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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

DOCKETED

AZ CORP COMMISSION
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MAR 20 2009

DOCKETED BY	<i>[Signature]</i>
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IN THE MATTER OF THE APPLICATION OF
MOUNT TIPTON WATER CO., INC. FOR AN
EMERGENCY RATE INCREASE.

DOCKET NO. W-02105A-08-0262

PROCEDURAL ORDER
REGARDING AMENDMENT OF
DECISION NO. 70559

BY THE COMMISSION:

On October 23, 2008, in Decision No. 70559, issued in this docket, the Arizona Corporation Commission ("Commission") granted Mount Tipton Water Co., Inc. ("Mount Tipton") emergency rate relief in the form of 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 the first day of the month after Mount Tipton had (1) posted with the Commission a performance bond or irrevocable sight draft letter of credit in the amount of \$20,000 and (2) filed with the Commission a Certificate of Good Standing to establish that Mount Tipton had filed its 2008 annual report and come into good standing with the Commission's Corporations Division. Among other things, Decision No. 70559 also ordered Mount Tipton to engage in discussions with Mohave County regarding its back tax liability; to file by January 5, 2009, a document describing the outcome of its discussions with Mohave County; and to file a permanent rate case application by April 30, 2009, using calendar year 2008 as its test year. Decision No. 70559 further provided that if Mount Tipton failed to bring the permanent rate case application to sufficiency by July 31, 2009, the emergency interim surcharge was to expire on July 31, 2009, and the Commission's Utilities Division Staff ("Staff") was to file an Order to Show Cause to install an interim manager and address any other appropriate remedies.

On February 12, 2009, in Decision No. 70744, issued in this docket, the Commission granted

1 Mount Tipton an extension, until March 6, 2009, of the deadline for filing the document describing
2 the outcome of its discussions with Mohave County.

3 On March 17, 2009, in Decision No. 70838, also issued in this docket, the Commission
4 amended Decision No. 70559 by reducing the amount of the required performance bond or
5 irrevocable sight draft letter of credit from \$20,000 to \$5,000.

6 On March 17, 2009, in Decision No. 70837, issued in Docket No. W-02105A-07-0510, a
7 Complaint and Order to Show Cause docket in which Mount Tipton was found to have violated
8 Decision No. 67162 and A.A.C. R14-2-407(C), the Commission modified the timeline for Mount
9 Tipton's permanent rate case by requiring Mount Tipton to file the permanent rate case application by
10 October 2, 2009; to use July 1, 2008-June 30, 2009, as the test year; and to bring the application to
11 sufficiency by December 31, 2009. The Decision further provides that a Petition for an Order to
12 Show Cause to appoint an interim manager would be appropriate if Mount Tipton shows that it is
13 unable to bring its permanent ratemaking application to sufficiency by December 31, 2009. At the
14 Open Meeting on March 3, 2009, the Commission also directed that the deadlines tied to the
15 permanent rate case timeline be adjusted to reflect the new permanent rate case timeline.

16 To date, Mount Tipton has authorized John Janik, President, and Karen Carter, Treasurer, to
17 represent Mount Tipton before the Commission. Mount Tipton has not authorized any other officers
18 or employees to represent Mount Tipton before the Commission. It is noted, however, that Mount
19 Tipton had its Business Manager, Charlotte Cleveland, speak to the Commission on Mount Tipton's
20 behalf during the Open Meeting on March 3, 2009. If Mount Tipton desires for Ms. Cleveland, or
21 any other employee or officer of Mount Tipton, to be authorized to represent Mount Tipton before the
22 Commission, Mount Tipton should file a resolution to that effect in this docket and in Mount
23 Tipton's other active dockets.

24 IT IS THEREFORE ORDERED that Decision No. 70559, as amended by the Commission in
25 Decision Nos. 70744, 70838, and 70837, now orders the following:

- 26 • That Mount Tipton's application for an emergency interim surcharge of \$10.00 per
27 month per metered customer is approved, as conditioned in the ordering paragraphs
28 below;

- 1 • That the emergency interim surcharge shall not become effective and Mount Tipton
2 shall not bill for or collect the emergency interim surcharge until the first day of the
3 month after Mount Tipton has (1) posted a performance bond or irrevocable sight draft
4 letter of credit in the amount of \$5,000 with the Commission by providing the original
5 of the performance bond or irrevocable sight draft letter of credit to the Commission's
6 Business Office and filing copies with Docket Control, as a compliance item in this
7 docket, and (2) filed a Certificate of Good Standing as a compliance item in this
8 docket to establish that it has filed its 2008 annual report and come into good standing
9 with the Commission's Corporations Division;¹
- 10 • That Mount Tipton shall file, as a compliance item in this docket, within 30 days after
11 the effective date of Decision No. 70559, a revised rate schedule reflecting the
12 emergency interim surcharge;²
- 13 • That Mount Tipton shall notify its customers of the emergency interim surcharge and
14 its effective date, in a form acceptable to the Commission's Consumer Services, by
15 means of an insert in Mount Tipton's next regularly scheduled billing after the
16 emergency interim surcharge becomes effective;
- 17 • That Mount Tipton shall file a permanent rate case application with the Commission
18 no later than October 2, 2009, using July 1, 2008-June 30, 2009, as its test year;
- 19 • That if Mount Tipton's permanent rate case application is found to be sufficient by
20 December 31, 2009, the emergency interim surcharge shall remain in effect until an
21 order is issued in the permanent rate case;
- 22 • That if Mount Tipton's permanent rate case application is not found to be sufficient by
23 December 31, 2009, the emergency interim surcharge shall remain in effect only until
24 December 31, 2009, and Staff shall file an Order to Show Cause to install an interim
25 manager and address any other appropriate remedies;
- 26
27

28 ¹ Mount Tipton filed a Certificate of Good Standing in this docket on March 4, 2009.

² Mount Tipton filed a revised rate schedule in this docket on December 12, 2008.

- 1 • That the emergency interim surcharge collected by Mount Tipton is subject to refund
2 pending the decision resulting from the permanent rate case application required by
3 Decision No. 70559;
- 4 • That Mount Tipton shall deposit the funds generated by the emergency interim
5 surcharge into a separate, interest-bearing bank account;
- 6 • That Mount Tipton shall file with the Commission's Docket Control, as a compliance
7 item in this docket and Docket No. W-02105A-07-0510, by the 15th of each month, a
8 monthly report showing for the previous month and on a running basis the amount of
9 funds generated through the emergency interim surcharge and any expenditures of
10 those funds made, including date, item or service purchased, and amount paid, and
11 including a copy of the most recent bank statement for the separate, interest-bearing
12 bank account into which the funds are deposited;
- 13 • That Mount Tipton shall use the funds generated by the emergency interim surcharge
14 only (1) to pay its past due accounts; (2) to make repairs to its system; (3) to replace
15 galvanized pipe as required by the Arizona Department of Environmental Quality; (4)
16 to make other system improvements required or recommended by the Arizona
17 Department of Environmental Quality; (5) to purchase and install new meters; (6) to
18 refurbish and reinstall existing meters; and (7) to have its books and accounts audited
19 by an Arizona Certified Public Accountant, preferably an accountant with a
20 background in forensic accounting;
- 21 • That Mount Tipton shall engage in discussions with Mohave County (1) to determine
22 whether it is possible to have the amount of its back tax liability attributable to
23 interest, penalties, and fees waived or otherwise forgiven and (2) to determine whether
24 it is possible to establish a payment plan for the amount of back tax liability that
25 cannot be waived or otherwise forgiven;
- 26 • That Mount Tipton shall file with the Commission's Docket Control, by March 6,
27 2009, in this docket and Docket No. W-02105A-07-0510, a document describing the
28 outcome of its discussions with Mohave County and, if Mount Tipton has succeeded

1 in obtaining a waiver or forgiveness of any back tax liability or has entered into a
2 payment plan with Mohave County for its back tax liability, including the amount
3 waived or forgiven, the amount of back tax liability remaining, and a copy of the
4 payment plan;³ and

- 5 • That Mount Tipton shall develop an additional water source before it adds more
6 storage to its system.

7 IT IS FURTHER ORDERED that Mount Tipton shall ensure that all filings made with the
8 Commission are signed by at least one officer or employee who has been authorized to represent
9 Mount Tipton before the Commission through a board resolution filed with the Commission's Docket
10 Control.

11 Dated this 20th day of March, 2009.

12
13 
14 SARAH N. HARPRING
15 ADMINISTRATIVE LAW JUDGE

16 Copies of the foregoing mailed/delivered
this 20th day of March, 2009, to:

17 John Janik, President
18 MOUNT TIPTON WATER CO., INC.
19 P.O. Box 38
Dolan Springs, AZ 86441
By Certified Mail

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By: 
Debra Broyles
Secretary to Sarah N. Harpring

27 ³ At the Open Meeting on March 3, 2009, Mount Tipton described the meeting that it had with Mohave County officials
28 related to its tax arrearages. On March 4, 2009, Mount Tipton filed a letter in this docket describing the outcome of the
meeting.