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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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AZ CORP COMMISSION
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COMMISSIONERS

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

DOCKET NO. W-01583A-06-0437

IN THE MATTER OF THE APPLICATION OF
LAS QUINTAS SERENAS WATER CO. FOR
AUTHORITY TO INCUR LONG-TERM
INDEBTEDNESS TO FINANCE WATER
SYSTEM IMPROVMENTS.

PROCEDURAL ORDER

BY THE COMMISSION:

On June 30, 2006, Las Quintas Serenas Water Co. ("LQS" or "Company") filed an application for authority to incur long-term debt with the Arizona Corporation Commission ("Commission"). LQS is seeking authority to borrow up to \$400,714 from WIFA for the purpose of installing 400,000 gallons of additional storage and a 130kV back-up generator.

Pursuant to our September 29, 2006 Procedural Order, on October 10, 2006, LQS mailed notice of the financing application to all of its customers. The Notice provided that interested parties could intervene and request a hearing by October 31, 2006.

By Procedural Order dated November 14, 2006, the Arizona Corporation Commission ("Commission") granted intervention to John S. Gay and Jane Appleby, and several other individual customers of LQS, in this matter. The November 14, 2006 Procedural Order clarified that the scope of this proceeding will be limited to the current finance request and will not be expanded to re-litigate issues related to arsenic treatment facilities that were the subject matter of Commission Decision No. 68718 (June 1, 2006).

In a Procedural Conference which convened on November 29, 2006, Mr. Gay and Ms. Appleby asserted that they did not believe that either the additional storage or the back up generator were necessary for LQS to provide adequate and reliable service, and consequently, they opposed the financing request. Thus, a hearing on the current application is warranted.

1 Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern
2 the preparation and conduct of this proceeding.

3 IT IS THEREFORE ORDERED that the hearing in the above-captioned matter shall
4 commence on **January 19, 2007, at 10:00 a.m.**, or as soon thereafter as is practical, at the
5 Commission's offices, **Room 222**, 400 West Congress, Tucson, Arizona 85701.

6 IT IS FURTHER ORDERED that **the Staff Report** and/or any direct testimony and
7 associated exhibits to be presented at hearing on behalf of Staff shall be reduced to writing and filed
8 on or before **December 21, 2006**.

9 IT IS FURTHER ORDERED that any **direct testimony** and associated exhibits to be
10 presented at hearing on behalf of intervenors shall be reduced to writing and filed on or before
11 **December 21, 2006**.

12 IT IS FURTHER ORDERED that any **response to the Staff Report** by the Company or
13 Intervenors and/or any comments/rebuttal testimony to Intervenor testimony by the Company or Staff
14 to be presented at hearing shall be reduced to writing and filed on or before **January 11, 2007**.

15 IT IS FURTHER ORDERED that any objections to any testimony or exhibits which have
16 been prefiled as of January 11, 2007, shall be made on or before January 16, 2007.

17 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
18 regulations of the Commission, except that any objection to discovery requests shall be made within
19 5 days¹ of receipt and responses to discovery requests shall be made within 7 days of receipt;¹ the
20 response time may be extended by mutual agreement of the parties involved if the request requires an
21 extensive compilation effort.

22 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
23 discovery, any party seeking discovery may telephonically contact the Commission's Hearing
24 Division to request a date for a procedural hearing to resolve the discovery dispute; that upon such a
25 request, a procedural hearing will be convened as soon as practicable; and that the party making such
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28 ¹ "Days" means calendar days.

1 a request shall forthwith contact all other parties to advise them of the hearing date and shall at the
2 hearing provide a statement confirming that the other parties were contacted.²

3 IT IS FURTHER ORDERED that any motions filed in this matter that are not ruled upon by
4 the Commission within 10 days of the filing date of the motion shall be deemed denied.

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

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

9 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in
10 this matter, in the following type size, form and style:

11 **PUBLIC NOTICE OF HEARING ON THE**
12 **FINANCE APPLICATION OF**
13 **LAS QUINTAS SERENAS WATER COMPANY**
14 **DOCKET NO. W-01583A-06-0437**

15 On June 30, 2006, Las Quintas Serenas Water Company ("LQS") filed an application
16 with the Arizona Corporation Commission ("Commission") for authority to borrow
17 \$400,714. The proceeds of the loan will be used to install 400,000 gallons of
18 additional storage and a back-up generator which are part of the Company's long-term
19 reliability plant.

20 The Commission will hold a **hearing** on this matter beginning **January 19, 2007, at
21 10:00 a.m.**, at the Commission's offices, Room 222, 400 West Congress, Tucson,
22 Arizona. Public comments will be taken at the beginning of the hearing. In addition,
23 you may file written comments regarding the application, by sending them to the
24 Commission at 1200 West Washington Street, Phoenix, Arizona 85007. Please
25 include the Docket Number on all correspondence. If you have any questions on how
26 to file written comments, you may contact the Consumer Services Section of the
27 Commission, or call 1-800-222-7000.

28 Copies of LQS' application are available at its office [**insert address**], on the internet
via the Commission website (www.azcc.gov) using the e-docket function, and at the
Commission's offices for public inspection during regular business hours.

**If you have any substantive questions about this application you may contact the
Company at: [COMPANY SHOULD INSERT NAME, ADDRESS,
TELEPHONE NUMBER, AND E-MAIL ADDRESS FOR CUSTOMER
CONTACTS CONCERNING THE APPLICATION].**

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

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

9
10 IT IS FURTHER ORDERED that the Company shall mail to each of its customers a copy of
11 the above notice by December 29, 2006.

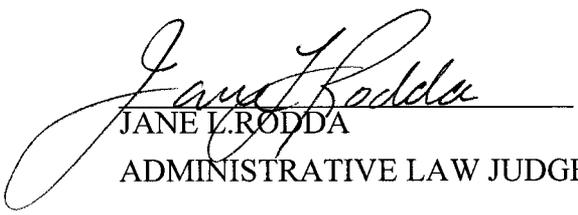
12 IT IS FURTHER ORDERED that the Company shall file certification of mailing as soon as
13 practicable after the mailing has been completed.

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

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

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

21 DATED this 15th day of December, 2006.

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JANE L. RODDA
ADMINISTRATIVE LAW JUDGE

29 Copies of the foregoing mailed
30 this 15th day of December 2006 to:

31 Lawrence V. Robertson, Jr.
32 P.O. Box 1448
33 Tubac, Arizona 85646
34 Attorney for Las Quintas Serenas Water Co.

- 1 Mr. John Gay
1241 W. Calle De La Plaza
- 2 Sahuarita, Arizona 85629

- 3 Ms. Jane Appleby
8866 E. 26th Street
- 4 Tucson, Arizona 85710

- 5 Mr. Donald K. Gill
1101 W. Calle Santiago
- 6 Sahuarita, Arizona 85629

- 7 Ms. Jane Constatine
18030 S. Camino De Las Quintas
- 8 Sahuarita, Arizona 85629

- 9 Mr. and Mrs. Edward Valdez
17260-A S. LaCanada Dr.
- 10 Sahuarita, Arizona 85629

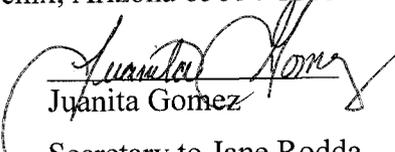
- 11 Mr. and Mrs. Tommy Testerman
17240 S. LaCanada dr.
- 12 Sahuarita, Arizona 85629

- 13 Mr. and Mrs. Peter Martin
17260 S. LaCanada Dr.
- 14 Sahuarita, Arizona 85629

- 15 Christopher Kempley, Chief Counsel
LEGAL DIVISION
- 16 Arizona Corporation Commission
1200 W. Washington Street
- 17 Phoenix, Arizona 85007

- 18 Ernest Johnson, Director
Utilities Division
- 19 Arizona Corporation Commission
1200 W. Washington Street
- 20 Phoenix, Arizona 85007

- 21 Arizona Reporting Service, Inc.
2627 N. Third Street, Suite Three
- 22 Phoenix, Arizona 85004-1103

- 23 By: 
24 Juanita Gomez
25 Secretary to Jane Rodda

- 26
- 27
- 28