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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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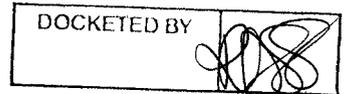
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COMMISSIONERS

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JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
GARY PIERCE

AZ CORP COMMISSION
DOCUMENT CONTROL



IN THE MATTER OF THE MATTER OF THE
APPLICATION OF TONTO VILLAGE WATER
COMPANY, INC. FOR A RATE INCREASE.

DOCKET NO. W-01580A-04-0672

PROCEDURAL ORDER

BY THE COMMISSION:

On August 17, 2005, the Arizona Corporation Commission ("Commission") issued Decision No. 68066 which granted Tonto Village Water Company, Inc.¹ ("Tonto Village" or "Company") a rate increase conditioned upon certain filing requirements. Specifically, Tonto Village was ordered to "immediately fix the leakage found on the pressure tank and the 34,000 gallon storage tank at Well site No. 2, and file documentation with Docket Control within 30 days of this Decision showing that the leakage has been repaired." Tonto Village was also directed to "install its planned new water source by June 30, 2006 and file a copy of its ADEQ Approval of Construction with Docket Control by June 30, 2006."

On July 10, 2006, Tonto Village filed copies of photographs that purport to show that the repairs to leaks in the pressure and storage tanks had been made. The Company also filed a request for a one-year extension of time to comply with the requirement that it install a new water source by June 30, 2006. Tonto Village stated that it lacked financial resources to meet the deadline for adding a new water source, but that it intends to seek WIFA financing for the project, and file a new rate case in 2007 "to become profitable and be able to repay the loan arranged through WIFA."

On November 17, 2006, the Commission's Utilities Division Staff ("Staff") filed a Memorandum recommending that Tonto Village be granted an extension of time, until April 30, 2008, to install its planned new water source, and that the Company be required to file a rate

¹ Tonto Village provides water utility service to approximately 190 customers in Gila County, in an area 15 miles east of Payson.

1 application, using a 2006 test year, by no later than March 31, 2007. Staff indicated that, based on
2 discussions with the Company's president and general manager, the requested one-year extension
3 was no longer a sufficient amount of time to receive rate relief and complete the required work. Staff
4 recommended that Tonto Village be required file with its rate application, a financing application to
5 obtain Commission approval for a WIFA loan for the planned new water source. Staff further
6 recommended that no additional time extensions be granted in these matters.

7 IT IS THEREFORE ORDERED that a **hearing shall be held on February 5, 2007**, at 10:00
8 a.m., at the offices of the Commission, 1200 West Washington, Phoenix, Arizona 85007. The
9 purpose of the hearing is to address Tonto Village Water Company, Inc.'s request for an extension of
10 time and the reasons for the Company's failure to comply with the deadlines established in Decision
11 No. 68066.

12 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
13 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
14 hearing.

15 DATED this 19th day of January, 2007.

17 

18 DWIGHT D. NODES

19 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

20 Copies of the foregoing/mailed
21 This 19th day of January, 2007 to:

22
23 Ronald D. Standage
24 TONTO VILLAGE WATER COMPANY, INC.
25 P.O. Box 9116
26 Mesa, AZ 85214

27 Christopher Kempley, Chief Counsel
28 Legal Division
ARIZONA CORPORATION COMMISSION
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2 Utilities Division
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6 ARIZONA REPORTING SERVICE, INC.
7 2627 N. Third Street, Ste. Three
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By: *Debbi Person*
Debbi Person
Secretary to Dwight D. Nodes