



BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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SEP 17 2004

AZ CORP COMMISSION  
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IN THE MATTER OF THE APPLICATION OF ARIZONA UTILITY SUPPLY & SERVICES, L.L.C., FOR THE TRANSFER OF A PORTION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO JOHNSON UTILITIES, L.L.C.

DOCKET NO. SW-04002A-02-0837  
DOCKET NO. WS-02987A-02-0837

IN THE MATTER OF THE APPLICATION OF ARIZONA UTILITY SUPPLY & SERVICES, L.L.C., TO TRANSFER ITS ASSETS AND CERTIFICATE OF CONVENIENCE AND NECESSITY TO JOHNSON UTILITIES, LLC.

DOCKET NO. SW-04002A-04-0465  
DOCKET NO. WS-02987A-04-0465

PROCEDURAL ORDER

BY THE COMMISSION:

On November 8, 2002, Arizona Utility Supply & Services, L.L.C. ("Applicant" or "AUSS") filed with the Arizona Corporation Commission ("Commission") an application in Docket Nos. SW-04002A-02-0837 and WS-02987A-02-0837 ("the 02-0837 dockets") for the transfer of a portion of its Certificate of Convenience and Necessity ("CC&N") to Johnson Utilities, L.L.C. ("Johnson").

On June 3, 2004, a Procedural Order was issued setting a hearing for July 9, 2004 in the 02-0837 dockets.

By Procedural Order issued June 17, 2004, the hearing date in the 02-0837 dockets was rescheduled for July 16, 2004, at the request of all parties, and the applicable time clock rules were extended accordingly. The Procedural Order referenced the fact that an emergency situation involving potential overflows of wastewater on the AUSS system had been temporarily averted by Johnson's agreement to accept wastewater and effluent from AUSS pending consideration of the pending application. Johnson's agreement to accept wastewater and effluent from the AUSS system was facilitated by the Commission's Utilities Division Staff ("Staff") and the Arizona Department of Environmental Quality.

On June 21, 2004, AUSS filed an application in Docket Nos. SW-04002A-04-0465 and WS-

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1 02987A-04-0465 ("the 04-0465 dockets") with the Commission to transfer assets and the entirety of  
2 its CC&N to Johnson.

3 On June 28, 2004, Staff filed a Motion to Consolidate the above-captioned dockets. On June  
4 29, 2004, Staff filed a consolidated Staff Report, recommending approval of the applications subject  
5 to certain conditions.

6 By Procedural Order issued June 30, 2004, the above-captioned cases were consolidated and a  
7 consolidated hearing was scheduled for July 16, 2004.

8 On July 16, 2004, the hearing was held as scheduled. At the conclusion of the July 16, 2004  
9 hearing, the parties requested additional time to engage in settlement discussions regarding certain  
10 issues that arose shortly before and during the July 16, 2004 hearing.

11 Procedural teleconferences were conducted with all parties on July 30 and August 6, 2004.

12 On August 4, 2004, AUSS filed a Chapter 7 bankruptcy petition in U.S. Bankruptcy Court for  
13 the District of Arizona (Case No. 4:04-bk-3873-JMM).

14 By Procedural Order issued August 9, 2004, a hearing was scheduled for August 25, 2004 in  
15 the consolidated AUSS/Johnson CC&N transfer application cases.

16 On August 18, 2004, the Commission issued a Show Cause Order against AUSS in Docket  
17 No. SW-04002A-04-0600 regarding alleged deficiencies at two of the Company's wastewater  
18 treatment facilities (Decision No. 67101). The Order also directed Staff to appoint an interim  
19 manager to operate the AUSS system in order to protect the health, safety, and welfare of AUSS  
20 customers.

21 On August 24, 2004, a telephonic procedural conference was conducted to discuss the status  
22 of the CC&N transfer proceeding. The parties agreed that the August 25, 2004 hearing should be  
23 cancelled and that a subsequent status conference should be held after the parties have an opportunity  
24 to discuss the possibility of settlement of issues raised in the above-captioned dockets, as well as in  
25 the AUSS bankruptcy proceeding.

26 By Procedural Order issued August 24, 2004, a telephonic status conference was scheduled  
27 for September 13, 2004.

28 The telephonic conference was held as scheduled on September 13, 2004. During the

1 conference, the parties indicated that ongoing attempts were being made to negotiate a resolution of  
2 the issues raised in the above-captioned dockets, as well as by the bankruptcy proceeding. It was  
3 agreed that a further telephonic conference should be scheduled to discuss the status of negotiations.

4 IT IS THEREFORE ORDERED that a telephonic status conference shall be conducted with  
5 all interested parties on **September 29, 2004, at 12:00 noon**. Interested parties shall call **(602) 542-**  
6 **9007** at the designated time.

7 IT IS FURTHER ORDERED that the Ex Parte Rule is still in effect.

8 IT IS FURTHER ORDERED that the applicable time clock rules shall be extended  
9 accordingly.

10 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive  
11 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

12 DATED this 17<sup>th</sup> day of September, 2004

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15 DWIGHT D. NODES  
16 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

17 Copies of the foregoing mailed  
18 this 17 day September, 2004 to:

19 Maurice Lee  
20 Arizona Utility Supply & Services, LLC  
4002 E. Taro Lane  
Phoenix, AZ 85050

21 Michael Baldwin  
22 LAW OFFICES OF MICHAEL BALDWIN, PLC  
177 N. Church Ave., Suite 913  
Tucson, AZ 85701-1120  
23 Bankruptcy Attorney for Arizona Utility Supply & Services, LLC

24 Michael M. Neal  
25 LAW OFFICES OF MICHAEL M. NEAL, PLC  
110 S. Church Ave., Suite 4298  
Tucson, AZ 85701  
26 Counsel for Bankruptcy Trustee, Ron Ancell

27 ...  
28 ...

1 Jay L. Shapiro  
Cathy Reese  
2 FENNEMORE CRAIG  
3003 North Central Avenue, Ste. 2600  
Phoenix, AZ 85012  
3 Attorneys for Johnson Utilities Co., L.L.C.

4 Scott Rhodes  
JENNINGS, STROUSS & SALMON  
5 201 E. Washington Street, 11<sup>th</sup> Floor  
Phoenix, AZ 85004  
6 Attorneys for RS Investments

7 Michael Grant  
Todd Wiley  
8 GALLAGHER & KENNEDY  
2575 E. Camelback Road  
9 Phoenix, AZ 85016  
Attorneys for Centex Homes

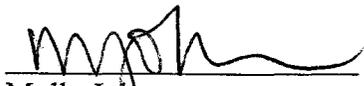
10 Lynn A. Keeling  
11 DYER & FERRIS, LLC  
3550 N. Central Ave, # 1801  
12 Phoenix, AZ 85012-2114

13 George Johnson  
Johnson Utilities Co., LLC  
14 5230 East Shea Blvd.  
Phoenix, AZ 85253

15 Christopher Kempley, Chief Counsel  
16 Legal Division  
ARIZONA CORPORATION COMMISSION  
17 1200 West Washington Street  
Phoenix, Arizona 85007

18 Ernest Johnson, Director  
19 Utilities Division  
ARIZONA CORPORATION COMMISSION  
20 1200 West Washington Street  
Phoenix, Arizona 85007

21 ARIZONA REPORTING SERVICE  
22 2627 N. Third Street, Ste. Three  
23 Phoenix, AZ 85004-1003

24 By:   
25 Molly Johnson  
Secretary to Dwight D. Nodes