

ORIGINAL

OPEN MEETING



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MEMORANDUM
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Arizona Corporation Commission
DOCKETED

FROM: Ernest G. Johnson
Director
Utilities Division

AZ CORP COMMISSION
DOCKET CONTROL

FEB 18 2009

DATE: February 18, 2009

DOCKETED BY

RE: MOUNT TIPTON WATER COMPANY, INC. FOR AN EMERGENCY RATE INCREASE - RECOMMENDATION TO AMEND ORDER PURSUANT TO A.R.S. §40-252 (DOCKET NO. W-02105A-08-0262), DECISION NO. 70559

On May 23, 2008, Mount Tipton Water Co., Inc. ("Mount Tipton") filed with the Commission an application requesting emergency rate relief to increase its cash flow so as to cover operating expenses and increase water availability to its customers. Mount Tipton specifically requested an emergency rate increase of \$10.00 per customer per month.

On October 23, 2008, the Commission issued Decision No. 70559, granting Mount Tipton an emergency interim surcharge of \$10.00 per month per metered customer, with the condition that the surcharge would not become effective and could not be billed for or collected until after Mount Tipton had posted a performance bond or irrevocable sight draft letter of credit in the amount of \$20,000 with the Commission.

On November 19, 2008, Mount Tipton filed a letter stating that Mount Tipton is unable to secure a \$20,000 performance bond and requesting that the Commission reconsider the bond requirement and perhaps allow Mount Tipton to self fund an account in the amount of \$10,000 that would be kept out of the reach of Mount Tipton. Mount Tipton proposed seeding the account with \$5,000 and putting in \$1,000 monthly until it reached \$10,000.

During the February 3, 2008 Open Meeting, the Commission, after speaking with a representative of the Company, directed Commission Staff to work with Mount Tipton regarding the bond amount and to bring a recommendation to amend its previous decision under A.R.S. §40-252.

On February 5, 2008, Staff contacted Mount Tipton regarding its financial status. Mount Tipton indicated that it would be able to obtain a \$5,000 performance bond or letter of credit.

Staff believes that under the circumstances reducing the amount of the bond or letter of credit is in the public interest, and recommends that the Commission amend Decision No. 70559 to reduce the performance bond or letter of credit amount from \$20,000 to \$5,000. The performance bond or letter of credit should be filed within 30 days of the date of this Decision.

Staff contacted Mount Tipton, and Mount Tipton fully supports an amendment to Decision No. 70559 to reduce the performance bond or letter of credit amount from \$20,000 to \$5,000. Under A.R.S. §40-252 it is necessary to give notice to Mount Tipton, and provide Mount Tipton an opportunity to be heard before amending Decision No. 70559 as described herein. The Commission, pursuant to A.R.S. §40-252 provided notice and opportunity to be heard, to Mount Tipton, and Mount Tipton indicated it does not desire to have an additional evidentiary hearing, and requested that the Commission consider this matter at its earliest possible Open Meeting.

EGJ:KDB:lm\WVC

ORIGINATOR: Kimberly Battista

SERVICE LIST FOR: Mount Tipton Water Co., Inc.
DOCKET NO. W-02105A-08-0262

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BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

IN THE MATTER OF THE APPLICATION
OF MOUNT TIPTON WATER CO., INC.
FOR AN EMERGENCY RATE INCREASE

DOCKET NO. W-02105A-08-0262

DECISION NO. _____

ORDER AMENDING
DECISION NO. 70559

Open Meeting
March 3 and 4, 2009
Phoenix, Arizona

BY THE COMMISSION:

Pursuant to Arizona Revised Statutes ("A.R.S.") § 40-252 the Arizona Corporation Commission ("Commission") finds, concludes and orders that Decision No. 70559 is amended to modify certain bond requirements as follows:

FINDINGS OF FACT

1. On May 23, 2008, Mount Tipton Water Co., Inc. ("Mount Tipton") filed with the Commission an application requesting emergency rate relief to increase its cash flow so as to cover operating expenses and increase water availability to its customers. Mount Tipton specifically requested an emergency rate increase of \$10.00 per customer per month.

2. On October 23, 2008, the Commission issued Decision No. 70559, granting Mount Tipton an emergency interim surcharge of \$10.00 per month per metered customer, with the condition that the surcharge would not become effective and could not be billed for or collected until after Mount Tipton had posted a performance bond or irrevocable sight draft letter of credit in the amount of \$20,000 with the Commission.

1 3. Under the circumstances presented, it is reasonable to amend Decision No. 70559 to
 2 reduce the amount of the performance bond or letter of credit from \$20,000 to \$5,000 and
 3 requiring Mount Tipton to file such document within 30 days of the date of this Decision.

4 4. Under A.R.S. §40-252, it is necessary to give notice to Mount Tipton an
 5 opportunity to be heard before amending Decision No. 70559 as described herein.

6 5. The Commission, pursuant to A.R.S. §40-252 provided notice and opportunity to be
 7 heard, to Mount Tipton, and Mount Tipton indicated it does not desire to have an additional
 8 evidentiary hearing, and requested that the Commission consider this matter at its earliest possible
 9 Open Meeting.

ORDER

10
 11 IT IS THEREFORE ORDERED that Decision No. 70559 is amended to reduce the
 12 performance bond or letter of credit amount from \$20,000 to \$5,000.

13 IT IS FURTHER ORDERED that all of the requirements of Decision No. 70559 shall
 14 remain unchanged.

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1 SERVICE LIST FOR: Mount Tipton Water Co., Inc.
2 DOCKET NO. W-02105A-08-0262

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