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MEMORANDUM

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JAN 17 2014

DATE: January 17, 2014

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RE: SAHUARITA WATER COMPANY, L.L.C. - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINE (DOCKET NO. W-03718A-07-0687)

In Decision No. 70620, dated November 19, 2008, the Arizona Corporation Commission ("Commission") approved the application of Sahuarita Water Company, L.L.C. ("Sahuarita" or "Company") for a transfer of its certificate of convenience and necessity for water service.

As part of Decision No. 70620, the Commission ordered the following:

"Sahuarita Water Company, L.L.C., shall file with Docket Control, within three years of the effective date of this Decision, as a compliance item in this docket, copies of the Approval to Construct from the Arizona Department of Environmental Quality for well(s), storage tank(s), booster pump station(s), and the distribution system necessary to serve the initial subdivision in the extension area."

Based on the Commission-ordered three year timeframe, the original due date for compliance with the above requirement was on or about November 19, 2011. Commission Decision No. 73157 subsequently extended the due date for the ATC requirement until November 19, 2013.

On November 4, 2013, Sahuarita docketed a further request for extension of time of five years - until November 19, 2018 - to file the required Arizona Department of Environmental Quality ("ADEQ") Approval to Construct ("ATC"). However, while the application states that the Company would "support" an extension for the entire extension area, "Sahuarita's request is specific" to one parcel - for the development company Sahuarita Mission Partners, L.L.C. ("SMP").

Decision No. 70620 originally extended authority for water service to three separate parcel/owners: Mission Peaks 4000, L.L.C. ("Mission Peaks"), SMP, and the Arizona State Land Department ("ASLD"). The Company request for extension of time is specific to the SMP parcel because the Company has "only received notification from SMP that it still plans to develop, and still requests that Sahuarita be its water service provider". Exhibit 1 to the application is an October 30, 2013 updated request for service letter from SMP supporting Sahuarita's request for extension of time to comply with the ATC requirement.

Sahuarita also stated that “the economic downturn continues to impact” development and continues to affect Sahuarita’s service territory. It further noted that the both the Mission Peaks parcel and the ASLD parcel have been sold to the separate mining interests of Freeport McMoRan Copper & Gold (“Freeport”) and ASARCO L.L.C. (“ASARCO”), respectively. As a result, Sahuarita states it is premature to engineer or incur other costs for development at this time but notes that SMP still desires that the Company continue as the provider of future water service. This is not the same for the other parcels as an updated request for service letter has not been received by the Company and submitted to Staff.

Based on the application and all of the above, Staff does not object to Sahuarita’s request for an extension of time for provision of the ATC in the parcel area that has a current request for service. However, Staff recommends that the extension of time be granted for a more typical two year period rather than the five year period as requested by the Company. Therefore, Staff further recommends that the Commission due date for filing the ATC on the SMP development be extended from November 19, 2013 to November 19, 2015. Staff further recommends that no further extensions of time be granted in this matter.

For those parcels without an updated request for service (now Freeport and ASARCO), Staff further recommends denial of the Company request for extension of time and further recommends that those areas be deleted from the Certificate of Convenience and Necessity extension area previously granted by the Commission.

SMO:BKB:lmh

Originator: Brian K. Bozzo

SERVICE LIST FOR:
DOCKET NO.

SAHUARITA WATER COMPANY, L.L.C.
W-03718A-07-0687

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