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FROM: Steven M. Olea Director Utilities Division ARIZONA CORPORATION COMMISSION DOCKET CONTROL

JUL 9 2014

DOCKETED BY [Signature]

DATE: July 9, 2014

RE: ARIZONA WATER COMPANY REQUEST FOR EXTENSION OF COMPLIANCE DEADLINE (DOCKET NO. W-01445A-05-0469)

In Decision No. 68607, dated March 23, 2006, the Arizona Corporation Commission ("A.C.C." or "Commission") approved the application of Arizona Water Company ("Arizona Water" or "Company") for extension of its Certificate of Convenience and Necessity ("CC&N") to provide water service to portions of Pinal County, Arizona. This decision approved an extension area which was divided into a number of parcels, referred to as Parcels 1, 3, 4, 5, 6, 7 and 8.

Decision No. 68607 ordered Arizona Water to file the following compliance filings:

"... a copy of the fully executed main extension agreements ("MXA") for water facilities for each parcel within the extension area, except for Parcel 1, within two years of this Decision."

"... a copy of the Arizona Department of Environmental Quality Approval to Construct ("ATC") for the facilities needed to serve each of the Parcels within the requested areas, except for Parcel 1, within two years of this Decision."

"... a copy of one developer's Certificates of Assured Water Supply ("CAWS") for each of the Parcels within the requested areas, except for Parcel 1, stating that there is adequate water supply, where applicable or when required by statute, within two years of this Decision."

Decision No. 68607 did not require such filings for Parcel 1 as the CC&N was granted without further requirement. As for Parcel 8, a franchise was required via an order preliminary but, according to the application, the Company did not meet the one year deadline and the CC&N for Parcel 8 became null and void. On February 12, 2007, the Company filed all of the required compliance items relating to Parcel 6. Therefore, the remaining compliance requirements have been for Parcels 3, 4, 5 and 7, and the Company has received previous extensions of time on the MXA, ATC and CAWS requirements such that the current deadline for the requirements on those parcels is March 23, 2014.

On March 10, 2014, Arizona Water docketed a motion titled "request for additional time for compliance filing". The filing requests that the Commission extend the deadline for provision of the MXA, ATC and CAWS for Parcels 3, 4, 5 and 7 from the current date of March 23, 2014 until

March 23, 2016. In support of the request, the Company primarily outlines the difficult development landscape that has existed in Arizona:

*“The deep recession and real estate crash over the past several years (essentially the entire time that the Decision has been in effect) are extraordinary circumstances which have not been seen since the Great Depression. The severe economic downturn that has battered the Arizona real estate market persists, and continues to delay the development of residential and mixed-use development in Arizona, including Pinal County.”*

Further, the Company is currently providing water service to 90 customers in the approved extension area and, on June 30, 2014, provided the final two updated request for service letters required to communicate their continuing request for service and their ultimate intent to develop in the approved CC&N area.

Based on all of the above, Staff does not object to Arizona Water’s request for further extension of time in this matter. Staff therefore recommends that the requirement for provision of the required MXA, ATC and CAWS for parcels 3, 4, 5 and 7 be extended until March 23, 2016.

SMO:BKB:vsc

Originator: Brian K. Bozzo

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