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MEMORANDUM

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TO: Docket Control Center Arizona Corporation Commission
FROM: Steven M. Olea
Director
Utilities Division

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AZ CORP COMMISSION
DOCKET CONTROL

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JUN 12 2015

ORIGINAL

DATE: June 12, 2015

RE: GLOBAL WATER UTILITIES - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES (DOCKET NOS. W-01445A-06-0199, SW-03575A-05-0926, W-03576A-05-0926, SW-03575A-07-0300, W-03576A-07-0300, W-01445A-06-0200, SW-20445A-06-0200, W-20446A-06-0200, W-03576A-06-0200, SW-03575A-06-0200, WS-01775A-07-0485, SW-03575A-07-0485, W-02442A-07-0485 and W-03576A-07-0485)

In Decision No. 73146, dated May 1, 2012, the Arizona Corporation Commission ("ACC" or "Commission") approved the applications of Global-Santa Cruz Water Company, LLC (Santa Cruz), Global-Palo Verde Utilities (Palo Verde) (collectively Global Utilities or Company) and Arizona Water Company ("Arizona Water) for extensions of the various Certificate of Convenience and Necessity ("CC&N"). Specifically, Decision No. 73146 ordered the following:

- a) "...Global-Santa Cruz shall file with Docket Control, as a compliance item by December 31, 2014, a copy of the Certificate of Approval to Construct issued by the Arizona Department of Environmental Quality for the wells, mains, storage tank, and booster pump station installed to serve the first parcel in the requested extension area."
- b) "...Global-Santa Cruz shall file with Docket Control, as a compliance item by December 31, 2014, a letter from Arizona Department of Water Resources indicating that Global-Santa Cruz's Designation of Assured Water Supply has been modified and approved to include the approved extension areas."
- c) "...Santa Cruz shall file with Docket Control, as a compliance item by December 31, 2014, a letter from Arizona Department of Water Resourced indicating that Global-Santa Cruz' Designation of Assured Water Supply has been modified and approved to include the CP Water Company service areas."
- d) "...Global-Palo Verde shall file with Docket Control, as a compliance item in this docket by December 31, 2014, a copy of the Approval to Construct for the sewer mains that serve the first parcel in the approved extension area."

On December 18, 2014, Global Utilities docketed a request for extension of time, until December 31, 2019, for the provision of the Approval to Construct ("ATC") and Designation of Assured Water Supply ("DAWS") items shown above. The Company application included the ATC on the well portion of item a (above) but is seeking an extension of time on the remaining items in that compliance requirement (i.e. mains, storage tank, and booster pump station). This request represents the first motion for extension of time brought by Global Utilities in this docket. The application states that the additional infrastructure is not yet needed in the area due to the market slowdown which took place after the areas were originally granted to Global Utilities. The area

continues to “see development interest” and the Company communicates that the market will continue to improve over time.

The application also outlines Global Utilities position on the need for updated requests for service letters (“service request letters”) from the individual property owners:

“In June 2009, the extension areas granted to the Global Water Utilities in this docket included over 60 parcels. The extension area for the Global Water Utilities’ Southeast Service Area alone contained 58 parcels. Additional parcels were included in the North Service Area. Over five years later, it is likely that the number of parcels has only grown as parcels have been sold and divided.”

“Locating and contacting all of these landowners would be extremely administratively burdensome. Thus, the Global Water Utilities should not be required to obtain new request for service.”

Arizona Administrative Code (“AAC”) rule R14-2-402.5.t requires that each application for a new CC&N or CC&N extension include a copy of requests for service from land owners in the related CC&N areas. Therefore, updated requests for service should also be necessary in extension of time applications relating to compliance requirements of those CC&N cases. This is especially true given the aged nature of the dockets in this consolidated case.

Based on the application and all of the above, Staff recommends denial of the Company request for an extension of time in this matter and recommends that the December 31, 2014 due dates for the provision of the ATC and DAWS items should remain in place. However, if the Company provides the service request letters for all the individual property owners by September 30, 2015, Staff recommends a time extension be granted through December 31, 2016. If all service request letters are not provided by that date, the Commission should order a proceeding to cancel the CC&N area(s) granted to the Company.

As noted, the December 18, 2014 application for extension of time did not include all the service request letters at the time of docketing. Additionally, the application was docketed only 13 days prior to the compliance due dates of December 31, 2014. Staff therefore recommends that the Company be required to docket requests for extension of time at least 90 days prior to the existing due date (in this or any other docket). Staff further recommends that the applications for extension of time (in this or any other docket) should include 100 percent of the ownership letters when originally filed.

SMO:BKB:lea

Originator: Brian K. Bozzo

SERVICE LIST FOR: GLOBAL WATER UTILITIES

DOCKET NO. W-01445A-06-0199 et al.

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