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ARIZONA CORPORATION COMMISSION
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Arizona Corporation Commission

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Douglas G. Martin – 004233
MARTIN & BELL, L.L.C.
365 East Coronado Road, Suite 200
Phoenix, Arizona 85004
Telephone: (602) 230-0030

Attorneys for WILHOIT WATER COMPANY,
INC

BEFORE THE ARIZONA CORPORATION COMMISSION

In the Matter of THE APPLICATION OF
WILHOIT WATER COMPANY, INC.,
THUNDERBIRD MEADOWS SYSTEM,
FOR RETROACTIVE APPROVAL OF A
FINANCING APPLICATION

DOCKET NO. W-02065A-07-0306

In the Matter of THE APPLICATION OF
WILHOIT WATER COMPANY, INC.,
THUNDERBIRD MEADOWS SYSTEM,
FOR APPROVAL OF A FINANCING
APPLICATION

DOCKET NO. W-02065A-07-0307

In the Matter of THE APPLICATION OF
WILHOIT WATER COMPANY, INC.,
THUNDERBIRD MEADOWS SYSTEM,
FOR APPROVAL OF A PERMANENT
RATE INCREASE

DOCKET NO. W-02065A-07-0312

In the Matter of THE APPLICATION OF
WILHOIT WATER COMPANY, INC.,
THUNDERBIRD MEADOWS SYSTEM,
FOR THE APPROVAL OF A FINANCING
APPLICATION.

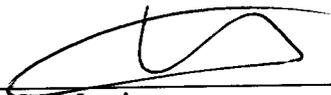
DOCKET NO. W-02065A-08-0138

**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 supplemental letter executed by the County Treasurer is attached to further clarify the contractual intent.

1
2 DATED this 20th day of April, 2009.
3

4 MARTIN & BELL, L.L.C.

5
6 By 

7 Douglas G. Martin
8 365 East Coronado Road, Suite 200
9 Phoenix, Arizona 85004
10 Attorneys for Wilhoit Water Company, Inc.

11 ORIGINAL filed with copies
12 mailed/delivered this 20th day
13 of April, 2009 to:

14 Jim West
15 WEST & COMPANY, L.L.C.
16 365 East Coronado Road, Suite 200
17 Phoenix, AZ 85004

18 Christopher Kempley, Chief Counsel
19 Legal Division
20 ARIZONA CORPORATION COMMISSION
21 1200 West Washington Street
22 Phoenix, AZ 85007

23 Ernest G. Johnson, Director
24 Utilities Division
25 ARIZONA CORPORATION COMMISSION
26 1200 West Washington Street
Phoenix, AZ 85007

Lyn Farmer, Chief
Hearing Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

Arizona Reporting Service, Inc.
2200 North Central Avenue, Suite 502
Phoenix, AZ 85004

DOUGLAS G. MARTIN
CERTIFIED SPECIALIST REAL ESTATE LAW
ARIZONA BOARD OF LEGAL
SPECIALIZATION
DMARTIN@MARTIN-BELL.COM

LEONARD BELL
ATTORNEY
LEONARD.BELL@AZBAR.ORG

JIM WEST
GOVERNMENT AFFAIRS
CONSULTANT
JIMWEST@MARTIN-BELL.COM

TELEPHONE
(802) 230-0030
TELECOPIER
(802) 604-0004

LAW OFFICES
MARTIN & BELL, L.L.C.
365 EAST CORONADO ROAD
SUITE 200
PHOENIX, ARIZONA 85004

www.martin-bell.com

April 15, 2009

LEGAL ASSISTANTS

RACHEL D. GRAYCZYK
RACHEL@MARTIN-BELL.COM

MEGAN R. BRAY
MBRAY@MARTIN-BELL.COM

KATRINA A. SMITH
KSMITH@MARTIN-BELL.COM

NORMAN B. MARTIN, M.P.A.
NMARTIN@MARTIN-BELL.COM

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

Re: Wilhoit Water Company

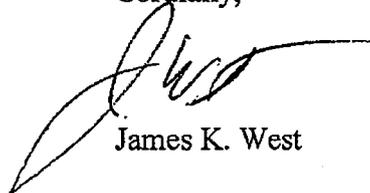
Dear Mr. Jacobs:

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

Ross D. Jacobs
April 15, 2009
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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