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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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

2008 JUL -7 P 1: 56

Arizona Corporation Commission

DOCKETED

AZ CORP COMMISSION  
DOCKET CONTROL

JUL -7 2008

DOCKETED BY *mm*

IN THE MATTER OF THE APPLICATION  
OF YARNELL WATER IMPROVEMENT  
ASSOCIATION, INC. FOR A PERMANENT  
RATE INCREASE.

DOCKET NO. W-02255A-07-0570

PROCEDURAL ORDER

**BY THE COMMISSION:**

On October 5, 2007, Yarnell Water Improvement Association, Inc. ("Company" or "Applicant") filed with the Arizona Corporation Commission ("Commission") an application for an increase in its permanent rates and charges.

On November 5, 2007, the Commission's Utilities Division ("Staff") issued a notice of insufficiency pursuant to A.A.C. R14-3-103.

On March 3, 2008, Staff issued a notice of sufficiency indicating the Company's rate application was sufficient, and classifying the Company as a Class C utility.

On March 19, 2008, pursuant to A.A.C. R14-3-101, the Commission issued a Procedural Order to govern the preparation and conduct of this proceeding. A hearing was scheduled for July 22, 2008, filing dates established and public notice was ordered to be provided by the Company by both publication and by mailing notice to its customers.

On June 23, 2008, Staff filed its report recommending approval of its proposed rates and charges. Staff further recommended that the Commission retroactively approve financing for the purchase of a pick-up truck in the amount of \$19,827. However, the Company has not yet filed an application for approval of this long-term debt and notice of this application will have required to be given to customers also. As of the date of this Procedural Order, no objections have been filed to the Staff Report.

1 Under the circumstances, before the Company's rate application can be addressed, the  
2 Company must file a financing application in light of Staff's recommendation for the retroactive  
3 approval of financing for a new pick-up truck in the Staff Report. However, since it appears that the  
4 Company should have provided public notice of the rate case hearing pursuant to the Commission's  
5 Procedural Order of March 19, 2008, the July 22, 2008 hearing will be held for the purpose of taking  
6 public comment only. Additionally, public notice of the new financing application which is to be  
7 filed by the Company should be provided to the Company's customers in a form and manner  
8 approved by Staff. Lastly, the time-frame in the rate proceeding should be suspended pending Staff's  
9 review of the Company's new financing application after which Staff should file a Motion to  
10 Consolidate the proceedings and a Staff Report on the Company's new financing application. Upon  
11 the filing of the Staff Report on the financing application, a hearing will be scheduled on both  
12 applications.

13 IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matter scheduled on  
14 **July 22, 2008 at 10:00 a.m.**, or as soon thereafter as is practical, at the Commission's offices, 1200  
15 West Washington Street, Room 100, Phoenix, Arizona **shall be held for the purpose of taking**  
16 **public comment only.**

17 IT IS FURTHER ORDERED that Yarnell Water Improvement Association, Inc. shall file a  
18 separate financing application for retroactive Commission approval of long-term debt to fund the  
19 purchase of a new pick-up truck.

20 IT IS FURTHER ORDERED that upon filing of the financing application by Yarnell Water  
21 Improvement Association, Inc., the Commission's Utilities Division shall file a Motion to  
22 Consolidate the proceedings.

23 IT IS FURTHER ORDERED that Yarnell Water Improvement Association, Inc. shall provide  
24 public notice of its new application for financing approval to the Commission in a form and manner  
25 approved by the Utilities Division and shall file certification of same with the Commission in a  
26 timely fashion.

1 IT IS FURTHER ORDERED that the Commission's Utilities Division shall file a separate  
2 Staff Report with respect to the financing application which is to be filed in the future.

3 IT IS FURTHER ORDERED that upon the filing of the Staff Report on the financing  
4 application, an evidentiary hearing will be scheduled on the applications.

5 IT IS FURTHER ORDERED that the time-frame in the above-captioned rate proceeding shall  
6 be suspended until further order.

7 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules  
8 of Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission *pro hac*  
9 *vice*.

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

13 DATED this 7<sup>th</sup> day of July, 2008.

  
14  
15  
16 MARC E. STERN  
ADMINISTRATIVE LAW JUDGE

18 Copies of the foregoing mailed  
19 this 7<sup>th</sup> day of July, 2008 to:

20 Tammy Zudell  
YARNELL WATER IMPROVEMENT  
21 ASSOCIATION, INC.  
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22 Yarnell, Arizona 85362

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26  
27 By:   
Debra Broyles  
Secretary to Marc E. Stern