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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES

2005 SEP 12 A 9:52  
AZ CORP COMMISSION  
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF  
PINEVIEW WATER COMPANY, INC. FOR  
AUTHORITY TO ISSUE PROMISSORY NOTE(S)  
AND OTHER EVIDENCE OF INDEBTEDNESS  
PAYABLE AT PERIODS OF MORE THAN  
TWELVE MONTHS AFTER THE DATE OF  
ISSUANCE.

DOCKET NO. W-01676A-04-0463

IN THE MATTER OF THE APPLICATION OF  
PINEVIEW WATER COMPANY, INC. FOR AN  
INCREASE IN ITS WATER RATES FOR  
CUSTOMERS WITHIN NAVAJO COUNTY,  
ARIZONA.

DOCKET NO. W-01676A-04-0500

PROCEDURAL ORDER

**BY THE COMMISSION:**

On July 18, 2005, the Commission issued Decision No. 67989 in the above-captioned consolidated dockets. Among other things, the Decision authorized Pineview Water Company, Inc. ("Pineview" or "Company") to issue up to \$577,578 in long term debt from the Arizona Water Infrastructure Financing Authority ("WIFA") on the terms proposed by the Company, for a term not to exceed twenty years and at an interest rate not to exceed 4.20 percent, for the purposes of funding capital projects as described in Findings of Fact No. 38 of Decision No. 67989.

On August 25, 2005, Pineview filed a Motion for an Order Nunc Pro Tunc amending Decision No. 67989.

On September 6, 2005, Staff filed a Response to Pineview's Motion for an Order Nunc Pro Tunc, recommending that it be denied because it proposes a material change to a Commission order rather than requesting a correction of a clerical or stenographical error. Staff further stated that procedurally, Pineview should request relief either by filing a new financing application or by

1 seeking a modification to Decision No. 67989 pursuant to A.R.S. § 40-252.<sup>1</sup>

2 On September 9, 2005, Pineview filed a Motion to Amend, Withdrawal of Request for an  
3 Order Nunc Pro Tunc, and Request for Expedited Processing (“Motion”). The Motion included a 25-  
4 page Attachment A, which appears to be a copy of WIFA documentation. By its Motion, Pineview  
5 requests the issuance of an Order amending Decision No. 67989 to authorize an interest rate of 6.38  
6 percent instead of 4.20 percent on the issuance of the authorized debt. Pineview states that should the  
7 Commission elect to proceed without an evidentiary hearing, the Company waives its opportunity to  
8 be heard pursuant to A.R.S. § 40-252, and requests that the Commission act in time to accommodate  
9 WIFA’s approval of the loan during its September funding cycle.

10 Pineview states in the Motion that the WIFA interest rate applicable to its financing request is  
11 no longer 4.20 percent, as requested and approved in Decision No. 67989, but that WIFA requires an  
12 interest rate of approximately 6.38 percent, which is the current Prime Rate plus 2.0 percent, for the  
13 loan. The Motion states that WIFA has advised Pineview that the interest rate of 6.38 percent has  
14 been “locked-in” and its analysis is complete. Pineview asserts that the 6.38 percent interest rate  
15 represents an increase in debt service of \$3,600 per year, which will not substantially or adversely  
16 impact its cash flows, and will not affect the Company’s ability to perform under the loan, or its  
17 ability to fulfill its public service obligations.

18 The financing authorization granted in Decision No. 67989 was based on the financial  
19 analysis of the Commission’s Utilities Division Staff (“Staff”). Staff’s recommendation was that the  
20 requested financing be approved “on the terms and conditions consistent with or better than those  
21 used in Staff’s pro forma analysis” (Direct Testimony of J.H. Johnson, Exh. S-12 at 2). Staff’s pro  
22 forma analysis was based on an interest rate of 5.60 percent (Exh. S-12, at p. 2 of attached Exhibit  
23 A).

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26 <sup>1</sup> A.R.S. § 40-252 provides:

27 The commission may at any time, upon notice to the corporation affected, and after opportunity to be  
28 heard as upon a complaint, rescind, alter or amend any order or decision made by it. When the order  
making such rescission, alteration or amendment is served upon the corporation affected, it is effective  
as an original order or decision. In all collateral actions or proceedings, the orders and decisions of the  
commission which have become final shall be conclusive.

1 IT IS THEREFORE ORDERED that the Commission's Utilities Division Staff shall file, on  
2 or before September 19, 2005, a response to Pineview Water Company's request to amend Decision  
3 No. 67989 as requested in its September 9, 2005 Motion. The response shall include a financial  
4 analysis of Pineview Water Company's request similar to that appearing in the Direct Testimony of  
5 Mr. J.H. Johnson previously filed in these dockets, and a recommendation based on the analysis.

6 Dated this 12<sup>th</sup> day of September, 2005

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9 TEENA WOLFE  
10 ADMINISTRATIVE LAW JUDGE

11 The foregoing was mailed/delivered  
12 this 12 day of September, 2005 to:

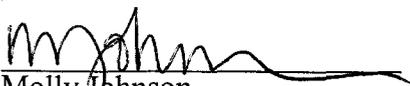
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26 By:   
27 Molly Johnson  
28 Secretary to Teena Wolfe