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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH - Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

Arizona Corporation Commission

DOCKETED

AUG 26 2015

DOCKETED BY TV

IN THE MATTER OF THE APPLICATION OF GRAHAM COUNTY UTILITIES, INC. FOR APPROVAL OF LONG TERM DEBT.

DOCKET NO. W-02527A-06-0505

DECISION NO. 75235

ORDER EXTENDING TIME DEADLINE IN DECISION NO. 69245

Open Meeting
August 18 & 19, 2015
Phoenix, Arizona

BY THE COMMISSION:

\* \* \* \* \*

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. Graham County Utilities, Inc.'s ("GCU" or "Cooperative") is a nonprofit member-owned Arizona corporation that provides water and natural gas distribution service in small communities in and around Thatcher, Safford, and Pima in Graham County, Arizona.

2. In Decision No. 69245 (January 19, 2007), the Commission authorized GCU to borrow up to \$1,100,000 for its water division from the United States Department of Agriculture Rural Development with a term of 40 years, at an interest rate not to exceed 4.375 percent, subject to certain conditions.

3. GCU was highly leveraged when it filed its 2006 finance application, with a capital structure as of September 30, 2005, consisting of 5.77 percent short-term debt, 89.36 percent long-term debt and 4.87 percent equity. In Decision No. 69245, the Commission ordered GCU to adopt an equity accumulation plan, with an objective of increasing members' equity over the base position by

1 at least 2 percent per year, as measured at the end of each fiscal year, until equity reaches 30 percent  
2 of total capital.<sup>1</sup>

3 4. The Commission ordered GCU to file a rate case no later than June 30<sup>th</sup> of the year  
4 subsequent to any fiscal year in which the equity goal is not achieved.

5 5. On June 15, 2015, GCU filed with the Commission a letter in which it reported that  
6 GCU's gas division did not meet the two percent equity growth requirement for the fiscal year ended  
7 September 30, 2014. GCU requested an extension of time from June 30, 2015, to September 30,  
8 2015, in which to file the required rate application for the gas division.

9 6. In its request, GCU states that it uses internal staff, rather than hired consultants, to  
10 prepare rate applications in order to save money, and that its Finance Manager has filed all previous  
11 rate applications in addition to other required duties. The Cooperative also reports that in October  
12 2013, GCU and its affiliate Graham County Electric Cooperative, Inc., initiated a software  
13 conversion project which is expected to be completed in August 2015. Because this project required  
14 a substantial time commitment from GCU's accounting and finance staff, GCU is seeking an  
15 extension to file a rate application for the gas division.

16 7. On July 2, 2015, the Commission's Utilities Division ("Staff") filed a Memorandum in  
17 Response to GCU's request for extension of compliance deadline. Staff states that based on the  
18 application and GCU's June 15, 2015 request, Staff recommends an extension of time until  
19 September 30, 2015, for GCU to file a rate case.

20 8. Under the circumstances, GCU's request for a relatively short extension of time to file  
21 a rate case is reasonable, as a complete and accurate application is an important first step in the rate  
22 case process. The public interest inherent in GCU maintaining a prudent and healthy capital structure  
23 will not be substantially impaired by granting GCU an additional 90 days to file the rate application.

#### 24 CONCLUSIONS OF LAW

25 1. GCU is a public service corporation within the meaning of Article XV of the Arizona  
26 Constitution and A.R.S. §§40-301, 40-302 and 40-303.

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28 <sup>1</sup> Decision No. 69245 at 3 and 6.

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2. The Commission has jurisdiction over GCU and the subject matter of the Company's request.

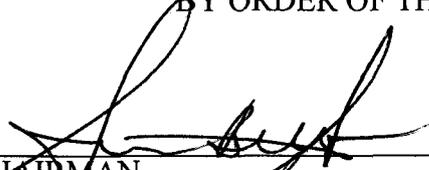
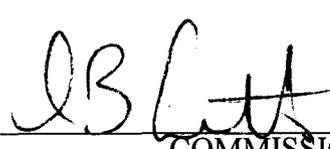
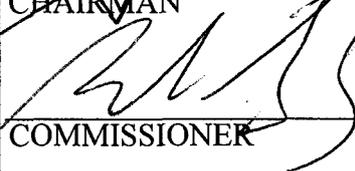
3. An extension of time to comply with the requirement of Decision No. 69245, as discussed herein, is fair and reasonable and in the public interest.

**ORDER**

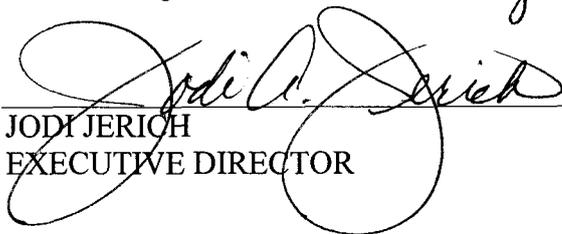
IT IS THEREFORE ORDERED the deadline for Graham County Utilities, Inc. to file a rate application, as required by Decision No. 69245, is extended to September 30, 2015.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

	
CHAIRMAN	COMMISSIONER
	
COMMISSIONER	COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, 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 20th day of August 2015.



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JODI JERICH  
EXECUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_  
JLR:tv

1 SERVICE LIST FOR: GRAHAM COUNTY UTILITIES, INC.

2 DOCKET NO.: W-02527A-06-0505

3 Steven Lines  
4 Graham County Utilities, Inc.  
5 Post Office Drawer B  
6 Pima, Arizona 85543

7 Janice Alward, Chief Counsel  
8 Legal Division  
9 ARIZONA CORPORATION COMMISSION  
10 1200 West Washington Street  
11 Phoenix, AZ 85007

12 Steven M. Olea, Director  
13 Utilities Division  
14 ARIZONA CORPORATION COMMISSION  
15 1200 West Washington Street  
16 Phoenix, AZ 85007

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