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LKY Development Company, Inc.



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Arizona Corporation Commission

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June 12, 2017

Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

Re: Docket No. WS-00000A-17-0094

Dear Chairman and Commissioners:

As a landowner with a rich history of ownership and development in Arizona since the 1970's, having well-planned water and wastewater service is critical. A Certificate of Convenience and Necessity (CC&N) is how we demonstrate that a water and wastewater solution is available, and we begin to plan and invest based on this solution. A CC&N is needed at many steps in the development process.

For example, we need a CC&N to get a Certificate of Assured Water Supply or for the utility to obtain a Designation of Assured Water Supply, which in turn is needed before we can get our subdivision report. Having a CC&N in place can also impact whether financing is available, and when we go to sell the land to a developer, a CC&N helps the value of property. So really at each step of the way, we need a CC&N in place – and thus we rely on the initial CC&N that is issued, as do others.

The idea that a CC&N that we rely on could be revoked concerns us. While we understand that the utility could reapply for the CC&N, that could take a year or more, and then potentially further time to restore other permits that depend on the CC&N. This "re-approval" process could then be subject to changes that have occurred in the CC&N process itself or at the different regulators, which places risk upon our entire development.

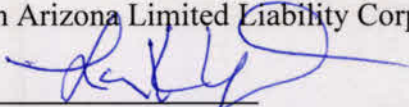
As a landowner, we need to be able to react quickly to the market. Adding a lengthy and uncertain process, which would prevent us from taking the next step until it is completed, is not what we need. We want the certainty that our CC&N is in place, and that we can rely on it, so we can be ready to react when there is demand in the market. We also need certainty that our development plans for an entire development are not put at un-due risk by having to go back through permitting processes. Finally, we need certainty that for

land transactions that occur based on the existence of a CC&N and other entitlements, that this land value will not be impacted. All of this would impact economic development and would constrain our ability to invest early on. Thus, it is not advantageous to any of the stakeholders.

We believe the Commission has previously implemented a common-sense solution to the issue of CC&Ns covering undeveloped land, by granting multi-year extensions of time on compliance deadlines. I would urge the commission to continue this practice. And certainly in the situation where our property is part of a well-established regional solution, and any real or perceived impacts to that regional solution could have further negative implications on an already complicated and costly development process.

Regards,

Grande Valley North Commercial, L.L.C.  
An Arizona Limited Liability Corporation



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By: Larry K. Yount  
Its: Manager