

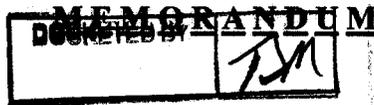
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AZ CORP COMMISSION  
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TO: Docket Control Center

FROM: Steven M. Olea  
Director  
Utilities Division*EA for SMD*

DATE: June 28, 2013

RE: ARIZONA WATER COMPANY - REQUEST FOR EXTENSION OF COMPLIANCE  
DEADLINES (DOCKET NO. W-01445A-05-0389)

In Decision No. 68442, dated February 2, 2006, the Arizona Corporation Commission ("A.C.C." or "Commission") approved the application of Arizona Water Company ("Arizona Water" or "Company") for an extension of its Certificate of Convenience and Necessity ("CC&N"). Specifically, Decision No. 68442 ordered that the following:

- a) "that the Company file, within 365 days of the effective date of this Decision, with the Commission's Docket Control, as a compliance item, a copy of the respective developer's Certificate of Assured Water Supply issued by the Arizona Department of Water Resources for the areas described in Exhibit A."
- b) "that the Company file, within 365 days of the effective date of this Decision, with the Commission's Docket Control, as a compliance item, copies of any executed main extension agreements."
- c) "that the Company file, within 365 days of the effective date of this Decision, with the Commission's Docket Control, as a compliance item, copies of the respective Certificates of Approval to Construct issued by the Arizona Department of Environmental quality for the construction of mains in the three extension areas."

For the items above, Decision No. 68442 obligated the Company to provide a separate filing for each of the three individual parcels ... Parcel One; Parcel Two; and Parcel Three. The Company originally had 365 days, until February 2, 2007, to provide these filings to the Commission and has received extensions of time (most recently in Decision No. 72447) until February 2, 2013. As confirmed in Decision No. 72247, the above compliance items have been provided for all parcels except Parcel 3.

On February 7, 2013, the Company filed the current request for an extension of time, seeking an additional two years or until February 2, 2015 for provision of the CAWS, MXA and ATC filings for Parcel Three. The Arizona Water application submits that the Company had "substantially complied" with the decision by meeting the requirements of Parcel One and Two. The application also explains the need for the extension of time by discussing the "severe economic downturn" that has "battered the Arizona real estate market". The Company further

Docket Control Center

June 28, 2013

Page 2

stated that its provision of the physical availability demonstration ("PAD") from the Arizona Department of Water Resources ("ADWR") is adequate for the CAWS requirement above. Finally, in a February 20, 2013 supplement to the application, the Company docketed an updated request for service letter in which the owner of the property, Vail 160 LLC, expressed a continuing need for service from Arizona Water.

Given the Company's partial compliance in meeting the Parcel One and Parcel Two requirements and the recent condition of Arizona real estate markets, Staff will not object to the Company's current request for extension of time on Parcel Three. Staff does not concur that the provision of the PAD is adequate for the CAWS. Staff has consistently communicated its position that the PAD is a precursor to the CAWS, not a CAWS itself and that the CAWS should therefore be provided as outlined by the Commission in its decisions.

Staff therefore recommends that the current February 2, 2013 due date on the CAWS, MXA and the ATC for Parcel 3 be extended until February 2, 2015. Staff further recommends that since the original compliance dates were more than 6 years ago, no further time extensions be granted in this matter for any reason.

SMO:BKB:lh

Originator: Brian K. Bozzo

**SERVICE LIST FOR:  
DOCKET NO.**

**ARIZONA WATER COMPANY  
W-01445A-05-0389**

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