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MEMORANDUM

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Director
Utilities Division

Arizona Corporation Commission
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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DATE: October 31, 2015

DOCKETED BY

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 ("ACC" or "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 sought an extension of time for the debt authorization termination from the original due date of August 1, 2015 until December 31, 2015 and further sought an extension for the completion of the improvements surrounding well 3 and 7 (discussed above) from the original due date of February 3, 2015 until February 3, 2016. These extension dates were subsequently approved in Decision No. 75232, dated August 26, 2015.

On October 2, 2015, Clear Springs docketed a subsequent request for further extension of time on the above items and on an additional extension of time to a July 1, 2015 requirement for provision of Approvals of Construction ("AOC") on the same improvements. The current application was driven by a discussion with Clear Springs in which Staff communicated that an extension of time on the AOC requirement was not addressed in Decision No. 75232.

The Company therefore seeks an extension of time for the debt authorization termination from the current due date of December 31, 2015 until March 31, 2016 and further seeks an extension of time for the completion of the improvements surrounding well 3 and 7 from the current due date of February 3, 2016 until August 31, 2017. The application states that the new deadlines will provide a "reasonable" schedule to allow for the issuance of the loan and the completion of the required improvements (and by extension the provision of the required AOC).

Based on the application and all of the above, Staff does not object to the Company request for further extension of time in this matter. Staff therefore recommends that the due date for the Clear Springs debt authorization be extended from December 31, 2015 until March 31, 2016. Staff further recommends that the due date for the completion of the improvements be extended from February 3, 2016 until August 31, 2017 and that the 10 day affidavit requirement remain in place. Staff further recommends that the due date for the provision of the required AOC filing be extended from July 1, 2015 until August 31, 2017.

Finally, Staff concludes that the recommendations herein for debt authorization, system improvements and the AOC requirement should apply to all of the improvements relating to Projects I, II, III, IV and V outlined in Exhibit C attached to Decision No. 75231.

TMB:BKB:lea

Originator: Brian K. Bozzo

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CLEAR SPRINGS UTILITY COMPANY, INC.
W-01689A-11-0401 & WS-01689A-11-0402

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