

**COMMISSIONERS**  
BOB STUMP - Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

**OPEN MEETING ITEM**



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**ARIZONA CORPORATION COMMISSION**

RECEIVED  
AZ CORP COMMISSION  
DOCKET CONTROL

DATE: SEPTEMBER 23, 2014

DOCKET NO.: W-01445A-05-0700 AND WS-01779A-05-0700 <sup>2014 SEP 23</sup> AM 9 07

TO ALL PARTIES:

**ORIGINAL**

Enclosed please find the recommendation of Administrative Law Judge Sasha Paternoster. The recommendation has been filed in the form of an Order on:

ARIZONA WATER COMPANY AND  
FRANCISCO GRANDE UTILITY COMPANY  
(ORDER EXTENDING TIME DEADLINE IN DECISION  
NOS. 68654, 70450, 71688, AND 73517)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

OCTOBER 2, 2014

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

OCTOBER 16, 2014

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission  
**DOCKETED**

SEP 23 2014

DOCKETED BY 

  
JODI JERICH  
EXECUTIVE DIRECTOR

1200 WEST WASHINGTON STREET; PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET; TUCSON, ARIZONA 85701-1347

[www.azcc.gov](http://www.azcc.gov)

This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail [SBernal@azcc.gov](mailto:SBernal@azcc.gov).

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

- BOB STUMP – Chairman
- GARY PIERCE
- BRENDA BURNS
- BOB BURNS
- SUSAN BITTER SMITH

IN THE MATTER OF THE JOINT APPLICATION OF: (1) FRANCISCO GRANDE UTILITY COMPANY, AN ARIZONA CORPORATION, TO TRANSFER A PORTION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY TO ARIZONA WATER COMPANY, AN ARIZONA CORPORATION; (2) ARIZONA WATER COMPANY TO INCLUDE CERTIFICATED AREA TO BE TRANSFERRED BY FRANCISCO GRANDE UTILITY COMPANY IN ARIZONA WATER COMPANY’S CASA GRANDE CERTIFICATE OF CONVENIENCE AND NECESSITY.

DOCKET NO. W-01445A-05-0700  
DOCKET NO. WS-01775A-05-0700

DECISION NO. \_\_\_\_\_

**ORDER EXTENDING TIME DEADLINE CONTAINED IN DECISION NOS. 68654, 70450, 71688, AND 73517**

Open Meeting  
October 16, 2014  
Phoenix, Arizona

**BY THE COMMISSION:**

\* \* \* \* \*

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission (“Commission”) finds, concludes, and orders that:

**FINDINGS OF FACT**

1. On October 4, 2005, Francisco Grande Utility Company (“Francisco”) and Arizona Water Company (“AWC”) (“Joint Applicants”) jointly filed an application with the Commission to transfer a portion of Francisco’s Certificate of Convenience and Necessity (“CC&N”) to AWC and for AWC to include the same area in AWC’s Casa Grande CC&N.
2. On April 12, 2006, the Commission issued Decision No. 68654 approving the joint application of AWC and Francisco. Pursuant to Commission Decision No. 68654 (April 12, 2006), AWC was required to file, among other things, the following compliance items:

- 1 • Copies of the Arizona Department of Environmental Quality's Approval to Construct ("ATC") for facilities needed to serve the requested transfer areas within two years of the effective date of the Decision.
- 2 • A Notice of filing indicating AWC had submitted for Staff's review and approval, a copy of the fully executed main extension agreements ("MXAs") for water facilities for the requested transfer areas within two years of the effective date of the Decision.
- 3 • A copy of the developer's Certificate of Assured Water Supply ("CAWS") for the requested transfer areas where applicable or when required by statute, within two years of the effective date of the Decision.

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7 3. On March 10, 2008, AWC filed a request for additional time, until April 12, 2010, to  
8 file the above compliance items.

9 4. On August 6, 2008, the Commission issued Decision No. 70450, approving AWC's  
10 request for additional time, until April 12, 2010, to comply with Decision No. 68654.

11 5. On November 23, 2009, AWC filed a request for determination of compliance with  
12 Decision No. 68654; or in the alternative, a request for additional time to comply with Decision No.  
13 68654. In its request, AWC stated that the remaining compliance items are under the control of the  
14 developer; the developer has prepared a regional groundwater model for AWC's entire Pinal Valley  
15 Water Service Area to demonstrate the physical availability of groundwater in the transfer area; an  
16 application for a Physical Availability Demonstration ("PAD") was filed with the Arizona  
17 Department of Water Resources ("ADWR") in 2007, but has not yet been approved; the recession has  
18 significantly slowed the housing market; and because the PAD is a precursor to receiving a CAWS  
19 and no MXAs may be entered into without a CAWS, AWC needed more time to comply. AWC's  
20 request sought a determination that it had complied with the requirements of Decision No. 68654, or  
21 alternatively requested, that AWC be granted an extension of time, until April 12, 2012, to comply  
22 with the Decision.

23 6. On January 19, 2010, AWC filed an amendment to its request which revised the map  
24 submitted for the transfer area; provided a copy of the approved ADWR PAD<sup>1</sup> for the transfer area;  
25 withdrew a previously submitted MXA the Company erroneously believed included the transfer area;  
26 submitted a copy of the ATC application for the facilities needed in the transfer area; and withdrew  
27 its request for a determination of compliance with Decision No. 68654. AWC further requested to

28 <sup>1</sup> ADWR approved the PAD application for the transfer area on December 24, 2009.

1 extend the compliance deadlines contained in Decision No. 68654, until April 12, 2012, for the ATC,  
2 MXAs, and CAWS related to the transfer area.

3 7. On May 3, 2010, the Commission issued Decision No. 71688 which approved AWC's  
4 request for an extension of time, until April 12, 2012, to file the ATC, MXAs, and CAWS related to  
5 the transfer area.

6 8. On December 9, 2011, AWC filed a third request for additional time to file  
7 compliance items, in which it sought an extension of time, until April 12, 2014, to comply with  
8 Decision No. 68654. AWC's filing stated that the deep recession and real estate crash over the last  
9 several years have created extraordinary circumstances that have not been seen since the Great  
10 Depression; and therefore, AWC needed additional time to comply with the Decision.

11 9. On October 4, 2012, the Commission issued Decision No. 73517 which approved  
12 AWC's request for an extension of time, until April 12, 2014, to file compliance items pursuant to  
13 Decision No. 68654. The Decision put the Joint Applicants on notice that further requests for  
14 extension of time to comply must demonstrate that extraordinary circumstances exist that warrant  
15 additional time.

16 10. On April 7, 2014, AWC filed its fourth Request for Additional Time for Compliance  
17 Filing ("Request"). The Request sought an extension of time until April 12, 2016 to comply with  
18 Decision No. 68654. The Request stated extraordinary circumstances exist that require an extension  
19 of time due to the severe economic conditions that continue to batter the Arizona real estate market,  
20 resulting in the delay of residential and mixed-use development. The Request included an updated  
21 request for service from one of the property owners within the requested transfer area.

22 11. On June 30, 2014, AWC docketed a Supplement to Request for Additional Time for  
23 Compliance Filing. The filing included three additional ownership letters demonstrating the owners'  
24 continuing need for service from AWC.

25 12. On July 2, 2014, AWC filed a Second Supplement to Request for Additional Time for  
26 Compliance Filing, in which the final ownership letter relating to the transfer area was docketed.

27 13. On July 11, 2014, Staff filed a memorandum stating that it does not object to AWC's  
28 request for an extension of time, until April 12, 2016, to comply with Decision No. 68654. Staff

1 stated that the April 7, 2014 application for extension of time was filed only five days before the  
 2 April 12, 2014 due date and did not include all the ownership letters at the time of docketing.  
 3 Therefore, Staff recommends that AWC be required to file requests for extension of time at least 90  
 4 days prior to the existing due date (in this or any other docket) and include 100 percent of the  
 5 ownership letters when the application for extension of time is originally filed (in this or any other  
 6 docket).

7 14. Based on the letters from 100 percent of the property owners in the transfer area  
 8 demonstrating a continuing need for service and the effect of the economy on development in the  
 9 transfer area, we find that AWC's request for an extension of time to comply with Decision No.  
 10 68654 is reasonable and should be granted.

11 15. Staff's recommendations requiring AWC to file requests for extension of time at least  
 12 90 days prior to the existing due date and to include 100 percent of the ownership letters when the  
 13 application for extension of time is originally filed are reasonable. As this is the only docket before  
 14 us, we cannot order AWC to take actions in other dockets. However, AWC is put on notice as to  
 15 Staff's recommendations.

#### CONCLUSIONS OF LAW

17 1. Arizona Water Company and Francisco Grande Utility Company are public service  
 18 corporations within the meaning of Article XV of the Arizona Constitution and A.R.S. §§40-281 and  
 19 40-282.

20 2. The Commission has jurisdiction over Arizona Water Company, Francisco Grande  
 21 Utility Company, and the subject matter described herein.

22 3. Arizona Water Company's request for an extension of time, until April 12, 2016, to  
 23 comply with the requirements outlined in Decision No. 68654, is reasonable and should be granted.

#### ORDER

25 IT IS THEREFORE ORDERED that Arizona Water Company and Francisco Grande Utility  
 26 Company are hereby granted an extension of time, until April 12, 2016, to comply with Commission  
 27 Decision No. 68654, by filing the Arizona Department of Environmental Quality's Approval to  
 28 Construct for the facilities needed to serve the transfer areas, a notice in this docket, that Arizona

1 Water Company has submitted for Staff's review and approval, a copy of a fully executed main  
2 extension agreement for the water facilities in the transfer areas, and a copy of the developer's  
3 Certificate of Assured Water Supply for the transfer area where applicable or when required by  
4 statute.

5 IT IS FURTHER ORDERED that Arizona Water Company and Francisco Grande Utility  
6 Company shall file any future request for an extension of time at least 90 days prior to the existing  
7 due date.

8 IT IS FURTHER ORDERED that Arizona Water Company and Francisco Grande Utility  
9 Company shall include 100 percent of the ownership letters with any additional request for an  
10 extension of time.

11 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

12  
13 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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15 \_\_\_\_\_ CHAIRMAN \_\_\_\_\_ COMMISSIONER

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17 \_\_\_\_\_ COMMISSIONER \_\_\_\_\_ COMMISSIONER \_\_\_\_\_ COMMISSIONER

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19 IN WITNESS WHEREOF, I, JODI JERICH, Executive  
20 Director of the Arizona Corporation Commission, have  
21 hereunto set my hand and caused the official seal of the  
22 Commission to be affixed at the Capitol, in the City of Phoenix,  
23 this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

24 \_\_\_\_\_  
25 JODI JERICH  
26 EXECUTIVE DIRECTOR

27 DISSENT \_\_\_\_\_

28 DISSENT \_\_\_\_\_  
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SERVICE LIST FOR:

ARIZONA WATER COMPANY AND  
FRANCISCO GRANDE UTILITY COMPANY

DOCKET NOS.:

W-01445A-05-0700 AND WS-01775A-05-0700

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