to provide ongoing
6 adequate, reliable and good quality water service to current and future residents of Red Rock
7 Village between now and the Company's next rate case.

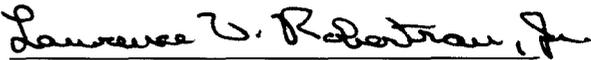
8 IV.

9 CONCLUSION

10 WHEREFORE, for the reasons discussed above, Red Rock requests by means of this
11 Motion that the Commission issue an appropriate order further extending the deadline for Red
12 Rock filing a rate application for its Pinal County water and wastewater systems from August 3,
13 2012 to August 3, 2014.

14 Dated this 25th of June 2012.

15 Respectfully submitted,

16 

17 Lawrence V. Robertson, Jr.
18 Attorney for Red Rock Utilities, L.L.C.
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20

21 The original and thirteen (13) copies of the
22 foregoing Motion will be mailed for filing
23 this 25th day of June 2012 to:

24 Docket Control
25 Arizona Corporation Commission
26 1200 West Washington Street
27 Phoenix, Arizona 85007

28 A copy of the foregoing Motion has been
emailed or mailed this same date to:

LAWRENCE V. ROBERTSON, JR.
ATTORNEY AT LAW
P.O. Box 1448
Tubac, Arizona 85646
(520) 398-0411

1 Lyn A. Farmer,
2 Chief Administrative Law Judge
3 Hearing Division
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

5 Steve Olea, Director
6 Utilities Division
7 Arizona Corporation Commission
8 1200 West Washington Street
9 Phoenix, Arizona 85007

8 Janice M. Alward, Chief Counsel
9 Legal Division
10 Arizona Corporation Commission
11 1200 W Washington
12 Phoenix, AZ 85007-2927

12 Kimberly D. Battista, Chief
13 Compliance & Enforcement
14 Utilities Division
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007

16 Red Rock Utilities, L.L.C.
17 2200 East River Road, Suite 115
18 Tucson, Arizona 85718

18 Thomas J. Bourassa, CPA
19 139 W. Wood Drive
20 Phoenix, Arizona 85029

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