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AZ CORP COMMISSION
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ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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BOB STUMP
BOB BURNS
TOM FORESE
DOUG LITTLE

Arizona Corporation Commission

DOCKETED

FEB 26 2015

DOCKETED BY

IN THE MATTER OF APPLICATION OF
CLEAR SPRINGS UTILITY CO., INC.,
FOR AN INCREASE IN RATES

Docket No. W-01689A-11-0401
Docket No. WS-01689A-11-0402

**CLEAR SPRINGS' APPLICATION
TO AMEND DECISION NO. 74037**

IN THE MATTER OF THE
APPLICATION OF CLEAR SPRINGS
UTILITY COMPANY, INC., FOR
AUTHORITY TO INCUR LONG-TERM
DEBT

Pursuant to A.R.S. § 40-252, Clear Springs Utility Co., Inc. ("Company" or "Clear Springs") hereby moves the Arizona Corporation Commission ("Commission") to amend Decision No. 74037 ("Decision") by modifying certain dates relating to financing proposed improvements. The Company requests that these deadlines be extended to enable the Company to finalize the proposed loan and make the approved improvements.

1 **Factual Background**

2 On August 23, 2013, the Commission authorized the Company to borrow
3 \$426,249 from the Water Infrastructure Finance Authority (“WIFA”) to finance projects
4 described in Exhibit C of the Decision. *See id.* at p. 50. These projects include additional
5 storage and equipment at wells 3, 7, and 18; fire hydrant replacements; well 18 repairs;
6 valve replacements; and distribution line replacements. *See id.* at Exhibit C. The debt
7 authorization terminates on August 1, 2015. The well 3 and 7 projects, which are
8 primarily comprised of storage tanks installations, were supposed to be completed by
9 February 3, 2015. *See id.* at p. 53. For the reasons explained below, this has not occurred
10 yet.

11 **Intervening Factors**

12 Two issues have delayed these projects. First and foremost, Buck Lewis, who
13 controlled the Company through a trust, became very ill. As his health deteriorated, he
14 could no longer effectively oversee Company operations. Consequently, he has
15 relinquished control of the Company as of November 7, 2014. Potable Products, Inc.
16 now controls the Company.

17 Second, as the Commission is well aware, Clear Springs is managed by
18 Southwestern Utility Management, Inc. (“Southwestern”). On behalf of another water
19 company it manages (East Slope Water Company), Southwestern has been working with
20 WIFA to attempt to finance the construction of certain wells, storage tanks, and other
21 infrastructure to serve that company’s existing customers. However, environmentalists
22 have raised legal issues relating to such projects under the National Environmental Policy
23 Act (“NEPA”). Specifically, the issue is whether well and storage improvements would
24 require an Environmental Assessment or could such projects receive a categorical
25 exclusion, which used to be the common practice of WIFA. Recently, WIFA has
26 provided Southwestern enough information to lead Southwestern and Clear Springs to
27 believe they can move forward with the projects identified in the Decision without an
28 Environmental Assessment.

