

ORIGINAL



0000048124

BEFORE THE ARIZONA CORPORATION COMMISSION

254

COMMISSIONERS

2006 APR 26 P 3: 05

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

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
NORTHERN SUNRISE WATER COMPANY FOR
A CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE WATER SERVICE IN
COCHISE COUNTY, ARIZONA.

DOCKET NO. W-20453A-06-0247

IN THE MATTER OF THE APPLICATION OF
SOUTHERN SUNRISE WATER COMPANY FOR
A CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE WATER SERVICE IN
COCHISE COUNTY, ARIZONA.

DOCKET NO. W-20454A-06-0248

IN THE MATTER OF THE JOINT APPLICATION
OF NORTHERN SUNRISE WATER COMPANY
AND SOUTHERN SUNRISE WATER COMPANY
FOR THE APPROVAL OF SALE AND
TRANSFER OF WATER UTILITY ASSETS, AND
CANCELLATION OF CERTIFICATES OF
CONVENIENCE AND NECESSITY, FOR
MIRACLE VALLEY WATER COMPANY,
COCHISE WATER COMPANY, HORSESHOE
RANCH WATER COMPANY, CRYSTAL WATER
COMPANY, MUSTANG WATER COMPANY,
CORONADO ESTATES WATER COMPANY,
AND SIERRA SUNSET WATER COMPANY,
LOCATED IN COCHISE COUNTY, ARIZONA.

DOCKET NOS. W-20453A-06-0251
W-20454A-06-0251
W-01646A-06-0251
W-01868A-06-0251
W-02235A-06-0251
W-02316A-06-0251
W-02230A-06-0251
W-01629A-06-0251
W-02240A-06-0251

PROCEDURAL ORDER

BY THE COMMISSION:

On April 13, 2006, Northern Sunrise Water Company ("NSWC") and Southern Sunrise Water Company ("SSWC") (collectively "Applicants"), jointly applied to the Arizona Corporation Commission ("Commission") for an Order approving the sale and transfer of assets, and cancellation of Certificates of Convenience and Necessity ("CC&N"), of Miracle Valley Water Company, Cochise Water Company, Horseshoe Ranch Water Company, Crystal Water Company, Mustang Water Company, Coronado Estates Water Company and Sierra Sunset Water Company (collectively "McLain Water Systems").

1 On the same date, NSWC filed an Application for CC&N to provide water utility service in
2 the areas previously served by the Mustang Water Company, Crystal Water Company, Sierra Sunset
3 Water Company and Coronado Estates Water Company (collectively "Northern McLain Systems").
4 SSWC filed an Application for a new CC&N to provide water utility service in the areas previously
5 served by the Cochise Water Company, Miracle Valley Water Company and Horseshoe Ranch Water
6 Company (collectively "Southern McLain Systems").

7 Also on April 13, 2006, NSWC and SSWC filed Motions to Consolidate the above-captioned
8 proceedings, as the matters are inextricable linked to one another.

9 On April 19, 2006, Commission Utilities Division Staff ("Staff") filed a Response to the
10 Motion to Consolidate. Staff agreed that consolidation of the matters is appropriate as the issues for
11 all three matters are substantially the same and arise from the same set of facts and circumstances.

12 On April 21, 2006 Staff notified the Applicants that the applications were sufficient. The
13 McLain systems are in bankruptcy and are in need of substantial capital improvements.
14 Consequently, the Commission will consider them on an expedited basis.

15 Accordingly, pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural
16 Order to govern the preparation and conduct of this proceeding.

17 IT IS THEREFORE ORDERED that the applications are consolidated as the issues are
18 substantially related.

19 IT IS FURTHER ORDERED that a **Public Comment Meeting** concerning these CC&N
20 applications shall commence on **May 22, 2006, at 5:00 p.m.** at the **Buena High School Performing**
21 **Arts Center's Lecture Pod**, 5225 Buena School Boulevard, Sierra Vista, Arizona 85635.

22 IT IS FURTHER ORDERED that the **hearing** in the above-captioned matter shall be held on
23 **May 30, 2006, at 10:00 a.m.** or as soon thereafter as is practical, at the Commission's offices, **Room**
24 **222**, 400 West Congress St., Tucson, Arizona 85701.

25 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
26 except that all motions to intervene must be filed on or before **May 22, 2006**.

27 IT IS FURTHER ORDERED that Applicants shall serve public notice of the hearing in this
28 matter, in the following form and style:

1 IT IS FURTHER ORDERED that Applicants shall serve public notice of the hearing in this
2 matter, in the following form and style:

3 **PUBLIC NOTICE OF PUBLIC COMMENT AND**
4 **HEARING ON THE APPLICATIONS OF**
5 **NORTHERN SUNRISE WATER COMPANY AND**
6 **SOUTHERN SUNRISE WATER COMPANY**
7 **FOR CERTIFICATES OF CONVENIENCE AND NECESSITY**
8 **AND SALE AND TRANSFER OF UTILITY ASSETS AND**
9 **CANCELLATION OF CERTIFICATES OF CONVENIENCE AND NECESSITY**
10 **OF MIRACLE VALLEY WATER COMPANY, INC.**
11 **COCHISE WATER COMPANY,**
12 **HORSESHOE RANCH WATER COMPANY,**
13 **CRYSTAL WATER COMPANY,**
14 **MUSTANG WATER COMPANY,**
15 **CORONADO ESTATES WATER COMPANY, AND**
16 **SIERRA SUNSET WATER COMPANY**

17 **Docket Nos. W-20453A-06-0247 and**
18 **W-20454A-06-0248 and W-20453A-06-0251 et al.**

19 On April 13, 2006, Northern Sunset Water Company and Southern Sunset Water
20 Company (collectively "Applicants") filed applications with the Arizona Corporation
21 Commission ("Commission") for: (1) approval of the sale and transfer of utility assets
22 and cancellation of the Certificates of Convenience and Necessity of Miracle Valley
23 Water Company, Inc., Cochise Water Company, Horseshoe Ranch Water Company,
24 Crystal Water Company, Mustang Water Company, Coronado Estates Water
25 Company, and Sierra Sunset Water Company ("McLain Systems"); and (2) for new
26 Certificates of Convenience and Necessity to provide water utility service in the
27 service areas served by the McLain Systems. The Commission has consolidated the
28 applications. If the applications are granted, the assets of the McLain Systems will be
transferred to Applicants and Applicants will be the exclusive providers of water
service in the McLain Systems' service territories. Applicants would be required by
the Commission to provide service under rates and charges and terms and conditions
established by the Commission. The applications are available for inspection during
regular business hours at the offices of the Commission in Phoenix, at 1200 West
Washington Street, Phoenix, Arizona, and in Tucson, at 400 West Congress St. Suite
218, Tucson, Arizona and at the offices of the Applicant, [APPLICANT INSERT
ADDRESS]. The applications are also available on the Commission's website,
www.azcc.gov, using the e-Docket link.

The Commission will hold a **public comment** meeting on this matter on **May 22, 2006 at 5:00 p.m.** at the **Buena High School Performing Arts Center's Lecture Pod**, 5225 Buena School Boulevard, Sierra Vista, Arizona 85635. Any person with an interest in this matter may appear at the public comment meeting and make a statement concerning the applications.

The Commission will hold an **evidentiary hearing** on this matter beginning **May 30, 2006, at 10:00 a.m., at the Commission's offices, Room 222, 400 West Congress Street, Tucson, Arizona.** Public comment will be taken on the first day of the hearing.

1 The law provides for an open public hearing at which, under appropriate
2 circumstances, interested persons may intervene in the proceedings and participate as
3 a party. You may have the right to intervene in the proceeding. Intervention will be
4 in accordance with A.A.C. R14-3-105, except that all motions to intervene must be
5 filed on or before **May 22, 2006**. Persons desiring to intervene must file a written
6 motion to intervene with the Commission and send such motion to Applicant or its
7 counsel and to all parties of record. The motion must, at the minimum, contain the
8 following:

- 9 1. The name, address, and telephone number of the proposed intervenor and of
10 any party upon whom service of documents is to be made if different from
11 that of the intervenor.
- 12 2. A short statement of the proposed intervenor's interest in the proceeding (e.g.,
13 a customer or potential customer of the Applicant, a shareholder of the
14 Applicant, etc.).
- 15 3. A statement certifying that a copy of the motion to intervene has been mailed
16 to the Applicant or its counsel and to all parties of record in the case.

17 The granting of intervention, among other things, entitles a party to present sworn
18 evidence at the hearing and to cross-examine other witnesses. However, failure to
19 intervene will not preclude any interested person or entity from appearing at the
20 hearing and providing public comment on the applications. You will not receive any
21 further notice of this proceeding unless you request it. Comments may also be made
22 by writing to the Commission in care of Docket Control, 1200 W. Washington,
23 Phoenix, Arizona 85007. All correspondence should contain the Docket Nos. W-
24 20453A-06-0247, W-20454-06-0248, and W-20453A-05-0251 et al.

25 If you have any questions about these applications, or want further information on
26 intervention, you may contact the Consumer Services Section of the Commission at
27 1200 West Washington Street, Phoenix, Arizona 85007, or call 1-800-222-7000.

28 The Commission does not discriminate on the basis of disability in admission to its
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
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.

IT IS FURTHER ORDERED that Applicants shall mail a copy of the above notice to all
customers of the McLain Water Systems by first-class U.S. Mail, to begin as soon as possible and to
be completed on or before **May 5, 2006**.

IT IS FURTHER ORDERED that Applicants shall have the above notice published in a
newspaper of general circulation within their proposed service territories on or before **May 5, 2006**.

IT IS FURTHER ORDERED that Applicants shall file certifications of mailing and
publication as soon as practicable after the mailing has been completed.

1 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing,
2 notwithstanding the failure of an individual customer to read or receive the notice.

3 IT IS FURTHER ORDERED that Staff shall file its Staff Report and associated exhibits to be
4 presented at the hearing on or before **May 17, 2006**.

5 IT IS FURTHER ORDERED that Intervenors shall file any testimony or exhibits to be
6 presented at the hearing on or before **May 24, 2006**.

7 IT IS FURTHER ORDERED that any objection or response by the Applicants or Intervenors
8 to the Staff Report shall be made in writing and filed on or before **May 24, 2006**.

9 IT IS FURTHER ORDERED that any objection or response to the Intervenor testimony or
10 exhibits may be made during or before the hearing.

11 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
12 Communications) applies to this proceeding as the matter is now set for public hearing.

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

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

17 DATED this 26 day of April, 2006.

18

19

20

21


JANE L. RODDA
ADMINISTRATIVE LAW JUDGE

22 Copies of the foregoing mailed
this 26 day of April, 2006 to:

23 Mr. Jay Shapiro
24 Mr. Patrick Black
25 Fennemore Craig, PC
26 3003 North Central Avenue
Suite 2600
Phoenix, Arizona 85012
Attorneys for Applicants

27

28

1 Steven L. Wene, Esq.
2 MOYES STOREY
3 1850 North Central Ave., #1100
4 Phoenix, AZ 85004
5 (by certified mail)

6 Johnny McLain
7 7110 E. Jaxel Road
8 Hereford, Arizona 85615
9 (by certified mail)

10 Johnny and Linda McLain
11 PO Box 2903
12 Sierra Vista, Arizona 85636
13 **Via Certified Mail and**
14 **First Class Mail**

15 Arizona Small Utilities Association
16 210 N. Central, Suite 6B
17 Avondale, Arizona 85323
18 Interim Manager for the McLain Systems

19 Mr. Christopher Kempley, Chief Counsel
20 Legal Division
21 ARIZONA CORPORATION COMMISSION
22 1200 West Washington Street
23 Phoenix, Arizona 85007

24 Mr. Ernest Johnson, Director
25 Utilities Division
26 ARIZONA CORPORATION COMMISSION
27 1200 West Washington Street
28 Phoenix, Arizona 85007

ARIZONA REPORTING SERVICE, INC.
2627 N. Third Street, Suite Three
Phoenix, Arizona 85004-1104

21 By:



22 Molly Johnson
23 Secretary to Jane L. Rodda