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BEFORE THE ARIZONA CORPORATION CC

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

AUG 21 2012

GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

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IN THE MATTER OF THE APPLICATION OF THE ESTATE OF WILLIAM F. RANDALL DBA VALLE VERDE WATER COMPANY FOR AN INCREASE IN ITS WATER RATES.

DOCKET NO. W-01431A-09-0360

IN THE MATTER OF THE APPLICATION OF THE ESTATE OF WILLIAM F. RANDALL DBA VALLE VERDE WATER COMPANY FOR AUTHORITY TO INCUR LONG-TERM DEBT.

DOCKET NO. W-01431A-09-0361

ORDER 73353

Open Meeting
August 9, 2012
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. Valle Verde Water Company ("Valle Verde" or "Company") is certificated to provide water service as a public service corporation in the State of Arizona.

2. On May 17, 2012, the Company filed an application pursuant to A.R.S. § 40-252 asking the Commission to amend Decision No. 71899 to continue a temporary surcharge and to apply the revenues gained thereby to pay Southwestern Utility Management, Inc., the Company's interim manager ("Interim Manager").

3. In 2007, the Commission appointed the Interim Manager for the Company to ensure the continuation of adequate service at reasonable rates. The Company had been owned and operated by William F. Randall; after his death, the Company fell into financial and operational disarray.

1 4. The Interim Manager is entitled to a management fee of \$11.25 per meter per month.
2 The Interim Manager, however, states that the Company has not generated enough revenue to fully
3 compensate it. The Company currently owes the Interim Manager \$78,589.03.

4 5. In Decision No. 71899, the Commission adopted a temporary surcharge of \$.60 per
5 thousand gallons. This surcharge was intended to pay an outstanding purchased water bill of
6 \$92,850.46 due to the City of Nogales.

7 6. Under the terms of Decision No. 71899, the temporary surcharge will cease once the
8 debt to the City of Nogales is paid.

9 7. The Company is asking the Commission to amend Decision No. 71899 to allow it to
10 continue the temporary surcharge after the debt to the City of Nogales has been fully paid. This
11 would enable the Company to apply the subsequent revenues from the temporary surcharge to the
12 debt owed to the Interim Manager.

13 8. We find it reasonable to continue the temporary surcharge for the purpose of paying
14 off the debt owed to the Interim Manager. We will approve this result subject to the following
15 conditions:

16 a. Once the debt to the City of Nogales is paid, the Company shall continue to
17 assess the temporary surcharge until such time as the balance of \$78,589.03 due to the Interim
18 Manager is paid off. Once this balance has been paid off, the temporary surcharge shall cease.

19 b. Once the debt to the City of Nogales is paid, the revenue collected from the
20 temporary surcharge shall be placed in a separate account, and the funds in this separate account shall
21 be used only for paying the \$78,589.03 balance due to the Interim Manager.

22 c. The Company shall file with Docket Control, as a compliance item in this
23 docket, beginning December 31, 2012, quarterly statements indicating the beginning balance on the
24 amounts owed to the Interim Manager, the amount collected by the temporary surcharge during the
25 quarter, the amount paid to the Interim Manager during the quarter, and the balance at the end of the
26 quarter. Such quarterly reports shall continue to be filed until the \$78,589.03 due to the Interim
27 Manager has been paid in full.

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1 d. Within thirty (30) days of the Company's payment of the \$78,589.03 balance
2 due to the Interim Manager, the Company shall file with Docket Control, as a compliance item in this
3 docket, an affidavit indicating that the funds have been paid to the Interim Manager and that the
4 temporary surcharge has ceased.

5 e. The Company shall file a full rate case by July 31, 2013 with a test year ending
6 December 31, 2012.

7 f. The Interim Manager shall notify the Estate of William F. Randall, dba Valle
8 Verde Water Company, that the Commission is considering whether to discontinue the interim
9 manager arrangement and shall make a decision on this issue no later than the Company's next rate
10 case.

11 9. It is in the public interest to amend Decision No. 71899 to continue the collection of
12 the temporary surcharge, subject to the conditions set forth in Finding of Fact No. 8.

13 **CONCLUSIONS OF LAW**

14 1. The Company is an Arizona public service corporation within the meaning of Article
15 XV, Sections 2 and 3 of the Arizona Constitution and A.R.S. §§ 40-250 and -252.

16 2. The Commission has jurisdiction over the Company and over the subject matter of the
17 application.

18 3. The Commission, having reviewed the Company's application and subsequent filings,
19 concludes that it is in the public interest to grant the relief requested, subject to the conditions set
20 forth in Finding of Fact No. 8.

21 4. Decision No. 71899 is hereby amended, subject to the conditions set forth in Finding
22 of Fact No. 8.

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ORDER

IT IS THEREFORE ORDERED that it is in the public interest to grant the relief requested by the Company, subject to the conditions set forth in Finding of Fact No. 8.

IT IS FURTHER ORDERED that Decision No. 71899 is hereby amended, subject to the conditions set forth in Finding of Fact No. 8.

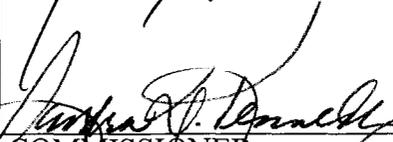
IT IS FURTHER ORDERED that this decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.


CHAIRMAN

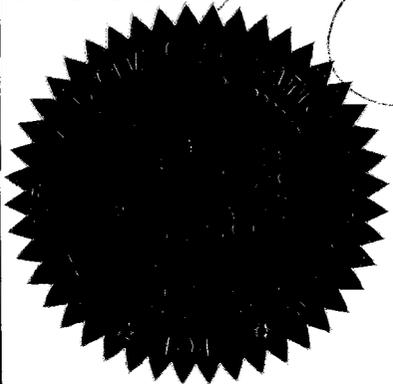
EXCUSED
COMM. STUMP

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 21st day of August, 2012.


ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

1 SERVICE LIST FOR:

THE ESTATE OF WILLIAM F. RANDALL
D/B/A/ VALLE VERDE WATER COMPANY

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3 DOCKET NOS.:

W-01431A-09-0360 and W-01431A-09-0361

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