

ORIGINAL

OPEN MEETING ITEM



0000098497

MICHAEL P. KEARNS
Interim Executive Director

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



ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

MAY 29 2009

DATE: MAY 29, 2009
DOCKET NO: W-20435A-07-0649
TO ALL PARTIES:

DOCKETED BY

Enclosed please find the recommendation of Administrative Law Judge Jane Rodda. The recommendation has been filed in the form of an Order on:

SONOITA VALLEY WATER COMPANY
(EXTENSION OF TIME DEADLINE CONTAINED
IN DECISION NO. 70202)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

JUNE 8, 2009

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

JUNE 23, 2009 and JUNE 24, 2009

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

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MICHAEL P. KEARNS
INTERIM EXECUTIVE DIRECTOR

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 KRISTIN K. MAYES - Chairman
4 GARY PIERCE
5 PAUL NEWMAN
6 SANDRA D. KENNEDY
7 BOB STUMP

8 IN THE MATTER OF THE APPLICATION OF
9 SONOITA VALLEY WATER COMPANY FOR
10 AN EMERGENCY RATE INCREASE.

DOCKET NO. W-20435A-07-0649

DECISION NO. _____

ORDER EXTENDING TIME
DEADLINE CONTAINED IN
DECISION NO. 70202

11 Open Meeting
12 June 23, and 24, 2009
13 Phoenix, Arizona

14 **BY THE COMMISSION:**

15 * * * * *

16 Having considered the entire record herein and being fully advised in the premises, the
17 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

18 **FINDINGS OF FACT**

19 1. In Decision No. 70202 (March 20, 2008), the Commission approved the application of
20 Sonoita Valley Water Co. ("SVWC" or "Company") for an emergency rate increase.

21 2. As part of Decision No. 70202, the Commission ordered that SVWC "... file an
22 application for a permanent rate increase no later than April 30, 2009, based on a year end 2008 test
23 year."

24 3. On April 13, 2009, SVWC docketed a request for extension of 90 to 120 days to file
25 the required permanent rate application.

26 4. In response to the request of the Commission's Utilities Division ("Staff") for
27 additional support for the request, on May 12, 2009, the Company provided a more detailed
28 explanation of the problems that it believes have limited its ability to comply with the rate case
requirement.

1 5. According to Staff, the Company reported the following problems which it claims
2 have delayed its ability to compile and file a permanent rate case application:

3 (a) SVWC cannot meet demand as it only pumps 18 gallons per minute between its
4 two existing wells, such that if a line breaks the storage tanks are quickly drained and the Company
5 must haul water.

6 (b) A 10,000 gallon storage tank is on private land and there is a continuing problem
7 in that the owner will not grant access or permission to maintain or upgrade the tank, which situation
8 required researching county records to determine that no recorded right-of-way or easement exists.
9 Further, the Company reports that there is no community help with the existing situation to find a
10 possible new location for additional storage.

11 (c) The Company experiences two to three line breaks a week due to aging
12 infrastructure; and

13 (d) In the "Southern" downtown portion of the system, the Company must investigate
14 if there are holes in the well casing that might require replacement of the casing, and additionally, the
15 entire distribution system needs to be replaced on account of its poor condition due to age.

16 6. On May 22, 2009, Staff filed a Memorandum in response to the Company's requested
17 time extension. Staff concludes that while the Company may have experienced pressing problems, it
18 is exceedingly important for SVWC to file the required rate case in the very near future. Staff
19 concludes that it is reasonable to allow some additional time for the application, but objects to the
20 length of time requested. Staff further concludes that because of the Company's on-going financial
21 difficulties, the Company should be granted an additional 60 days, until June 30, 2009, to file the
22 permanent rate application.

23 7. SVWC is managed by Southwestern Utility Management, Inc. ("SUM"), which will
24 be preparing the rate application for the Company. SUM is also the interim manager of Valle Verde
25 Water Company, another water company with a large number of operational problems, and also
26 under Commission order to file a permanent rate application in the near future.¹ Given the demands
27

28 ¹ See Docket No. W-01431A-07-0547 and Decision No. 70098.

1 on SVWC's management, including filing two rate cases in short order, we find that the request for a
2 90 day extension is reasonable.

3 CONCLUSIONS OF LAW

4 1. SVWC is a public service corporation within the meaning of Article XV of the
5 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

6 2. The Commission has jurisdiction over SVWC and the subject matter of the request.

7 3. An extension of time to comply with the requirements of Decision No. 70202, as
8 discussed herein, is fair and reasonable and in the public interest.

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ORDER

IT IS THEREFORE ORDERED that the deadline for Sonoita Valley Water Co. to file a rate case, as required in Decision No. 70202, is extended to July 31, 2009, utilizing a test year end of December 31, 2008.

IT IS FURTHER ORDERED that all other provisions of Decision No. 70202 shall remain in effect.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, MICHAEL P. KEARNS, Interim Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, his ____ day of _____, 2009.

MICHAEL P. KEARNS
INTERIM EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

1 SERVICE LIST FOR: SONOITA VALLEY WATER CO.

2 DOCKET NO.: W-20435A-07-0649

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