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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

MIKE GLEASON, Chairman
WILLIAM A. MUNDALL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

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ARIZONA CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF
KACY PARKER dba ARROYO WATER
COMPANY FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE
WATER SERVICE AND FOR APPROVAL OF
THE SALE OF ASSETS TO KACY PARKER.

DOCKET NO. W-04286A-04-0774

PROCEDURAL ORDER

BY THE COMMISSION:

On September 13, 2004, a Procedural Order was issued in Docket No. W-03672A-01-0474 (*In the Matter of the Complaint of Utilities Division Staff v. Arroyo Water Co., Inc.*) directing Kyle and Kacy Parker to file an application for sale of assets and for transfer of the current Certificate of Convenience and Necessity ("CC&N") for Arroyo Water Company, Inc. ("Arroyo Water" or "Company"). Based on an investigation in that docket, the Commission's Utilities Division Staff ("Staff") indicated that Kyle and Kacy Parker appear to have purchased the assets of Arroyo Water from Richard Williamson, the prior owner, yet no application for authority to transfer the assets or CC&N had been filed with the Commission.

On October 19, 2004, Kacy Parker dba Arroyo Water Company filed an application in the above-captioned docket for a new CC&N and for approval of the sale of assets to Kacy Parker.

By Procedural Order issued April 19, 2005, Staff was directed to file a Staff Report by June 3, 2005, addressing the ownership and operational status of Arroyo Water, as well as any ongoing issues with respect to Arizona Department of Environmental Quality compliance issues and Staff's recommendation regarding the proposed transfer of assets and issuance of a CC&N to Kacy Parker dba Arroyo Water Company.

On June 1, 2005, Staff filed a request for an extension of time, until June 24, 2005, to file the Staff Report ordered by the April 19, 2005 Procedural Order.

By Procedural Order dated June 2, 2005, Staff was granted an extension to file its Staff

1 Report until June 24, 2005. Arroyo Water was ordered to file a response to the Staff Report by July
2 11, 2005.

3 On June 24, 2005, Staff filed its Staff Report stating additional information was needed from
4 Arroyo Water before Staff could complete its review and issue a recommendation regarding the
5 application. Arroyo Water failed to respond to the Staff Report as ordered.

6 By Procedural Order issued February 10, 2006, Arroyo Water was again ordered to file a
7 response to the Staff Report, this time by no later than February 24, 2006. Arroyo Water again failed
8 to respond to the directives in the Procedural Order.

9 By Procedural Order issued May 17, 2006, Staff was directed to file a recommendation for
10 appropriate action to be taken in this matter including, but not limited to, pursuing an Order to Show
11 Cause against Arroyo Water.

12 On May 31, 2006, Staff filed a Response indicating that it intended to request an Order to
13 Show Cause against the Company.

14 It appears that sometime thereafter Staff began to work with Arroyo Water to address a
15 number of compliance issues related to the Company's operations. On November 15, 2006, the
16 Company filed documents purporting to satisfy the concerns that had previously been raised by Staff.

17 On December 6, 2006, Staff filed an Insufficiency Letter setting forth the specific areas in
18 which Staff deemed the Company's application to be deficient.

19 On December 22, 2006, Arroyo Water filed documentation in response to Staff's
20 Insufficiency Letter.

21 On February 7, 2007, the Company filed additional information in response to Staff's
22 requests.

23 On February 15, 2007, Arroyo Water filed a Gila County Resolution granting the Company a
24 15-year franchise to operate in the County.

25 On March 16, 2007, the Company filed a letter inquiring about the status of its application.

26 On March 16, 2007, Staff filed a Sufficiency Letter indicating that Arroyo Water's application
27 met the sufficiency requirements in the Arizona Administrative Code.

28 **IT IS THEREFORE ORDERED that a hearing in this matter shall be scheduled to**

1 **commence on June 12, 2007, at 10:00 a.m.**, or as soon thereafter as is practical, at the
2 Commission's offices at 1200 West Washington Street, Phoenix, Arizona.

3 IT IS FURTHER ORDERED that intervention requests shall be considered in accordance
4 with A.A.C. R14-3-105, except that **all motions to intervene must be filed on or before May 14,**
5 **2007.**

6 IT IS FURTHER ORDERED that any **direct testimony and associated exhibits to be**
7 **presented by intervenors or Staff shall be reduced to writing and filed on or before May 14,**
8 **2007.**

9 IT IS FURTHER ORDERED that any **rebuttal testimony and associated exhibits to be**
10 **presented at hearing by the Company shall be reduced to writing and filed on or before June 1,**
11 **2007.**

12 IT IS FURTHER ORDERED that **Arroyo Water shall provide direct notice by mail, in the**
13 **format set forth below, to each of its customers by no later than April 30, 2007.**

14 IT IS FURTHER ORDERED that **Arroyo Water shall provide notice of the hearing in this**
15 **matter, in the following form and style, to be published at least once in a newspaper of general**
16 **circulation in its service territory, with publication to be completed no later than April 30, 2007:**

17
18 **PUBLIC NOTICE OF THE HEARING FOR**
19 **ARROYO WATER COMPANY FOR SALE OF ASSETS AND FOR TRANSFER OF**
20 **CERTIFICATE OF CONVENIENCE AND NECESSITY**
21 **DOCKET NO. W-04286A-04-0774**

22 On September 13, 2004, a Procedural Order was issued in Docket No. W-
23 03672A-01-0474 (*In the Matter of the Complaint of Utilities Division Staff v.*
24 *Arroyo Water Co., Inc.*) directing Kyle and Kacy Parker to file an application for
25 sale of assets and for transfer of the current Certificate of Convenience and
26 Necessity ("CC&N") for Arroyo Water Company, Inc. ("Arroyo Water" or
27 "Company"). Based on an investigation in that docket, the Commission's
28 Utilities Division Staff ("Staff") indicated that Kyle and Kacy Parker appear to
have purchased the assets of Arroyo Water from Richard Williamson, the prior
owner, yet no application for authority to transfer the assets or CC&N had been
filed with the Commission. On October 19, 2004, Kacy Parker dba Arroyo Water
Company filed an application in the above-captioned docket for a new CC&N and
for approval of the sale of assets to Kacy Parker. If the application is approved,
Kacy Parker dba Arroyo Water Company would be the authorized and exclusive
provider of water service within its designated service area.

1 The application, report of the Commission's Utilities Division Staff, and any
2 other documents filed in this docket are available at the Company's offices [**insert**
3 **address and telephone number**] and at the Commission's offices at 1200 West
4 Washington, Phoenix, AZ 85007, for public inspection during regular business
5 hours, and on the internet via the Commission website (www.azcc.gov) using the
6 e-docket function.

7 The Commission will hold a hearing on this matter beginning **June 12, 2007, at**
8 **10:00 a.m.**, at the Commission's offices, 1200 West Washington, Phoenix,
9 Arizona. Public comments will be taken on the first day of the hearing. Written
10 public comments may be submitted via email (visit
11 <http://www.azcc.gov/utility/cons/index.htm> for instructions), or by mailing a letter
12 referencing Docket No. W-04286A-04-0774 to: Arizona Corporation
13 Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ
14 85007.

15 The law provides for an open public hearing at which, under appropriate
16 circumstances, interested parties may intervene. Any person or entity entitled by
17 law to intervene and having a direct and substantial interest in the matter will be
18 permitted to intervene. If you would like to intervene, you must file a written
19 motion to intervene with the Commission, and you must send copies of the
20 motion to the Company or its counsel, and to all parties of record in the case.
21 Your motion to intervene must contain the following:

- 22 1. Your name, address, and telephone number, and the name, address, and
23 telephone number of any party upon whom documents are to be served in
24 your place, if desired.
- 25 2. A short statement of your interest in the proceeding (e.g., a customer of
26 the Company, a shareholder of the Company, etc.).
- 27 3. A statement certifying that a copy of your motion to intervene has been
28 mailed to the Company or its counsel and to all parties of record in the
case.

19 The granting of motions to intervene shall be governed by A.A.C. R14-3-105,
20 except that all motions to intervene must be filed on or before **May 14, 2007**. The
21 granting of intervention, among other things, entitles a party to present sworn
22 evidence at hearing and to cross-examine other witnesses. However, failure to
23 intervene will not preclude any customer from appearing at the hearing and
24 making a statement on such customer's own behalf.

25 If you have any questions about this application, you may contact the Company at
26 [**insert telephone number**]. If you wish to file written comments on the
27 application or want further information on intervention you may contact the
28 Consumer Services Section of the Commission at 1200 W. Washington St.,
Phoenix, AZ 85007, or call 1-800-222-7000.

26 The Commission does not discriminate on the basis of disability in admission to
27 its public meetings. Persons with a disability may request a reasonable
28 accommodation such as a sign language interpreter, as well as request this
document in an alternative format, by contacting the ADA Coordinator Linda
Hogan, E-mail Lhogan@azcc.gov, voice phone number 602/542-3931. Requests

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should be made as early as possible to allow time to arrange the accommodation.

IT IS FURTHER ORDERED that Arroyo Water shall file certification of publication and mailing as soon as practical after the publication and mailing have been completed, but not later than May 14, 2007.

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

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

IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

Dated this 4th day of April, 2007



DWIGHT D. NODES
ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed/delivered this 4th day of April, 2007 to:

Kacy Parker dba Arroyo Water Company
HC 6, Box 1048-H
Payson, AZ 85541
(VIA CERTIFIED AND REGULAR MAIL)

Richard W. Williamson
Arroyo Water Company, Inc.
P.O. Box 231
Young, AZ 85554
(VIA CERTIFIED AND REGULAR MAIL)

Christopher Kempley, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

Ernest G. Johnson, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, AZ 85007

ARIZONA REPORTING SERVICE, INC.
2627 N. Third Street, Suite 3
Phoenix, AZ 85004-1126

By: 
Debbi Person
Secretary to Dwight D. Nodes