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MEMORANDUM

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TO: Docket Control Center

FROM: Steven M. Olea
Director
Utilities Division

EA for SMD

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DATE: January 2, 2013

RE: STAFF'S RESPONSE TO THE FILING OF PAYSON WATER CO., INC. ON NOVEMBER 1, 2012, REQUESTING AN EXTENSION OF TIME TO COMPLY WITH DECISION NO. 71902 AS AMENDED BY DECISION NO. 72679 PROPOSED CHANGES TO ITS CURTAILMENT TARIFF. (DOCKET NO. W-03514A-10-0117)

STAFF'S RESPONSE TO THE FILING OF PAYSON WATER COMPANY, INC. ON NOVEMBER 1, 2012, REQUESTING AN EXTENSION OF TIME TO COMPLY WITH DECISION NO. 71902 AS AMENDED BY DECISION NO. 72679 REQUEST FOR A WATER AUGMENTATION SURCHARGE TARIFF. (DOCKET NO. W-03514A-10-0116)

On November 1, 2012, Payson Water Company, Inc. filed a request for a second extension of time to file a permanent rate case that was originally ordered to be filed in Arizona Corporation Commission ("Commission") Decision No. 71902, as amended by Commission Decision No. 72679. The original due date for filing the permanent rate case was September 27, 2011. Pursuant to Decision No. 72679 the Commission granted the Company's request until March 31, 2012. That Decision also ordered that no further extension be granted absent good cause.

The Company's second extension request would move the due date deadline to May 1, 2013. Staff also notes that the Company's second request was filed 7 months after the expiration of the last authorized due date. Further, Staff issued a Staff Report in Docket Nos. W-03514A-12-0300 and W-03514A-12-0301 (regarding another emergency water tariff) on July 19, 2012, recommending:

1. That Staff did not recognize an emergency situation in these filings.
2. That the Company was out of compliance with the Commission for not timely filing its, then over due by 4 months, permanent rate case filing.
3. That the Company should immediately prepare its overdue permanent rate case filing and incorporate the tariff requests embodied in Docket Nos. 12-0300 and 12-0301 into its rate case filing.

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4. That the pending financing situation cited by the Company for not filing its rate case, should not keep the Company from filing as it could be consolidated with the rate case filing at a later time, after the rate case had been filed.

Staff does not believe that the pending financing issues should continue to further delay the completion of the Company's outstanding obligation to file a permanent rate case. Staff does not believe that it is in the public interest to delay the rate case filing any further. Staff recommends denial of any further time extensions. Staff further recommends that the Company file its permanent rate case filing immediately.

SMO:DWC:red

Originator: Darron Carlson