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**OPEN MEETING AGENDA ITEM**

December 10, 2008

**ORIGINAL**

**EXCEPTION**

Docket Control  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007-2927

Re: Exceptions to the recommendation of Administrative Law Judge Marc E. Stern dated December 2, 2008 – Wilhoit Water Company, Blue Hills No. 3 (Docket Nos. W-02065A-07-0313, W-02065A-08-0139)

Please accept the following as Wilhoit Water Company's response to the Recommended Order of Administrative Law Judge Marc E. Stern dated December 2, 2008.

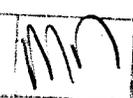
Staff Recommendations as set forth in Findings of Fact No. 38 related to long term debt in the amount of \$40,000 and an arsenic removal surcharge tariff meet its principal and interest obligations on a \$40,000 loan are insufficient to accomplish the task of arsenic removal. Revised estimates from qualified contractors indicate the amount required to install an arsenic remediation system necessitate a capital investment of at least \$70,000.

Wilhoit has revised its loan request from the Water Infrastructure and Finance Authority of Arizona ("WIFA") to reflect the additional capital requirements and requests a revision in the debt authorization to \$70,000 and authority to institute an arsenic removal surcharge tariff to meet its principal and interest obligations for a loan in that amount.

Cordially,

  
Jim West  
For Wilhoit Water Company  
(Pursuant to Power of Attorney)

Arizona Corporation Commission  
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