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MEMORANDUM

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2014 MAY 19 PM 4:03

TO: Docket Control Center

FROM: Steven M. Olea  
Director  
Utilities Division

ORIGINAL

Arizona Corporation Commission  
DOCKETED

DATE: May 19, 2014

MAY 19 2014

RE: PICACHO WATER IMPROVEMENT CORPORATION  
REQUEST FOR EXTENSION OF COMPLIANCE DEADLINE  
(DOCKET NO. W-01774A-12-0089)

DOCKETED BY

In Decision No. 73258, July 30, 2012, the Arizona Corporation Commission (“Commission”) approved the application of Picacho Water Improvement Corporation (“Picacho” or “Company”) for approval of an emergency rate increase.

As part of Decision No. 73258, the Commission ordered the following:

*“...Picacho Water Improvement Corporation shall, within 12 months after the effective date of this Decision, file an application for a full permanent rate case.”*

Based on the Commission ordered twelve month timeframe, the original due date for compliance with the above requirement was on or about July 30, 2013.

On April 18, 2014, Picacho docketed a request for extension of time until April 1, 2015 for the provision of the rate case application. The Company states there are four reasons for the request for extension of time:

- First, the Company expends much time, energy, and resources to assure the customers get reliable water. The Company notes that a rate application would also require significant cost of time, resources, and money.
- Second, the Company has applied to Water Infrastructure Finance Authority of Arizona (“WIFA”) for a grant to redesign the system and the Company believes the findings would be best reflected in a rate application.
- Thirdly, the Company has assisted Picacho citizens in forming a Steering Committee for the creation of a Domestic Water Improvement District (“DWID”). This could change the Company’s regulated status before the Commission.
- Fourth, Picacho continues to pursue compensation for lost customers from Arizona Department of Transportation (“ADOT”) and feels any success would “profoundly impact” the required rate case.

Various members of Staff have been in contact with Mr. Hank Holmes, Picacho’s President, regarding the situation surrounding current operations and the rate case requirement. Mr. Holmes has

been receptive to Staff's requests and has provided information as required. Staff notes the Company faces operational challenges and a significant amount of uncertainty given the WIFA grant application, the potential for a DWID, the loss of customers due to ADOT's highway relocation and the ongoing effort seeking compensation from ADOT.

Based on the application and all of the above, Staff does not object to Picacho's request for an extension of time from the July 30, 2013 rate application deadline and recommends that the deadline in this matter be extended until April 1, 2015. In addition, Staff recommends the Company use a test year ending no earlier than December 31, 2014. Staff further recommends that no further extensions of time be granted in this matter.

SMO:BKB:vsc

Originator: Brian K. Bozzo

SERVICE LIST FOR:  
DOCKET NO.

PICACHO WATER IMPROVEMENT CORPORATION  
W-01774A-12-0089

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