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BEFORE THE ARIZONA CORPORATION COMMISSION
Arizona Corporation Commission

COMMISSIONERS

DOCKETED

MAR 17 2010

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

DOCKETED BY *nr*

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. 71514

**ORDER EXTENDING TIME
DEADLINE CONTAINED IN
DECISION NO. 70658**

Open Meeting
March 2 and 3, 2010
Phoenix, Arizona

BY THE COMMISSION:

* * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. On December 22, 2008, the Arizona Corporation Commission ("Commission") issued Decision No. 70658 which approved the application of Wilhoit Water Company, Inc. ("Company" or "Applicant") on behalf of its Blue Hills No. 3 System ("Blue Hills") for a rate increase and for financing approval to fund the costs for an arsenic treatment system.

2. A condition of the Commission's approval for the Company's financing application required the Company to do the following: to file by December 31, 2009, with the Commission's Docket Control, as a compliance item in this docket, a copy of the Arizona Department of Environmental Quality ("ADEQ") Certificate of Approval of Construction ("AOC") for the arsenic treatment system.

1 3. On December 11, 2009, the Company filed a Motion for an Extension of Time
2 (“Motion”) until August 1, 2010, for approval by the Commission to file the ADEQ AOC. The
3 Company explained that although the Company expected the loan to close by the end of 2009,
4 without the loan funds, the Company lacks the resources to retain a firm to design and construct the
5 arsenic treatment system.

6 4. On January 25, 2010, the Commission’s Utilities Division (“Staff”) filed a Staff
7 Memorandum in response to the Motion in which Staff recommended approval of an extension until
8 December 31, 2010, in order for the Company to file a copy of the ADEQ AOC.

9 5. Staff stated that it had recently contacted the Executive Director and a Senior Loan
10 Officer of the Water Infrastructure Authority (“WIFA”) who advised Staff that although the loan had
11 been approved on October 14, 2009, it had not closed as of January 11, 2010, and that recent changes
12 related to the federal minimum wage laws must be included in the Company’s construction contracts
13 and this would delay the processing and the closing of the loan.

14 6. Staff contacted the Company’s consultant who indicated that the Company is
15 concerned with the effects of changes to the federal minimum wage laws which could possibly
16 increase the project’s cost by 15 to 20 percent and these costs were not considered when the loan for
17 the project was approved in Decision No. 70658. As a result of the changes to the laws, the
18 Company believes that the authorized loan of \$40,000 may be insufficient to fund the project.

19 7. The Company’s consultant indicated that he has been in contact with Commission
20 Staff concerning how to address the possible funding shortfall.

21 8. Staff is concerned with the Company’s failure to meet this compliance requirement of
22 Decision No. 70658. Because the Company has to close on the loan, apply for and secure the ADEQ
23 Certificate of Approval to Construct (“ATC”), contract for the construction work, complete
24 construction, and secure the ADEQ AOC, Staff is uncertain whether the Company can complete the
25 project in the period of time requested by the Company. Staff believes that if the authorized funding
26 of \$40,000 is insufficient, the Company should promptly apply for additional financing authorization,
27 if necessary, since a surcharge mechanism was previously approved in Decision No. 70658 to repay
28 any financing which is approved by the Commission in this matter.

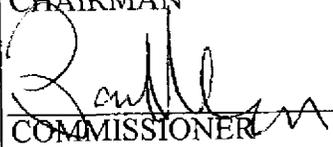
ORDER

IT IS THEREFORE ORDERED that the Wilhoit Water Company, Inc. on behalf of its Blue Hills No. 3 System shall be granted an extension of time until December 31, 2010, to file its ADEQ AOC for the arsenic removal system as required by Decision No. 70658.

IT IS FURTHER ORDERED that the Wilhoit Water Company, Inc. on behalf of its Blue Hills No. 3 System shall be granted no further extensions in this matter, absent good cause shown.

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, ERNEST G. JOHNSON, 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, this 17th day of March, 2010.


ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

MES:db

1 SERVICE LIST FOR:

WILHOIT WATER COMPANY, INC.,
BLUE HILLS NO. 3 SYSTEM

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3 DOCKET NOS.:

W-02065A-07-0313 AND W-02065A-08-0139

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