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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

2008 JUN 12 P 2:12

Arizona Corporation Commission

DOCKETED

AZ CORP COMMISSION DOCKET CONTROL

JUN 12 2008

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

DOCKETED BY	<i>nr</i>
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IN THE MATTER OF THE APPLICATION OF WILHOIT WATER COMPANY, INC. ON BEHALF OF ITS BLUE HILLS NO. 3 SYSTEM FOR A PERMANENT RATE INCREASE.

DOCKET NO. W-02065A-07-0313

IN THE MATTER OF WILHOIT WATER COMPANY, INC. ON BEHALF OF ITS BLUE HILLS NO. 3 SYSTEM FOR APPROVAL OF A FINANCING APPLICATION.

DOCKET NO. W-02065A-08-0139

PROCEDURAL ORDER

BY THE COMMISSION:

On May 21, 2007, Wilhoit Water Company, Inc. ("Company" or "Applicant") on behalf of its Blue Hills No. 3 System ("Blue Hills") filed with the Arizona Corporation Commission ("Commission") an application for a permanent rate increase.

On June 19, 2007, the Company filed certification that it had mailed notice of the application to its customers and the Commission has not received any comments or protests in response thereto.

On June 20, 2007, the Commission's Utilities Division ("Staff") issued a Notice of Insufficiency to the Company that its rate application did not meet the sufficiency requirements of A.A.C. R14-2-103.

On September 10, 2007, Staff issued a Notice of Sufficiency on the Company's rate application and classified the Applicant as a Class E utility.

On November 9, 2007, Staff filed its Staff Report which recommended that Staff's proposed rates and charges be approved. No comments or objections were filed by the Company to Staff's recommendations which included approval of an arsenic removal surcharge mechanism ("ARSM") to address the costs of the removal of arsenic from the Company's water supply. Additionally, Staff recommended approval of long-term debt for the Company related to its ARSM, but the Applicant

1 had not filed an application for financing approval with the Commission in conjunction with its rate
2 case application. Further, while public notice was provided to the customers of its rate application,
3 there was no notification to customers of a financing application because the Company had not filed
4 an application for approval of long-term debt.

5 On January 3, 2008, by Procedural Order, before the Company's rate application could be
6 addressed, the Company was ordered to file a financing application in light of Staff's
7 recommendations in its Staff Report. Additionally, public notice of the financing application was
8 ordered to be provided by the Company to its customers in a form and manner approved by Staff. It
9 was further ordered that the time-frame in the rate proceeding should be suspended pending Staff's
10 review of the Company's financing application after which Staff was ordered to file an amended Staff
11 Report concerning the Company's rate application and a Staff Report on the Company's financing
12 application.

13 On March 6, 2008, the Company filed a financing application in Docket No. W-02065A-08-
14 0139 requesting approval of \$40,000 in long-term debt to fund the costs of an arsenic treatment
15 system.

16 On April 9, 2008, public notice of the financing application was mailed by the Company to its
17 customers.

18 On May 7, 2008, Staff filed an amended Staff Report with respect to the Company's rate
19 application and a Staff Report concerning the Company's recent financing application in Docket No.
20 W-02065A-08-0139. The Company did not file any objections to the Staff Reports.

21 Accordingly, the above-referenced dockets should be consolidated for further consideration
22 by the Commission.

23 IT IS THEREFORE ORDERED that Wilhoit Water Company, Inc., Blue Hills No. 3
24 System's application for approval for financing of long-term debt to fund the construction of its
25 arsenic treatment system in Docket No. W-02065A-08-0139 is hereby consolidated with its
26 application for a permanent rate increase in Docket No. W-02065A-07-0313.

27 IT IS FURTHER ORDERED that the time-frame in the above-captioned rate proceeding shall
28 remain suspended until further Order.

1 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules
2 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to the practice of law and admission
3 *pro hac vice*.

4 DATED this 12TH day of June, 2008

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MARC E. STERN
ADMINISTRATIVE LAW JUDGE

10 Copies of the foregoing mailed/delivered
11 this 12TH day of June, 2008 to:

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20 By: 
21 _____
22 Debra Broyles
Secretary to Marc Stern