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2009 APR 20 P 4:02

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Attorneys for WILHOIT WATER COMPANY,
INC

BEFORE THE ARIZONA CORPORATION COMMISSION

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

DECISION NO. 70658

**SUPPLEMENTAL REPORT TO
ADMINISTRATIVE LAW JUDGE**

Arizona Corporation Commission staff has expressed concerns that the agreement between Wilhoit Water Company and Yavapai County to repay property taxes over time did not have explicit language stating that no enforcement action would be taken against Wilhoit if Wilhoit performed according to the terms of the agreement. A letter executed by the County Treasurer is attached to further clarify the contractual intent.

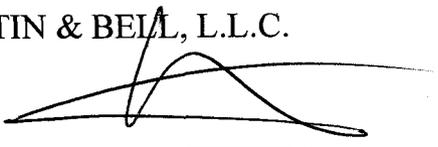
DATED this 20th day of April, 2009.

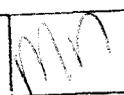
Arizona Corporation Commission
DOCKETED

MARTIN & BELL, L.L.C.

APR 20 2009

By


Douglas G. Martin
365 East Coronado Road, Suite 200
Phoenix, Arizona 85004

DOCKETED BY 

Attorneys for Wilhoit Water Company, Inc.

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2
3 ORIGINAL filed with copies
4 mailed/delivered this 20th day
5 of April, 2009 to:

6 Jim West
7 WEST & COMPANY, L.L.C.
8 365 East Coronado Road, Suite 200
9 Phoenix, AZ 85004

10 Christopher Kempley, Chief Counsel
11 Legal Division
12 ARIZONA CORPORATION COMMISSION
13 1200 West Washington Street
14 Phoenix, AZ 85007

15 Ernest G. Johnson, Director
16 Utilities Division
17 ARIZONA CORPORATION COMMISSION
18 1200 West Washington Street
19 Phoenix, AZ 85007

20 Lyn Farmer, Chief
21 Hearing Division
22 ARIZONA CORPORATION COMMISSION
23 1200 West Washington Street
24 Phoenix, AZ 85007

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Ross D. Jacobs
Yavapai County Treasurer
1015 Fair Street
Prescott, AZ 86305

Re: Wilhoit Water Company

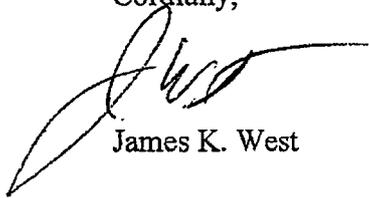
Dear Mr. Jacobs:

Staff at the Arizona Corporation has indicated a concern that the agreement between Yavapai County and Wilhoit Water Company to pay back taxes over time does not preclude your office from taking some form of enforcement action even if Wilhoit continues to make timely payments.

Wilhoit Water Company understands that your office has the right to subject the property to a tax sale or seizure while since the taxes are overdue, but our assumption is that so long as the agreement we have reached relating to back taxes is performed, no enforcement action will be taken by this office as to the back taxes set forth in our Agreement dated March 27, 2009 and executed by Wilhoit Water Company. That is how the Wilhoit Water Company understands it.

If this is also your understanding as to contractual formation, would you please initial this correspondence on behalf of Yavapai County and return it to us so that we can satisfy the concerns of the Arizona Corporation Commission?

Cordially,



James K. West

JKW/

SIGNATURE ATTACHED

LAW OFFICES

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April 15, 2009

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Ross D. Jacobs
April 15, 2009
Page 2

By execution of this correspondence, I hereby confirm that no enforcement action will be taken by this office as to the back taxes so long as the agreement dated March 27, 2009 between Yavapai County and Wilhoit Water Company relating to back taxes is performed.

Dated 4/15/09



ROSS D. JACOBS, TREASURER