

ORIGINAL



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MEMORANDUM

TO: Docket Control

FROM: Tom Broderick *in a. broderick*
Director
Utilities Division

DATE: June 27, 2016

RE: JOINT FILING OF WILLOW VALLEY WATER CO., INC. AND EPCOR WATER ARIZONA, INC. - REQUEST FOR EXTENSION OF COMPLIANCE DEADLINE (DOCKET NOS. W-01732A-15-0131 AND W-01303A-15-0131)

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AZ CORP COMMISSION
DOCKET CONTROL

In Decision No. 75484, dated March 10, 2016, the Arizona Corporation Commission ("ACC" or "Commission") approved the application of Willow Valley Water Co., Inc. ("Willow Valley") and EPCOR Water Arizona, Inc. ("EPCOR") for the sale of Willow Valley's assets and transfer of its Certificate of Convenience and Necessity ("CC&N") to EPCOR. Decision No. 75484 ordered the following:

"IT IS FURTHER ORDERED that EPCOR Water Arizona, Inc. shall file with the Docket Control, as a compliance item in this matter, within 90 days of the effective date of this Decision, a report containing a detailed analysis and plan to reduce water loss to 10 percent or less. If the EPCOR Water Arizona, Inc. believes it is not cost effective to reduce water loss to less than 10 percent, it should submit a detailed cost benefit analysis to support its opinion within the same time frame. In no case shall EPCOR Water Arizona, Inc. allow water loss to be greater than 15 percent."

Based on the March 10, 2016 date of Decision No. 75484, the water loss compliance filing was due on or about June 10, 2016.

On June 7, 2016, EPCOR docketed a request for an extension of time for the provision of the above compliance filing. The application states that the transaction between EPCOR and Willow Valley closed approximately one month ago on May 9, 2016. EPCOR's assessment of the system and the preparation of the required report could not be completed by June 10, 2016. EPCOR therefore requests an extension of time for the required filing until August 9, 2016. The Company states that this will allow EPCOR to assess the current level of water loss so it can "determine a response plan focused on identifying the most cost beneficial work to be performed to address water loss in the Willow Valley system".

Based on the application and all of the above, Staff does not object to the Company request for an extension of time in this matter. Staff notes that the Commission water loss requirement is for a detailed analysis and water loss plan or, alternatively, for a detailed cost benefit analysis. Staff concludes that the Company needs additional time to operate the system and recommends that the Commission adopt a longer extension of time than that proposed by the Company. This should ensure that EPCOR has time to analyze the system and develop the appropriate water loss plan or water loss cost benefit analysis for provision to the Commission. Staff therefore recommends that the due date for provision of the appropriate report be extended until December 31, 2016.

TB:BKB:nr/RRM

Originator: Brian K. Bozzo

Arizona Corporation Commission
DOCKETED

JUN 27 2016

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SERVICE LIST FOR: WILLOW VALLEY WATER CO., INC. AND EPCOR WATER ARIZONA, INC.
DOCKET NOS. DOCKET NOS. W-01732A-15-0131 AND W-1303A-15-0151

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