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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES, Chairman  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

2009 FEB -4 P 12:08

AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
DOCKETED

FEB 04 2009

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF  
MONTEZUMA RIMROCK WATER  
COMPANY, LLC FOR APPROVAL OF A  
RATE INCREASE.

DOCKET NO. W-04254A-08-0361

PROCEDURAL ORDER

BY THE COMMISSION:

This Docket—Ratemaking Application

On July 16, 2008, in this docket, Montezuma Rimrock Water Company, LLC (“Montezuma”) filed with the Arizona Corporation Commission (“Commission”) an application requesting a rate increase of \$32,000, equal to approximately 35 percent<sup>1</sup> of its total operating revenues, to cover the cost of acquiring an arsenic treatment system and integrating the arsenic treatment system with Montezuma’s current facilities. Montezuma stated that all of its wells are currently exceeding the Environmental Protection Agency’s and Arizona Department of Environmental Quality’s 10 parts per billion maximum contaminant level for arsenic. The application stated that Montezuma had provided notice of the application to all of its customers on the same date.

On August 5, 2008, a Montezuma customer filed with the Commission’s Utilities Division (“Staff”) an opinion opposing Montezuma’s rate increase, stating that most of the customers are seasonal, that Montezuma does not need the increase, that Montezuma has “abused” monies collected from customers in the past, and that funding for an arsenic treatment system had been approved previously.

On August 4, 2008, Staff issued a Letter of Deficiency and Data Request.

<sup>1</sup> In a later amendment to its application, Montezuma provided a higher test year total operating revenues figure that would make this percentage approximately 33 percent.

1 On August 29, 2008, Montezuma filed amended application pages including additional  
2 information.

3 On September 29, 2008, Staff issued a Second Letter of Deficiency and Data Request.

4 On December 4 and 30, 2008, Montezuma again filed amended application pages.

5 On January 20, 2009, Staff issued a Letter of Sufficiency stating that Montezuma's  
6 application has met the sufficiency requirements outlined in Arizona Administrative Code R14-2-  
7 103(B)(7) and that Montezuma has been classified as a Class D water system.

8 Docket No. W-04254A-08-0362—Financing Application

9 On July 16, 2008, in Docket No. W-04254A-08-0362 ("Financing Application Docket"),  
10 Montezuma filed a Financing Application requesting authority to obtain a loan of \$150,000 from the  
11 Water Infrastructure Finance Authority of Arizona ("WIFA") to cover the expense of an arsenic  
12 treatment system.

13 On January 14, 2009, Montezuma filed a copy of a WIFA Project Financial Assistance  
14 Priority List Application, dated June 3, 2008, requesting a WIFA loan of \$165,000 for arsenic  
15 treatment facility acquisition and installation.

16 Consolidation

17 On January 23, 2009, in this docket, a Procedural Order was issued requiring Montezuma and  
18 Staff to file in both this docket and the Financing Application Docket, by February 3, 2009, their  
19 opinions regarding whether consolidation of the two dockets should be ordered. Staff was directed to  
20 indicate in its filings whether consolidation would necessitate an extension of Staff's deadline for the  
21 Staff Report and, if so, the duration of the extension needed. Also, the Commission's time frame for  
22 issuing a decision in this matter was extended by 11 days.

23 On January 26, 2009, Staff filed, in this docket and the Financing Application Docket, a  
24 request that the two dockets be consolidated, as they are intricately related, and any long-term debt  
25 acquired by Montezuma will need to be reflected in its capital structure for ratemaking purposes.  
26 Staff stated that it had communicated with Montezuma regarding consolidation and extending the  
27 existing deadline for the Staff Report. Staff stated that Montezuma had no objections to  
28

1 consolidation and that both Staff and Montezuma request that the deadline for the Staff Report be  
2 suspended for 60 days.

3 Because this docket and the Financing Application Docket are inextricably related,  
4 Commission resources will be best used by consolidating the dockets, Staff requests consolidation,  
5 and Montezuma has no objection to consolidation, it is appropriate to consolidate this docket with the  
6 Financing Application Docket. In addition, it is appropriate to extend by 60 days both Staff's  
7 deadline for filing the Staff Report and the Commission's time frame for issuing a decision.

8 IT IS THEREFORE ORDERED that **this docket and the Financing Application Docket**  
9 **are hereby consolidated.**

10 IT IS FURTHER ORDERED that **Staff's deadline for filing the Staff Report and the**  
11 **Commission's time frame for issuing a decision are hereby extended by 60 days.**

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

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 4th day of February, 2009.

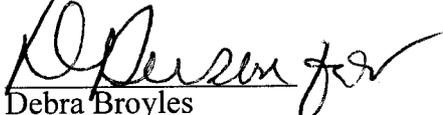
18  
19   
20 SARAH N. HARPRING  
21 ADMINISTRATIVE LAW JUDGE

22 Copies of the foregoing mailed/delivered  
23 this 4 day of February, 2009 to:

23 Patricia D. Olsen, Manager  
24 MONTEZUMA RIMROCK WATER  
25 COMPANY, LLC  
26 Post Office Box 10  
27 Rimrock, Arizona 86335

26 Janice Alward, Chief Counsel  
27 Legal Division  
28 ARIZONA CORPORATION COMMISSION  
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Ernest Johnson, Director  
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By:   
Debra Broyles  
Secretary to Sarah N. Harpring