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MEMORANDUM

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Arizona Corporation Commission

FROM: Steven M. Olea
Director
Utilities Division

EA for SMO

AZ CORP COMMISSION
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OCT 13 2009

DATE: October 13, 2009

DOCKETED BY [Signature]

RE: MOUNT TIPTON WATER CO., INC. - DOCKET NO. W-02105A-09-0145

In Decision No. 70559, dated October 23, 2008, the Arizona Corporation Commission ("Commission") approved the application of Mount Tipton Water Co., Inc. ("Mount Tipton") for an emergency rate increase. Decision No. 70837 (dated March 17, 2009) amended Decision No. 70559 to require the following:

"Mount Tipton shall file a permanent rate case application with the Commission no later than October 2, 2009, using July 1, 2008-June 30, 2009, as its test year."

"That if Mount Tipton's permanent rate case application is found to be sufficient by December 31, 2009, the emergency interim surcharge shall remain in effect until an order is issued to the permanent rate case."

"That if Mount Tipton's permanent rate case application is not found to be sufficient by December 31, 2009, the emergency interim surcharge shall remain in effect only until December 31, 2009, and Staff shall file an Order to Show Cause to install an interim manager and address any other appropriate remedies."

On September 25, 2009, in Docket No. W-02105A-08-0262, Mount Tipton made a supplemental filing titled "Motion For An Extension To File Rate Application". The application states that the Company seeks to extend the current October 2, 2009 due date for the rate case filing until October 23, 2009, while maintaining the current sufficiency date of December 31, 2009.

In the application, the Company states that while it recently obtained additional assistance by engaging Desert Mountain Analytical Services, PLLC ("Desert Mountain") to assist with the rate case, Mount Tipton subsequently lost its existing Business Manager, Ms. Charlotte Cleveland, due to an unexpected resignation. Ms. Cleveland was serving as the primary individual who was assigned to work with Desert Mountain to develop and provide the necessary information for Desert Mountain to prepare the rate application. The loss of Ms. Cleveland necessitated the request for extension of time on the rate case requirement.

On approximately September 30, 2009, Staff contacted Ms. Sonn Rowell of Desert Mountain to discuss the request for extension and her ability to gather information from the Company in the absence of aforementioned Ms. Cleveland. Ms. Rowell indicated that the

Company had hired a new individual, Ms. Michelle Monzillo, as Ms. Cleveland's replacement but was very unsure whether the situation would allow the Company to meet the October 23, 2009 due date proposed by the Company in the new application for extension.

On October 5, 2009, Staff received an e-mail communication from Mr. Steven Wene, Mount Tipton's attorney, which Staff accepted as an amendment to the current request for extension of time. Mr. Wene's e-mail communication stated the following:

"Mt. Tipton would like to extend the deadline for filing the permanent rate application to November 13, 2009. Mt. Tipton believes that the extension will give Ms. Rowell adequate time to prepare the rate application, and consequently, if any corrections need to be made to meet sufficiency, they will likely be minor. This should allow for a much more efficient use of both Mt. Tipton's and the Commission's resources. Again, the Company is not seeking to extend the December 31 sufficiency date deadline."

Considering Mount Tipton's personnel difficulties, it appears reasonable to allow the extension of time for the provision of the rate case application, with the caveat that the sufficiency deadline of December 31, 2009, will remain unchanged. As to the exact deadline, Staff recommends the November 13, 2009 deadline, given the circumstances, with the understanding that the Company will thereby be expected to provide a cleaner, more well documented rate application which will result in very limited sufficiency issues.

Based on all of the above, Staff recommends that the due date for the permanent rate application be extended until November 13, 2009, with a continuing sufficiency date of December 31, 2009.

SMO:BKB:lhmk/dh

Originator: Brian K. Bozzo

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DOCKET NO.: W-02105A-08-0262

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