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DOCKETED BY

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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. 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**

The Court requested information related to Yavapai County taxes. There are three systems with delinquencies that will be fully retired by monthly payments consistent with the March 26, 2009 “form” agreement drafted by the Yavapai County Treasurer and executed by Wilhoit Water, through its officer, March 30, 2009 (Exhibit A). Because a staff question arose, a supplemental letter executed by the County Treasurer is attached to clarify the contractual intent (Exhibit B).

Past questions have been raised about the Avondale issue, a separate system now controlled by the City of Avondale, where the transaction closed some four years and four months ago. Attached is confirming correspondence indicating that that matter nears resolution with the Maricopa County Treasurer through the good offices of the City of Avondale (Exhibit C).

1 DATED this 6<sup>th</sup> day of April, 2009.

2 MARTIN & BELL, L.L.C.

3  
4 By 

5 Douglas G. Martin  
6 365 East Coronado Road, Suite 200  
7 Phoenix, Arizona 85004  
8 Attorneys for Wilhoit Water Company, Inc.

9 ORIGINAL filed with copies  
10 mailed/delivered this 6<sup>th</sup> day  
11 of April, 2009 to:

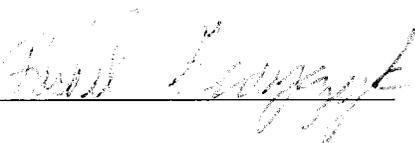
11 Jim West  
12 WEST & COMPANY, L.L.C.  
13 365 East Coronado Road, Suite 200  
14 Phoenix, AZ 85004

13 Christopher Kempley, Chief Counsel  
14 Legal Division  
15 ARIZONA CORPORATION COMMISSION  
16 1200 West Washington Street  
17 Phoenix, AZ 85007

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

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

22 Arizona Reporting Service, Inc.  
23 2200 North Central Avenue, Suite 502  
24 Phoenix, AZ 85004

25   
26

**EXHIBIT A**



# YAVAPAI COUNTY TREASURER

1015 Fair Street  
Prescott, AZ 86305  
www.co.yavapai.az.us  
(928) 771-3233  
Fax (928) 771-3390

Ross D. Jacob  
Treasurer

Sara L. Dav  
Chief Deputy

March 26, 2009

I, Wilhoit Water Company do hereby certify that I plan to make monthly partial payments on my taxes for parcel and/or taxpayer number 929-25-120, 929-95-131, 929-92-240, 929-92-340, 929-90-190, 929-92-290, 929-92-280 & 929-29-901 in the total amount of \$696.02 per month. I would like my due date to be the 1st of each month, to start May, 2009.

I understand the following:

- \* Non-payment of my partial payment could mean my property would be subject to a tax sale or seizure and sale by the Sheriff's office, for the remaining balance.
- \* No payment stubs or reminders will be sent to me for the monthly payments. Receipts will only be sent upon request with each payment.

If for some reason I am unable to make my monthly payment, I will contact the Treasurer's Office (928-771-3233).

[Handwritten Signature]  
Signature

3-30-09  
Date

Breakdown of Amount Due

(See breakdown attached for the above account numbers)

My current address is:

Martin & Bell  
% Jim West  
365 E. Coronado, Ste 200  
Phoenix, AZ 85004

602-230-0030  
Area code and phone number

**Breakdown Of Amounts To Be Paid**

**Yavapai Mobile Home Estates** - 929-95-120, 929-95-131 and 929-92-240

Debt of \$24,148.04

96 monthly payment of \$251.54

**Thunderbird Meadows** - 929-92-340 and 929-90-190

Debt of \$34,688.56

96 monthly payments of \$361.34

**Blue Hills #3** - 929-92-290, 929-92-280 and 929-29-901

Debt of \$7,981.31

96 monthly payments of \$83.14

**EXHIBIT B**

LAW OFFICES

**MARTIN & BELL, L.L.C.**

365 EAST CORONADO ROAD  
SUITE 200  
PHOENIX, ARIZONA 85004

www.martin-bell.com

April 1, 2009

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TELEPHONE  
(602) 230-0020  
TELECOPIER  
(602) 864-0064

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

Re: Wilhoit Water Company

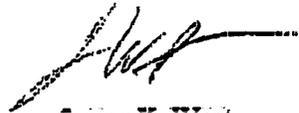
Dear Mr. Jacobs:

Our purpose, of course, is to continue water service for those Yavapai County residents that are subject to the company's areas of service. We have a status conference scheduled by the Arizona Corporation Commission for Thursday, April 2, 2009 at 2:00 p.m.

Ayesha Vohra, of the Arizona Corporation Commission, called Doug Martin, of our office, indicating that the Corporation Commission staff had reached a legal conclusion that the March 26, 2009 correspondence executed by David Conlin March 30, 2009, relating to back taxes, was not a binding agreement binding the Wilhoit Water Company. It is our understanding that Yavapai County drafted this form that you customarily use to resolve similar tax issues and that the intent was to create a binding agreement. That is how the Wilhoit Water Company understands it.

We do understand that the payments commence May 1, 2009 in the amounts set forth in the agreement. 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 legitimate concerns of the Arizona Corporation Commission?

Cordially,



James K. West

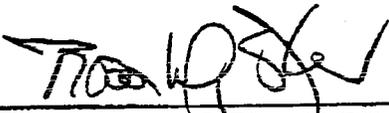
JKW/rdg

**SIGNATURE ATTACHED**

Ross D. Jacobs  
April 1, 2009  
Page 2

By execution of this correspondence, I hereby confirm that the purpose of the attached March 26, 2009 correspondence was to create a binding agreement between Yavapai County and Wilhoit Water Company.

Dated 4/2/09

  
\_\_\_\_\_  
ROSS D. JACOBS, TREASURER

**EXHIBIT C**

*GUST  
ROSENFELD*  
ATTORNEYS SINCE 1921 P.L.C.

■ 1003486 1 ■ PHOENIX, ARIZONA 85004-2327 ■ TELEPHONE 602-257-7422 ■ FACSIMILE 602-254-4878 ■

SARAH C. SMITH  
Direct: 602-257-7458  
Facsimile: 602-340-1538  
ssmith@gustlaw.com

April 1, 2009

Ms. Vicki Wallace, Chief Consumer Services  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007-2927

Re: Wilhoit Water Company  
Parcel Numbers 629-99-200 and 629-99-230  
Docket No. W-02065A-03-0490

Dear Ms. Wallace:

This firm represents the City of Avondale (the "City") and Andrew McGuire serves as the City Attorney.

On December 1, 2003, Judge Amanda Pope's Opinion and Order stated that Wilhoit Water Company's ("Wilhoit") Application to Sell that area of the City known as Glenarm Farms (the "Glenarm Farms Systems") to the City is approved, conditioned upon the following four conditions:

1. Wilhoit shall file with the Arizona Corporation Commission (the "Commission") evidence that the outstanding tax liens and any subsequent accrual of interest have been satisfied before the close of escrow.
2. Wilhoit shall refund any outstanding customer deposits.
3. Wilhoit shall refund any outstanding main extension agreements.
4. Wilhoit shall file a Backflow Prevention Tariff for each of its other operating systems.

Ms. Vicki Wallace  
Wilhoit Water Company  
April 1, 2009  
Page 2

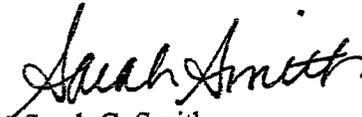
I have enclosed a Declaration from Anne Conlin, an officer of Wilhoit, stating that conditions two through four have been satisfied.

Andrew McGuire has been in contact with Mr. Charles "Hos" Hoskins at the Maricopa County Treasurer's Office regarding condition number one – the outstanding tax liability. Mr. Hoskins has stated that if the City sends a check for \$50,000.00 to Maricopa County to settle the remaining tax issue with respect to the Glenarm Farms System, then he has agreed to place the Abatement Resolutions on the Maricopa County Board of Supervisors (the "Board of Supervisors") agenda with a recommendation for approval.

Prior to the City sending a check for \$50,000.00 to the Board of Supervisors to resolve the outstanding tax liability, the City needs assurance that, upon receipt of the Abatement Resolutions from the Board of Supervisors, the Commission will (i) consider condition one above as satisfied, (ii) unconditionally approve the sale of the Glenarm Farms System and (iii) close the Commission's case and that portion of Wilhoit's Certificate of Convenience and Necessity authorizing the provision of water services to the Glenarm Farms System will be canceled without further Order of the Commission.

Thank you again for your time and attention to this important matter. Please contact me if you have any questions or if you require further information.

Sincerely,



Sarah C. Smith  
For the Firm

Enclosure

cc: (via e-mail only):

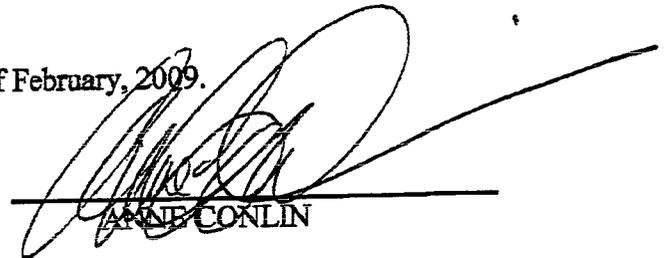
Charles McClendon, City Manager  
Dave Browning, Maricopa County Treasurer's Office  
Doug Martin, Martin & Bell, counsel to Wilhoit

DECLARATION OF ANNE CONLIN

Anne Conlin declares as follows:

- 1) I am an officer of Wilhoit Water and hold the office of Vice-President.
- 2) I have the authority to make this Declaration based upon my review of the operating records of Wilhoit Water Co., previously managed by my now deceased uncle, Robert Conlin.
- 3) I am aware of the September 1, 2003 Order of Administrative Law Judge Amanda Pope including conditions for approval of the sale of the water system to the City of Avondale sale.
- 4) I am informed that the City of Avondale is directly handling the outstanding real property tax issue set forth in Paragraph One for assets Avondale new owner.
- 5) Based on my review of the records, Wilhoit has done the refunding required concerning outstanding customer deposits and main extension agreements. Pursuant to Paragraphs Two and Three of that same Order, I see that Wilhoit has filed a Back Flow Prevention Tariff for each of the operating systems.

EXECUTED on the 26th day of February, 2009.

  
\_\_\_\_\_  
ANNE CONLIN