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BEFORE THE ARIZONA CORPORATION C

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COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

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AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
LAS QUINTAS SERENAS WATER CO. FOR A
RATE INCREASE.

DOCKET NO. W-01583A-04-0178

IN THE MATTER OF THE APPLICATION OF
LAS QUINTAS SERENAS WATER CO. FOR
AUTHORITY TO INCUR LONG-TERM
INDEBTEDNESS TO FINANCE WATER
SYSTEM IMPROVEMENTS AND ASSURE
COMPLIANCE WITH NEW ARSENIC RULES.

DOCKET NO. W-01583A-05-0326

IN THE MATTER OF THE APPLICATION OF
LAS QUINTAS SERENAS WATER CO. FOR AN
OPINION AND ORDER TO (i) RE-OPEN THE
RECORD IN A RECENT RATE CASE SO AS TO
CONSIDER EVIDENCE IN SUPPORT OF AN
ARSENIC COST RECOVERY MECHANISM,
AND (ii) MODIFY RATE CASE DECISION IN
ORDER TO ADD AN ARSENIC COST
RECOVERY MECHANISM AS AN
AUTHORIZED RATE AND CHARGE.

DOCKET NO. W-01583A-05-0340

PROCEDURAL ORDER

BY THE COMMISSION:

By Procedural Order dated August 18, 2005, upon request of the parties, the Arizona Corporation Commission ("Commission") suspended the procedural schedule that had been set in the above captioned matter.

On November 15, 2005, Commission Utilities Division Staff ("Staff") and Las Quintas Serenas Water Company ("Las Qunitas" or "Company") jointly proposed the following procedural schedule:

- Las Qunitas files direct testimony and exhibits December 7, 2005
Staff/Intervenors file direct testimony and exhibits January 25, 2006
Las Quintas files rebuttal testimony and exhibits February 21, 2006

1 Hearing

March 1, 2006

2 IT IS THEREFORE ORDERED that a **hearing** in the consolidated matters shall commence
3 on **March 1, 2006, at 10:00 a.m.**, or as soon thereafter as is practical, at the Commission's offices,
4 **Room 222**, 400 West Congress, Tucson, Arizona.

5 IT IS FURTHER ORDERED that direct testimony and associated exhibits to be presented at
6 hearing by Las Qunitas shall be reduced to writing and filed on or before **December 7, 2005**.

7 IT IS FURTHER ORDERED that testimony and associated exhibits to be presented at hearing
8 by Staff or any Intervenors shall be reduced to writing and filed on or before **January 25, 2006**.

9 IT IS FURTHER ORDERED that any rebuttal testimony and associated exhibits to be
10 presented at hearing by Las Quintas shall be reduced to writing and filed on or before **February 21,**
11 **2006**.

12 IT IS FURTHER ORDERED that any surrebuttal testimony and any rejoinder testimony shall
13 be presented orally at the hearing.

14 IT IS FURTHER ORDERED that any objections to any testimony or exhibits that have been
15 prefiled as of February 21, 2006, shall be made on or before February 27, 2006.

16 IT IS FURTHER ORDERED that all testimony filed shall include a table of contents that lists
17 the issues discussed.

18 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to
19 pre-filed testimony shall be reduced to writing and filed no later than five days before the witness is
20 scheduled to testify.

21 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the
22 pre-filed testimony of each of their witnesses and shall file each summary by 3:00 p.m. on February
23 27, 2006.

24 IT IS FURTHER ORDERED that copies of summaries shall be served upon the Presiding
25 Officer, the Commissioners, and the Commissioners' aides, as well as the parties of record.

26 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
27 except that all motions to intervene must be filed on or before **February 14, 2006**.

28 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and

1 regulations of the Commission, except that: until February 1, 2006, any objection to discovery
 2 requests shall be made within 7 days¹ of receipt and responses to discovery requests shall be made
 3 within 10 days of receipt; thereafter, objections to discovery requests shall be made within 5 days and
 4 responses shall be made in 7 days; the response time may be extended by mutual agreement of the
 5 parties involved if the request requires an extensive compilation effort.

6 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
 7 discovery, any party seeking discovery may telephonically contact the Commission's Hearing
 8 Division to request a date for a procedural hearing to resolve the discovery dispute; that upon such a
 9 request, a procedural hearing will be convened as soon as practicable; and that the party making such
 10 a request shall forthwith contact all other parties to advise them of the hearing date and shall at the
 11 hearing provide a statement confirming that the other parties were contacted.²

12 IT IS FURTHER ORDERED that any responses to motions shall be filed within five days of
 13 the filing date of the motion.

14 IT IS FURTHER ORDERED that any replies shall be filed within five days of the filing date
 15 of the response.

16 IT IS FURTHER ORDERED that public notice of the hearing in this matter shall be provided
 17 in the following form and style, with the heading in no less than 12 point type and the body in no less
 18 than 10 point type:

19 **PUBLIC NOTICE OF HEARING ON THE APPLICATION OF**
 20 **LAS QUINTAS SERENAS WATER COMPANY**
 21 **FOR AUTHORITY TO IMPLEMENT AN ARSENIC COST RECOVERY MECHANISM**
Docket No. W-01583A-04-0178 et al.

22 On May 15, 2005, Las Quintas Serenas Water Co. ("Company") filed with the
 23 Arizona Corporation Commission ("Commission") an application for authority to
 24 implement a charge to recover the cost of new water treatment facilities needed to
 25 comply with new federal government drinking water standards. The new federal
 26 standards, which become effective January 23, 2006, reduce the maximum level of
 arsenic allowed in drinking water from 50 to 10 parts per billion. On May 2, 2005, the
 Company filed a Finance Application seeking authority to incur long-term debt in the
 amount of \$1,648,750 associated with the capital improvements needed to treat
 arsenic. The exact type of recovery mechanism has not yet been defined. If approved
 by the Commission, an additional charge to allow for recovery of the costs associated

27 ¹ "Days" means calendar days.

28 ² The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations
 before seeking Commission resolution of the controversy.

1 with arsenic treatment would be effective in the second quarter of 2006, and would
 2 increase the average monthly residential bill by an as yet undetermined amount.
 3 Copies of the Company's application and other filings are available for public
 4 inspection during regular business hours at the Company's office [**COMPANY
 INSERT ADDRESS AND CONTACT INFORMATION HERE**] and at the
 Commission's Docket Control Center, 1200 West Washington, Phoenix, Arizona
 85007 or its Tucson office 400 W. Congress, Suite 218, Tucson, Arizona 85701.

5 The Commission will hold a public hearing on this matter beginning **March 1, 2006**
 6 **at 10:00 a.m.** at the Commission's offices, Room 222, 400 West Congress Street,
 Tucson, Arizona. Public comments will be taken on the first day of the hearing.

7 The law provides for an open public hearing at which, under appropriate
 8 circumstances, interested parties may intervene. Intervention shall be permitted to any
 9 person entitled by law to intervene and having a direct and substantial interest in the
 matter. Persons desiring to intervene must file a written motion to intervene with the
 Commission no later than **February 14, 2006**. The motion to intervene must be sent
 to all parties of record, and shall contain the following:

- 10 1. The name, address, and telephone number of the proposed intervenor
 11 and of any entity upon whom service of documents is to be made if
 different from the intervenor;
- 12 2. A short statement of the proposed intervenor's interest in the
 13 proceeding; and
- 14 3. A statement certifying that a copy of the motion to intervene has been
 15 mailed to all parties of record in the proceeding.

16 The granting of intervention, among other things, entitles a party to present sworn
 17 evidence at the hearing and to cross-examine other witnesses. However, failure to
 18 intervene will not preclude any interested person or entity from appearing at the
 hearing and providing public comment or from filing written comments in the record
 of the case. You will not receive any further notice of this proceeding unless you
 request it.

19 If you have any questions about this application, or want further information on
 20 intervention, you may contact the Consumer Services Section of the Commission at
 1200 W. Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

21 The Commission does not discriminate on the basis of disability in admission to its
 22 public meetings. Persons with a disability may request a reasonable accommodation
 such as a sign language interpreter, as well as request this document in an alternative
 23 format, by contacting Linda Hogan, ADA Coordinator, voice phone number 602/542-
 3931, E-mail LHogan@azcc.gov. Requests should be made as early as possible to
 allow time to arrange the accommodation.

24 **IT IS FURTHER ORDERED** that Las Quintas shall cause a copy of the above-ordered notice
 25 to be published in a newspaper of general circulation in its service area no later than **December 21,**
 26 **2005**, and shall file certification of publication as soon as practicable after publication has been
 27 completed.

1 IT IS FURTHER ORDERED that Las Quintas shall mail a copy of the above-ordered notice
2 to each of its customers by First Class United States mail no later than **December 21, 2005**; and shall
3 file certification of mailing as soon as practicable after mailing has been completed.

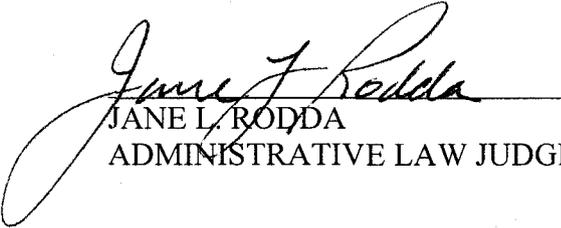
4 IT IS FURTHER ORDERED that notice shall be deemed complete upon publication and
5 mailing of same, notwithstanding the failure of an individual to read the notice.

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

9 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended
10 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

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

13 DATED this 16th day of November, 2005.

14
15
16 
17 JANE L. RODDA
18 ADMINISTRATIVE LAW JUDGE

19 Copies of the foregoing mailed
20 this 16th day of November, 2005 to:

21 Mr. Steve Gay
22 General Manager/Operator
23 Las Quintas Serenas Water Company
24 16965 Camino De Las Quintas
25 P.O. Box 68
26 Sahuarita, AZ 85629

27 Lawrence V. Robertson Jr
28 Munger Chadwick PLC
333 N Wilmot Suite 300
Tucson, AZ 85711-2634

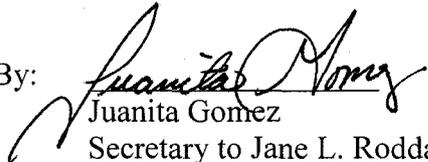
John S. Gay
1241 W. Calle De La Plaz
Sahuarita, Arizona 85629

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Jason Gellman
Legal Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

Ernest Johnson, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

1 Arizona Reporting Service, Inc.
2 2627 N. Third Street, Suite Three
3 Phoenix, Arizona 85004-1103

4 By:

5 
6 Juanita Gomez
7 Secretary to Jane L. Rodda
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