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BEFORE THE ARIZONA CORPORATION COMMISSION

2014 NOV -5 P 3:37

COMMISSIONERS

- Bob Stump - Chairman
- Gary Pierce
- Brenda Burns
- Bob Burns
- Susan Bitter Smith

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

NOV 05 2014

ORIGINAL

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
ARIZONA WATER COMPANY, AN ARIZONA
CORPORATION, TO EXTEND ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY FOR ITS PINAL VALLEY SYSTEM,
PINAL COUNTY, ARIZONA

DOCKET NO. W-01445A-05-0389

APPLICATION FOR EXTENSION OF
TIME FOR COMPLIANCE FILING

On February 2, 2006, the Commission entered Decision No. 68442 (the "Decision") in the above-captioned docket. The Decision approved Arizona Water Company's (the "Company") application for an extension of its Certificate of Convenience and Necessity for its Pinal Valley system. The Decision further directed the Company to submit certain items for compliance filings within certain time frames provided in the Decision.

The extension area approved in the Decision was divided into three (3) parcels. The Company has previously filed all of the compliance items for Parcels 1 and 2 as confirmed in Finding of Fact No. 8, in Decision No. 72447. Decision No. 72447 extended the time for the Company to file the compliance documents for Parcel 3 to February 2, 2013.

On February 7, 2013, the Company filed a request for additional time for compliance filing, in which the Company requested until February 2, 2015 to file the two remaining compliance items for parcel number 3. On February 20, 2013 the Company submitted a letter from the owner of parcel number 3 documenting the property owner's continuing need and request for water service and to remain within the Company's CCN in order to develop its property. On June 14, 2013, the Company filed a Certificate of Approval to Construct Water Facilities issued by the Arizona Department of Environmental Quality for the real property located in Parcel 3 of the Extension

1 Area. The Commission granted the Company's request in Decision Number 74007, dated July 30,
2 2013.

3 The Company now requests an extension of the current compliance deadline for an
4 additional two (2)-year period, until February 2, 2017. In support of its request, the Company
5 respectfully further provides as follows:

- 6 1. As detailed above, the Company has substantially complied with the requirements
7 of the Decision; the remaining compliance requirements concern only Parcel 3.
- 8 2. The Company is currently serving 14 customers in the expansion area approved by
9 the Decision.
- 10 3. The deep recession and real estate crash over the past several years (essentially, the
11 entire time that Decision No. 68442 has been in effect) are extraordinary
12 circumstances that have not been seen since the Great Depression. The severe
13 economic downturn that has battered the Arizona real estate market persists, and
14 continues to delay the development of residential and mixed-use development in
15 Arizona, including Pinal County. Therefore, even though the Company is serving,
16 and expects to serve additional customers in the expansion area within the next few
17 years (see paragraph 2, above, and paragraph 6, below), no one, including housing
18 experts and economists, can say for sure when the real estate market will see a
19 recovery of any significance.
- 20 4. The Commission's Staff observed in evaluating another water utility's request for
21 additional time approved by the Commission in Docket No. W-01732A-05-0532
22 (see Finding of Fact No. 14 on page 3 of Decision No. 71861 docketed September
23 1, 2010, Staff response filed on May 8, 2009), "...the downturn in the economy has
24 put a damper on much of the development in this state."
- 25 5. The real property in Parcel 3 is owned by one property owner. The Company has
26 requested a letter from the property owner, which it has received and attaches to this
27 application as Exhibit A. The letter documents the property owner's continuing
28

1 need and request for water service from the Company in order to develop its
2 property in the expansion area. The letter also confirms the owner's plans to
3 develop its property in reliance upon water service that it plans to obtain under the
4 Company's CCN. The continued existence of that CCN will support the slowly
5 improving development market that has experienced historic difficulty, as detailed
6 above, and the withdrawal of the CCN would be detrimental to that recovery and to
7 the owner's ability to obtain the necessary Certificate of Assured Water Supply.

- 8 6. Additionally, absent an extension, the owners of the subject parcels will not be able
9 to apply for a CAWS if the Company's CCN is deleted because the Arizona
10 Department of Water Resources places a condition on any application for a CAWS
11 that it be located in a CCN or have an application for a CCN pending at the time of
12 such CAWS application.

13 CONCLUSION

14 The Company believes, and therefore respectfully submits that the foregoing provides
15 sufficient support for its request for additional compliance time, and confirms the existence of
16 extraordinary circumstances to justify its request. Therefore, the Company respectfully requests
17 that the Commission enter an order:

- 18 a. Extending the compliance deadline to February 2, 2017, under Decision No. 68442
19 for filing the remaining compliance items for Parcel 3 in the extension area
20 approved by the Decision.
21 b. Providing any further relief that it deems appropriate under the circumstances of
22 this Request.

1 RESPECTFULLY SUBMITTED this 5th day of November, 2015.

2 **ARIZONA WATER COMPANY**

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4
5 By: 

6 E. Robert Spear
7 General Counsel
8 Arizona Water Company
9 P. O. Box 29006
10 Phoenix, AZ 85038-9006
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1 Original and thirteen (13) copies of the foregoing filed this 5th day of November, 2014, with:

2 Docket Control Division
3 Arizona Corporation Commission
4 1200 West Washington Street
Phoenix, Arizona 85007

5 A copy of the foregoing was hand delivered this 5th day of November, 2014, to:

6 Janice Alward, Chief Counsel
7 Legal Division
8 Arizona Corporation Commission
9 1200 West Washington Street
Phoenix, Arizona 85007

10 Steven M. Olea, Director
11 Utilities Division
12 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

13 Brian Bozzo
14 Manager, Compliance and Enforcement
15 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

17 By: 
18 _____

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EXHIBIT A

Vail 160 LLC
5110 North 73rd Street
Scottsdale, AZ 85250

September 30, 2014

Arizona Water Company
3805 N. Black Canyon Highway
Phoenix, AZ 85015
Attn: E. Robert Spear

Dear Mr. Spear:

Vail 160 LLC is following up with you regarding Pinal County Assessor's Parcel Nos. 401-33-002A and 401-33-002B which Vail 160 LLC owns. Vail 160 LLC still needs and desires to receive water service from Arizona Water Company to serve this parcel. Our current plans include development within twenty-four months. If market conditions improve, however, we hope to shorten this timeframe.

If you have any questions, please feel free to contact us.

Sincerely,

Vail 160 LLC

By: 
(sign here)

Name: Clayton McKnight
(print name)

Its: Manager
(print title)
