



0000114005

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

DOCKETED

JUL 12 2010

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

DOCKETED BY *mn*

IN THE MATTER OF THE APPLICATION OF
WILHOIT WATER COMPANY, INC., YAVAPAI
MOBILE HOME ESTATES SYSTEM, FOR
RETROACTIVE APPROVAL OF A FINANCING
APPLICATION.

DOCKET NO. W-02065A-07-0308

IN THE MATTER OF THE APPLICATION OF
WILHOIT WATER COMPANY, INC., YAVAPAI
MOBILE HOME ESTATES SYSTEM, FOR
APPROVAL OF A FINANCING APPLICATION.

DOCKET NO. W-02065A-07-0309

IN THE MATTER OF THE APPLICATION OF
WILHOIT WATER COMPANY, INC., YAVAPAI
MOBILE HOME ESTATES SYSTEM, FOR
APPROVAL OF A PERMANENT RATE
INCREASE.

DOCKET NO. W-02065A-07-0311

IN THE MATTER OF THE APPLICATION OF
WILHOIT WATER COMPANY, INC., YAVAPAI
MOBILE HOME ESTATES SYSTEM, FOR
APPROVAL OF A FINANCING APPLICATION
FOR A NEW ARSENIC TREATMENT SYSTEM.

DOCKET NO. W-02065A-09-0123

DECISION NO. 71776

**ORDER EXTENDING TIME
DEADLINE CONTAINED IN
DECISION NO. 71235**

Open Meeting
June 29 and 30, 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 June 13, 2008, the Arizona Corporation Commission ("Commission") issued
Decision No. 70384 with respect to the first three dockets referred to hereinabove. Therein, the

1 Commission approved a permanent rate increase for Wilhoit Water Company, Inc.'s Yavapai Mobile
2 Home Estates System ("Applicant" or "Company"). The Commission's Decision also authorized the
3 Company to recover \$36,105 which it had expended for the installation of an arsenic remediation
4 system by means of an Arsenic Cost Recovery Mechanism ("ACRM").

5 2. Subsequently, the arsenic remediation system which had been installed for the
6 Company failed to operate in a satisfactory manner and it became necessary for the Company to
7 replace the ineffective remediation system with a more expensive system.

8 3. On March 17, 2009, in order to bring the water utility into compliance with the Safe
9 Drinking Water Act ("SDWA") and with the new arsenic standard as required by the Arizona
10 Department of Environmental Quality ("ADEQ"), the Company filed a new financing application in
11 Docket No. W-02065A-09-0123 seeking approval from the Commission for long-term financing in
12 order to borrow up to \$280,042 from the Water Infrastructure Financing Authority ("WIFA") to fund
13 the installation of a new arsenic remediation system which was to be repaid utilizing an Arsenic
14 Remediation Surcharge Mechanism ("ARSM").¹

15 4. Subsequently, the Commission approved the re-opening of Decision No. 70384
16 consistent with the Company's request for the amendment of that Decision, and the application filed
17 in 2009 for long-term financing was consolidated with the earlier-filed dockets appearing above.

18 5. On August 6, 2009, the Commission issued Decision No. 71235 which approved the
19 amendment of Decision No. 70384 and authorized the Company to incorporate an ARSM in place of
20 the ACRM, and further authorized the Company to enter into long-term debt not to exceed \$280,042
21 to fund the construction of the new arsenic remediation facilities.

22 6. Due to the Company's ongoing arsenic problems, the City of Prescott ("City")
23 permitted the Company to temporarily interconnect its system with that of the City because the City's
24 water met the requirements of the SDWA and did not exceed the new arsenic standard of 10 parts per
25 billion ("ppb"). The Commission's approval for the Company to secure long-term financing in the
26

27 ¹ Concurrently with the filing of the Company's financing application in Docket No. W-02065A-09-0123, Applicant, on
28 March 17, 2009, pursuant to A.R.S. § 40-252, filed a request with the Commission to amend Decision No. 70384 to not
only approve the WIFA financing, but to authorize the imposition of a ARSM in lieu of the ACRM as originally approved
in Decision No. 70384.

1 amount of \$280,042 to be repaid by utilizing an ARSM was conditioned upon the Company filing, by
2 March 31, 2010, a copy of the ADEQ Certificate of Approval of Construction ("AOC") for the new
3 arsenic remediation system.

4 7. On March 9, 2010, the Company filed a Motion for Extension of Time ("Motion")
5 until December 31, 2010, to file the ADEQ AOC. The Company explained that it had only recently
6 closed on its WIFA loan to finance the new treatment system and while engineering plans were in
7 preparation, they had not yet been presented to ADEQ for its review. Additionally, the Company
8 stated that it had recently submitted plans for additional storage facilities for a related system and that
9 approximately 90 days had elapsed before ADEQ approval was granted. Due to this delay, the
10 Company is requesting the extension because it believes that additional time will be required to meet
11 the Commission's condition to file a copy of the AOC pursuant to the terms of the Decision.

12 8. On May 12, 2010, the Commission's Utilities Division ("Staff") filed a Staff
13 Memorandum in response to the Motion in which Staff recommended approval of an extension until
14 December 31, 2010, in order for the Company to file a copy of the ADEQ AOC for the new arsenic
15 treatment facilities.

16 9. Staff stated that it had recently contacted a senior loan officer of WIFA who advised
17 Staff that although the loan had been approved on October 14, 2009, it had not closed until March 8,
18 2010.

19 10. Staff stated further that a Company consultant had been contacted and verified that the
20 Company continued to be interconnected with the City's water system, and while there were no
21 guarantees that the City would continue to provide water service, the Company is continuing its
22 progress to complete the construction of the new arsenic remediation system.

23 11. The Director of Public Works for the City has advised Staff that the Company is
24 continuing its work to develop its arsenic remediation system and the City has no immediate plans to
25 discontinue water service to the system.

26 12. Under the circumstances, the Company should be granted an extension of time until
27 December 31, 2010, in which to file a copy of its ADEQ AOC as recommended by Staff.

28 ...

CONCLUSIONS OF LAW

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

1. The Company is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250, 40-251, 40-301 and 40-302.

2. The Commission has jurisdiction over Applicant and the subject matter of the Motion requesting an extension herein.

3. Staff's recommendation for the extension of time to file the Company's ADEQ AOC should be adopted.

ORDER

IT IS THEREFORE ORDERED that Wilhoit Water Company, Inc. on behalf of its Yavapai Mobile Home Estates System, shall be granted an extension of time until December 31, 2010, to file its Arizona Department of Environmental Quality Certificate of Approval of Construction.

...
...
...
...
...
...
...
...
...
...
...
...
...
...
...
...
...
...
...
...
...

1 IT IS FURTHER ORDERED that Wilhoit Water Company, Inc. on behalf of its Yavapai
2 Mobile Home Estates System, shall, be granted no further extensions in the matter, absent good cause
3 shown.

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

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

6
7
8  CHAIRMAN  COMMISSIONER
9  COMMISSIONER  COMMISSIONER  COMMISSIONER
10

11 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
12 Executive Director of the Arizona Corporation Commission,
13 have hereunto set my hand and caused the official seal of the
14 Commission to be affixed at the Capitol, in the City of
15 Phoenix, this 12th day of July, 2010.

16 
17 ERNEST G. JOHNSON
18 EXECUTIVE DIRECTOR

19 DISSENT: _____

20 DISSENT: _____
21 MES:db

1 SERVICE LIST FOR:

WILHOIT WATER COMPANY, INC., YAVAPAI
MOBILE HOME ESTATES SYSTEM

2

3 DOCKET NOS.:

W-02065A-07-0308, W-02065A-07-0309, W-02065A-
07-0311, and W-02065A-09-0123

4

Douglas G. Martin

5

Jim West

6

MARTIN & BELL, L.L.C.

7

365 East Coronado Road, Suite 200

8

Phoenix, AZ 85004

9

Janice Alward, Chief Counsel

10

Legal Division

11

ARIZONA CORPORATION COMMISSION

12

1200 West Washington Street

13

Phoenix, AZ 85007

14

Steve Olea, Director

15

Utilities Division

16

ARIZONA CORPORATION COMMISSION

17

1200 West Washington Street

18

Phoenix, AZ 85007

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34