



BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

AUG - 6 2008

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COMMISSIONERS

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

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

DOCKET NO. W-01580A-04-0672

DECISION NO. 70465

ORDER EXTENDING TIME
DEADLINES CONTAINED IN
DECISION NOS. 68066 AND 69911

Open Meeting
July 29 and 30, 2008
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On August 17, 2005, the Arizona Corporation Commission ("Commission") issued Decision No. 68066 which granted Tonto Village Water Company, Inc. ("Tonto Village" or "Company") a rate increase conditioned upon certain filing requirements. Specifically, the Company 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 to file a copy of its Arizona Department of Environmental Quality ("ADEQ") Approval of Construction ("AOC") with Docket Control by June 30, 2006.

2. On July 10, 2006, Tonto Village filed copies of photographs purporting 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 intended to seek financing from the Water Infrastructure

1 Finance Authority ("WIFA") for the project, and file a new rate case in 2007 "to become profitable
2 and be able to repay the loan arranged through WIFA."

3 3. On November 17, 2006, the Commission's Utilities Division Staff ("Staff") filed a
4 Memorandum recommending that Tonto Village be granted an extension of time, until April 30,
5 2008, to install its planned new water source, and that the Company be required to file a rate
6 application, using a 2006 test year, by no later than March 31, 2007. Staff indicated that, based on
7 discussions with the Company's president and general manager, Ronald Standage, the requested one-
8 year extension was no longer a sufficient amount of time to receive rate relief and complete the
9 required work. Staff recommended that Tonto Village be required file with its rate application a
10 financing application to obtain Commission approval for a ("WIFA") loan for the planned new water
11 source.

12 4. A hearing was held regarding the Company's extension request on February 12, 2007.

13 5. On September 27, 2007, the Commission issued Decision No. 69911, which granted
14 Tonto Village an extension of time, until April 30, 2008, to install its planned new water source in
15 accordance with Decision No. 68066 and to file its AOC for the project. Decision No. 69911 also
16 directed Tonto Village to file a rate application, using a 2006 test year, by no later than December 31,
17 2007. With its rate application, the Company was ordered to include a financing application to obtain
18 Commission approval for a WIFA loan for the planned new water source.

19 6. On May 14, 2008, Tonto Village filed a Request for Extension to Install Water Source.
20 In its filing, the Company requested an extension until April 30, 2009, for compliance. The reasons
21 given by Tonto Village for the proposed additional extension of time are: the pending rate and
22 financing applications (see discussion below) that are necessary before funds are available to
23 complete the new water source; ongoing negotiations with the Tonto Village Domestic Water
24 Improvement District ("District") to acquire the Company; and the recovery of the Company's Well
25 No. 1, thereby mitigating the immediate need for the additional water source.

26 7. On June 17, 2008, Staff filed a Memorandum recommending approval of an extension
27 of time for complying with the new water source requirement, but only until December 31, 2008,
28 rather than April 30, 2009, as requested by the Company. Staff stated that it was "concerned about

1 the relative lengths of utility company [extension] requests in general, especially in those instances
2 where it is not the initial request for extension.” Staff also recommended that no further extensions
3 of time be granted.

4 **Rate and Financing Applications**

5 8. On December 27, 2007, the Company filed a rate application in Docket No. W-
6 01580A-07-0707 (“Rate Docket”). Staff filed a Letter of Deficiency in the Rate Docket on January
7 25, 2008 and, following the submission of additional information by the Company, Staff filed a
8 Letter of Sufficiency on March 26, 2008.

9 9. On April 22, 2008, Tonto Village filed a financing application in Docket No. W-
10 01580A-08-0209 (“Finance Docket”).

11 10. On April 30, 2008, Staff filed Motions to Consolidate the Rate and Finance Dockets.
12 On May 7, 2008, Staff filed a Motion to Suspend Time Clock in the Rate Docket, and requested an
13 additional 60 days to file its Staff Report, due to failures by the Company to respond to data requests.

14 11. On May 19, 2008, a Procedural Order was issued consolidating the Rate and Finance
15 Dockets, granting Staff an additional 60 days to file its Staff Report, and suspending the time clock in
16 the Rate Docket for 60 days¹.

17 12. On June 5, 2008, Staff filed a Motion to Suspend Time Clock in the consolidated Rate
18 and Finance Dockets. Staff requested that the time clock be suspended indefinitely due to ongoing
19 failures by Tonto Village to respond to data requests.

20 13. On June 6, 2008, a Procedural Order was issued suspending the Rate Docket time
21 clock indefinitely.

22 **Conclusion**

23 14. In accordance with Staff’s recommendation, we will grant the Company an additional
24 extension of time to comply with the requirement discussed in Decision Nos. 68066 and 69911 to
25 install a new water source. In doing so, we admonish the Company, and Mr. Standage, that good

26 ¹ We note that, on May 2, 2008, the District filed a letter in the Rate Docket critical of the Company’s president, Ronald
27 Standage, with respect to the Company’s efforts to negotiate in good faith with the District regarding the District’s
28 attempt to acquire the Company. On May 6, 2008, Mr. Standage filed a letter disputing many of the claims made in the
District’s letter. We make no finding in this Extension Order with respect to the apparent dispute between the Company
and the District.

1 faith compliance with Commission Orders and Staff data requests are not matters left to the discretion
2 the Company but, rather, are mandatory requirements for which failure to comply may subject the
3 Company to fines and other actions to accomplish full compliance. Tonto Village shall therefore be
4 granted an additional extension of time, until December 31, 2008, to meet the new water source
5 requirements described in Decision Nos. 68066 and 69911.

6 15. Although we are not adopting Staff's recommendation that no future extensions be
7 granted, we will put the Company on notice that any future requests for extensions of time to comply
8 must demonstrate that extraordinary circumstances exist that warrant additional time.

9 **CONCLUSIONS OF LAW**

10 1. Tonto Village is a public service corporation within the meaning of Article XV of the
11 Arizona Constitution and A.R.S. §§40-281 and 40-282.

12 2. The Commission has jurisdiction over Tonto Village and the subject matter of the
13 extension request addressed herein.

14 3. Staff's recommendations, as modified herein, are reasonable and should be adopted.

15 **ORDER**

16 IT IS THEREFORE ORDERED that Tonto Village Water Company, Inc., shall be granted an
17 extension of time, until December 31, 2008, to install its planned new water source in accordance
18 with Decision Nos. 68066 and 69911. The Company shall, by December 31, 2008, file with Docket
19 Control, as a compliance item in this docket, a copy of its ADEQ Approval of Construction.

20 IT IS FURTHER ORDERED that failure to comply with the requirements set forth herein
21 may result in penalties for non-compliance, issuance of an Order to Show Cause, and other
22 appropriate remedial measures necessary to ensure compliance.

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1 IT IS FURTHER ORDERED that no additional extensions of time will be granted regarding
2 this matter absent extraordinary circumstances.

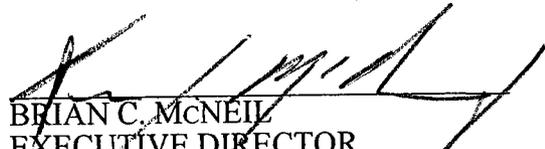
3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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6 
7 CHAIRMAN _____ COMMISSIONER

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10 COMMISSIONER _____ COMMISSIONER _____ COMMISSIONER

11 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
12 Director of the Arizona Corporation Commission, have
13 hereunto set my hand and caused the official seal of the
14 Commission to be affixed at the Capitol, in the City of Phoenix,
15 this 6th day of Aug., 2008.

16 
17 BRIAN C. McNEIL
18 EXECUTIVE DIRECTOR

19 DISSENT _____

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21 DISSENT _____

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1 SERVICE LIST FOR: TONTO VILLAGE WATER COMPANY, INC.

2 DOCKET NO. W-01580A-04-0672

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