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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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COMMISSIONERS

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AZ CORP COMMISSION
DOCKET CONTROL

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

IN THE MATTER OF THE APPLICATION OF
WHY UTILITY COMPANY, INC. FOR A RATE
INCREASE.

DOCKET NO. W-02052A-05-0529

IN THE MATTER OF THE APPLICATION OF
WHY UTILITY COMPANY, INC. FOR
APPROVAL OF FINANCING.

DOCKET NO. W-02052A-05-0528

PROCEDURAL ORDER

BY THE COMMISSION:

On March 23, 2006, in Decision No. 68609, the Arizona Corporation Commission ("Commission") approved the application of Why Utility Company, Inc. ("Why Utility" or "Company") for a rate increase. In Decision No. 68609, the Company received approval for \$185,000 in long-term debt from the Rural Utility Service ("RUS") of the United States Department of Agriculture ("USDA"). In addition to the loan, Why Utility also received a RUS grant for \$864,178 and a Colonia Grant of \$300,000. The Company's entire loan/grant financing package resulted in a total of \$1,349,178 in funds that were earmarked for installation of water treatment facilities, replacement of two storage tanks and replacement and installation of water distribution mains. As part of Decision No. 68609, the Commission ordered "that Why Utility Company, Inc. shall file with Docket Control, as a compliance item in this docket, a copy of the ADEQ Certificate for Approval to Construct for its water distribution system by June 30, 2006." On June 26, 2006, Why Utility docketed the ADEQ Approval to Construct ("ATC") for its arsenic treatment system, which leaves the requirement to file the ATC for the distribution system.

On August 28, 2007, Why Utility docketed a "request for extension" to file the ATC for the water distribution system. The Company requested an extension of time until December 31, 2008, to

1 provide the remaining ATC to the Commission. The Company reported that the original grant of
2 \$1,349,178, was supposed to cover the cost of both the filtration system and the replacement of the
3 water distribution system, but that the filtration system consumed the entire amount. The Company
4 stated that it continues to seek alternative funding for the water distribution system project.

5 On October 12, 2007, Commission Utilities Division Staff ("Staff") filed a Memorandum in
6 response to the Company's request. Staff contacted representatives of the RUS and the consulting
7 engineers for the project. Staff learned that through a series of unfortunate engineering delays, the
8 original Design Engineer and original construction contractor had to be replaced. The RUS
9 confirmed that Why Utility has a pending application for approximately \$2,500,000 in funding that
10 will likely be funded by both the RUS and the Border Environmental Cooperation Commission, an
11 international organization created by the United States and Mexico that assists in funding projects in
12 the border region. RUS states that the application will not be processed prior to the final construction
13 of the arsenic treatment system which should be completed by the end of 2007. Staff reports that
14 both the RUS and Border Environmental Cooperation Commission confirmed that the engineering
15 delays that Why Utility experienced were "unlucky, very severe and warranted the Company's
16 request for extension of time request." Based on the foregoing, Staff does not object to the
17 Company's request for extension of time until December 31, 2008 to comply with the requirement to
18 file a copy of the ATC for the water distribution system.

19 Under the circumstances as described in the Company's request and the Staff Memorandum,
20 an extension of the remaining filing requirement is warranted.

21 IT IS THEREFORE ORDERED that the deadline established in Decision No. 68609 for Why
22 Utility Company, Inc. to file copies of its ATC for its water distribution system be extended until
23 December 31, 2008.

24 DATED this 6th day of November, 2007.

25 
26 JANE L. RODDA
27 ADMINISTRATIVE LAW JUDGE
28

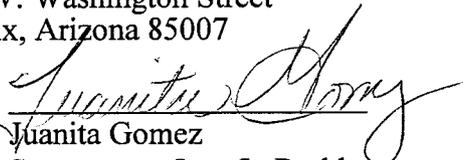
1 Copies of the foregoing mailed
this 6th day of November, 2007 to:

2 Kimberly A. Grouse
3 Robert Metli
4 Snell & Wilmer LLP
5 One Arizona Center
6 400 East Van Buren
7 Phoenix, Arizona 85004-2292
8 Attorneys for Why Utility Company

9 Ms. Betty H. Tibbitt
10 Post Office Box 69
11 Ajo, Arizona 85321

12 Christopher Kempley, Chief Counsel
13 Legal Division
14 ARIZONA CORPORATION COMMISSION
15 1200 W. Washington Street
16 Phoenix, Arizona 85007

17 Ernest Johnson, Director
18 Utilities Division
19 ARIZONA CORPORATION COMMISSION
20 1200 W. Washington Street
21 Phoenix, Arizona 85007

22 By: 
23 Juanita Gomez
24 Secretary to Jane L. Rodda