

ORIGINAL

MEMORANDUM



TO: Docket Control Center

FROM: Steven M. Olea  
Director  
Utilities Division

DATE: August 20, 2012

RE: ARIZONA WATER COMPANY - REQUEST FOR EXTENSION OF COMPLIANCE  
DEADLINE (DOCKET NO. W-01445A-05-0701)

Arizona Corporation Commission  
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DOCKETED BY *JM* ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

In Decision No. 68919, dated August 29, 2006, the Arizona Corporation Commission (“Commission”) approved the application of Arizona Water Company (“Arizona Water” or “Company”) for an extension of its Certificate of Convenience and Necessity.

As part of Decision No. 68919, the Commission ordered the following:

“... a copy of the fully executed main extension agreements for water facilities for the extension area within two years of the decision in this matter.”

“... a copy of the Arizona Department of Environmental Quality Certificate of Approval to Construct for facilities needed to serve the extension area within two years of the effective date of this decision.”

“... a copy of the developer’s Certificate of Assured Water Supply, where applicable or when required by statute within two years of the effective date of this Decision.”

Based on the August 29, 2006 date of Decision No. 68919, the original due dates for the above compliance items were on or about August 29, 2008. Arizona Water subsequently received two extensions of time, until August 29, 2010 and August 29, 2012, via Decision Nos. 70527 and 71708, respectively.

On August 3, 2012, Arizona Water docketed a filing titled “Request For Additional Time For Compliance Filing” seeking until August 29, 2014 for the provision of the main extension agreement (“MXA”), the Approval to Construct (“ATC”) and the Certificate of Assured Water Supply (“CAWS”) filings. The application provided rational for the extension by referring to “the deep recession and real estate crash over the past several years as “extraordinary circumstances” which continue to delay development in Arizona.

In Exhibit B to the application, the Company included an Arizona Department of Water Resources (“ADWR”) Physical Availability Determination (“PAD”) which the Company argues is sufficient compliance for the CAWS requirement. Conversely, Staff accepted the PAD as evidence of Company *progress toward* compliance with the CAWS, rather than evidence of actual

compliance in that regard. Staff does not consider the provision of the PAD to represent compliance with the CAWS requirement of Decision No. 68919. The Company itself has previously identified the PAD as a precursor to the CAWS. In conclusion, Staff finds that the Company has not complied with the CAWS requirement and further concludes that the Company's request for extension on the "remaining compliance items" would appropriately include the CAWS. In Exhibit C to the application, the Company also included an updated request for service letter from the owner of the property in the extension area.

Based on the application and all of the above, Staff does not object to the Company's request for an extension of time until August 29, 2014 to comply with the MXA, ATC, and CAWS requirements outlined in Decision No. 68919. Staff recommends that no further time extensions be granted in this matter.

SMO:BKB:lhv

Originator: Brian K. Bozzo

SERVICE LIST FOR:  
DOCKET NO.

ARIZONA WATER COMPANY  
W-01445A-05-0701

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