



BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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6 IN THE MATTER OF THE MOUNTAIN PASS
7 UTILITY COMPANY'S APPLICATION FOR
8 APPROVAL OF FINANCING.

Docket No. SW-03841A-01-0166

8 IN THE MATTER OF THE APPLICATION OF
9 PICACHO WATER COMPANY FOR
10 APPROVAL OF FINANCING.

Docket No. W-03528A-01-0169

10 IN THE MATTER OF THE APPLICATION OF
11 PICACHO SEWER COMPANY FOR
12 APPROVAL OF FINANCING.

Docket No. SW-03709A-01-0165

APPLICATION FOR REHEARING

12 Pursuant to A.R.S. § 40-253, the Residential Utility Consumer Office ("RUCO") files this
13 Application for Rehearing of Decision No. 65133, entered August 29, 2002. While RUCO
14 believes that the Decision reaches the incorrect result on these matters, this Application for
15 Rehearing does not request an alteration of that result. Instead, it proposes modifications to
16 the Decision that RUCO believes clarify the Commission's reasoning in reaching its Decision.
17 RUCO believes that additional clarity in the Commission's analysis will provide better
18 instruction to utilities of the circumstances in which the Commission believes that 100 percent
19 equity financing is appropriate, and when it is not.

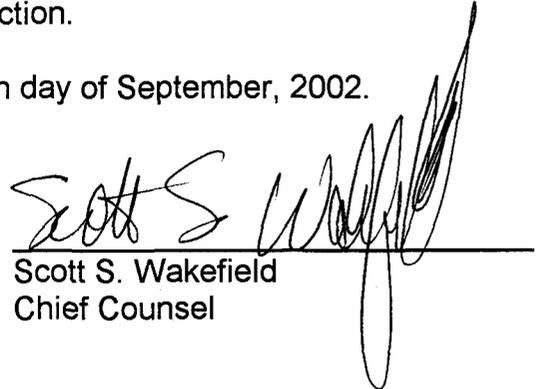
20 RUCO proposes that the Commission adopt the following language to replace the
21 language at page 7, lines 19-28 of Decision No. 65133:

22 We find Staff and RUCO's arguments compelling in this matter. However,
23 there are several reasons we believe that the use of 100% equity
24 financing is in the long-term interest of ratepayers and the utilities in these
cases. The developments are age-restricted master planned communities
with uniformly sized lots that will be constructed sequentially. The
water/sewer lines will not be exclusive to one customer and the costs to all

1 customers will not be disproportionate. Further, the developer is an
2 affiliate of the utilities and a number of other utilities in similar
3 communities, has a long history of successful development of retirement
4 communities, and is likely to succeed in these developments. Finally, the
5 utilities have agreed not to seek rate increases for at least five years after
6 they begin providing service.

7 The recommended modification to Decision No. 65133 provides a more precise
8 explanation of why the Commission resolved these matters as it did. It will guide future
9 applicants as to the circumstances in which the Commission might permit a utility 100 percent
10 equity financing, rather than requiring that water distribution or sewer collection plant be
11 financed initially by advances in aid of construction.

12 RESPECTFULLY SUBMITTED this 18th day of September, 2002.

13 
14 Scott S. Wakefield
15 Chief Counsel

16 AN ORIGINAL AND TEN COPIES
17 of the foregoing filed this 18th day
18 of September, 2002 with:

19 Docket Control
20 Arizona Corporation Commission
21 1200 West Washington
22 Phoenix, Arizona 85007

23 COPIES of the foregoing hand delivered/
24 mailed this 18th day of September, 2002 to:

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11 By Cheryl Fraulob
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