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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

MARC SPITZER, Chairman
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2005 NOV 15 P 12: 54

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
VALLE VERDE WATER COMPANY FOR A
RATE INCREASE

DOCKET NO. W-01431A-05-0351

PROCEDURAL ORDER

BY THE COMMISSION:

On May 16, 2005, Valle Verde Water Company ("Company") filed the above-captioned rate application with the Arizona Corporation Commission ("Commission").

On June 16, 2005, the Commission's Utilities Division Staff ("Staff") filed a letter indicating the Company's rate application was sufficient, and classifying the Company as a Class C utility.

By Procedural Order dated July 6, 2005, the matter was set for hearing to commence on December 8, 2005.

On August 19, 2005 Staff filed a Request to Suspend the Time Clock for an indefinite time. Staff indicated that the Company has not been able to reply to Staff's data requests in a timely fashion. On August 25, 2005, the Company filed a Response to Staff's Request to Suspend the Time Clock. The Company asserted that Staff is exaggerating the time that data responses are overdue and that some of the delay in this matter is due to Staff. The Company requested that any suspension be for a reasonable and determinate amount of time to insure that Staff processes the application as soon as possible.

By Procedural Order dated September 7, 2005, the Administrative Law Judge suspended the time clock for 60 days and set a Procedural Conference for November 10, 2005, to determine if the matter could be set for hearing and to re-evaluate the suspension of the time clock.

1 Approximately three weeks prior to the scheduled Procedural Conference, the owner of the
2 Company died. The Company is a sole proprietorship and ownership of the Company is unknown at
3 this time.

4 At the November 10, 2005 Procedural Conference,¹ Staff stated that there were several major
5 uncertainties that prevented Staff from being able to present a case. Staff raised issues of the
6 unknown status of ownership, unanswered data requests, a stale test year, the Company having no
7 general ledger, and the possibility that the City of Nogales may purchase the system. No party
8 present at the November 10, 2005 Procedural Conference was certain how the Company was being
9 operated.

10 A myriad of unusual and substantial uncertainties make proceeding with this application
11 within established time clock rules impossible at this time and justify an indefinite suspension of the
12 time clock. We will schedule a Procedural Conference in approximately 60 days to determine if the
13 Commission can or should proceed with this application.

14 IT IS THEREFORE ORDERED that the time clock in this matter is suspended indefinitely
15 until further Order of the Commission.

16 IT IS FURTHER ORDERED that a **telephonic Procedural Conference** for determining the
17 status of this matter shall commence on **January 11, 2006**, at 10:00 a.m. at the Commission's Tucson
18 offices, Room 218, 400 West Congress Street, Tucson, Arizona. The phone number for participating
19 in the Procedural Conference is **(602) 542-9003**.

20 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
21 Communications) continues to apply to this proceeding and shall remain in effect until the
22 Commission's Decision in this matter is final and non-appealable.

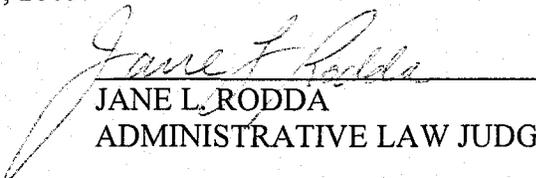
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28 ¹ Representatives of Staff and the attorney who had been representing the Company prior to the death of its owner
appeared at the Procedural Conference.

1
2 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
3 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

4
5 DATED this 10th day of November, 2005.

6 
7 JANE L. RODDA
ADMINISTRATIVE LAW JUDGE

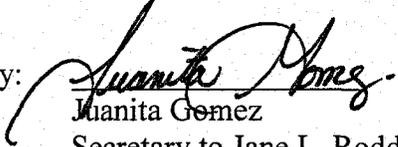
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9 Copies of the foregoing mailed
this 10th day of November, 2005 to:

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23 By: 
24 Juanita Gomez
Secretary to Jane L. Rodda