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MEMORANDUM

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 FROM: Steven M. Olea
 Director
 Utilities Division

Arizona Corporation Commission

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 AZ CORP COMMISSION
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DATE: July 28, 2015

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RE: CLEAR SPRINGS UTILITY CO., INC. - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES (DOCKET NOS. W-01689A-11-0401 & WS-01689A-11-0402)

In Decision No. 74037, dated August 16, 2013, the Arizona Corporation Commission ("Commission") approved the application of Clear Springs Utility Co., Inc. ("Clear Springs" or "Company") for long-term debt and a permanent rate increase.

As part of Decision No. 74037, the Commission ordered Clear Springs to comply with the following items:

"It is further ordered that the granted debt authorization shall terminate on August 1, 2015."

"The improvements to Clear Springs Utility Company, Inc.'s PWS #02-048 and PWS #02-050, generally described in Exhibit C, shall be completed no later than February 3, 2015, and within 10 days after completion, Clear Springs Utility Company, Inc. shall file with Docket Control an affidavit confirming that the improvements to PWS #02-048 and PWS #02-050 have been completed and the storage deficiencies resolved."

On February 26, 2015, Clear Springs docketed a request for an extension of time on these items. The Company seeks an extension from August 1, 2015 to December 31, 2015, for the debt authorization termination on the Water Infrastructure Finance Authority of Arizona ("WIFA") loan and further seeks an extension from February 3, 2015 to February 3, 2016, for the completion of the improvements and the provision of the affidavit for the projects surrounding well 3 and 7 (discussed above). The Company's application stated the following rationale regarding the need for the extension of time:

"Two issues have delayed these projects. First and foremost, Buck Lewis, who controlled the company through trust, became very ill. As his health deteriorated, he could no longer effectively oversee Company operations. Consequently, he has relinquished control of the Company as of November 7, 2014. Potable Products, Inc. now controls the Company.

"Second, as the Commission is well aware, Clear Springs is managed by Southwestern Utility Management, Inc. ("Southwestern"). On behalf of another

water company it manages (East Slope Water Company), Southwestern has been working with WIFA to attempt to finance the construction of certain wells, storage tanks, and other infrastructure to serve that [East Slope Water Company's] existing customers.

Based on the application and all of the above, Staff does not object to the Company's request for an extension of time in this matter. Staff therefore recommends that the due date for the Clear Springs debt authorization be extended from August 1, 2015, until December 31, 2015. Staff further recommends that the due date for the completion of the improvements for wells 3 and 7 outlined by the Company application be extended from February 3, 2015, until February 3, 2016. Additionally, Staff notes that the February 26, 2015, application for extension was filed after the February 3, 2015, deadline for completion of the improvements ordered by the Commission. 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 no further extensions of time be granted in this matter.

SMO:BKB:nr

Originator: Brian K. Bozzo

SERVICE LIST FOR: CLEAR SPRINGS UTILITY COMPANY, INC.
DOCKET NOS.: W-01689A-11-0401 & WS-01689A-11-0402

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