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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission

DOCKETED

SEP 17 2007

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IN THE MATTER OF THE APPLICATION OF  
HACIENDA ACRES WATER SYSTEM, FOR  
APPROVAL OF AN EMERGENCY RATE  
INCREASE.

DOCKET NO. W-02258A-07-0414

STAFF UPDATE TO DOCKET

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This pleading shall serve as an update on the events that have occurred in the above-referenced matter since the hearing.

On August 22, 2007, Santa Cruz Water Company was appointed interim manager of the Hacienda Acres Water Company ("Hacienda"). On August 29, 2007, the Legal Division filed with the Maricopa County Superior Court its Motion for Ex Parte Temporary Restraining Order and Complaint for Permanent Injunction on behalf of the Commission. The motion requested that the Court issue an Order prohibiting Defendant Joseph Lee ("Defendant") from coming within five hundred (500) feet of Hacienda; tampering with and/or destroying any property owned or used by Hacienda; conducting business under the name and/or on behalf of Hacienda; conducting business on behalf of American Realty & Mortgage Co., Inc. that relates to Hacienda; using any property or funds obtained while Defendant was acting legal counsel and treasurer for Hacienda; and using any property or funds obtained after severance of Defendant's relationship with Hacienda. Judge Hoffman granted the Motion for Ex Parte Temporary Restraining Order in its entirety and set a Return Hearing for September 6, 2007.

At the Return Hearing, Defendant appeared in usual form and argued that the Court did not have jurisdiction over the matter because the Commission did not have authority to bring an action against him as an "individual." Judge Hoffman therefore ordered that the Commission respond to Defendant's Motion to Dismiss for Lack of Jurisdiction (which, in actuality, was not a formal

1 motion, but consisted of allegations made in Defendant's Response to Complaint for Permanent  
2 Injunction and Partial Response to Motion for Ex Parte Temporary Restraining Order). The  
3 response deadline was set for September 17, 2007. The Response to Defendant's Motion to  
4 Dismiss for Lack of Jurisdiction was filed on September 14, 2007.

5 In addition, to setting a deadline for response, Judge Hoffman also set a hearing date for  
6 oral argument on the Motion to Dismiss. That hearing date is scheduled for October 5, 2007. The  
7 Legal Division will provide further updates as necessary.

8  
9 RESPECTFULLY SUBMITTED this 17<sup>th</sup> day of September, 2007.

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11   
12 Kenya S. Collins  
13 Attorney, Legal Division  
14 Arizona Corporation Commission  
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18 The original and thirteen (13) copies  
19 of the foregoing were filed this  
20 17<sup>th</sup> day of September, 2007 with:

21 Docket Control  
22 Arizona Corporation Commission  
23 1200 West Washington Street  
24 Phoenix, Arizona 85007

25 Copy of the foregoing mailed this  
26 17<sup>th</sup> day of September, 2007 to:

27 Joseph W. Lee  
28 American Realty & Mortgage Co., Inc.  
P.O. Box 232  
Wittman, Arizona 85361

