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BEFORE THE ARIZONA CORPORATION COMMISSION

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2009 FEB -4 P 12: 07
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
FINANCING APPLICATION.

DOCKET NO. W-04254A-08-0362

PROCEDURAL ORDER

BY THE COMMISSION:

This Docket—Financing Application

On July 16, 2008, in this docket, Montezuma Rimrock Water Company, LLC (“Montezuma”) filed with the Arizona Corporation Commission (“Commission”) a Financing Application requesting authority to obtain a loan of \$150,000 from the Water Infrastructure Finance Authority of Arizona (“WIFA”) to cover the expense of an arsenic treatment system.

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

Docket No. W-04254A-08-0361—Ratemaking Application

On July 16, 2008, in Docket No. W-04254A-08-0361 (“Ratemaking Docket”), Montezuma filed an application requesting a rate increase of \$32,000, equal to approximately 35 percent¹ 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

¹ 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.

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1 application stated that Montezuma had provided notice of the application to all of its customers on
2 the same date.

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

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

9 On August 29, 2008, Montezuma filed amended application pages including additional
10 information.

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

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

13 On January 20, 2009, Staff issued a Letter of Sufficiency stating that Montezuma's
14 application has met the sufficiency requirements outlined in Arizona Administrative Code R14-2-
15 103(B)(7) and that Montezuma has been classified as a Class D water system.

16 Consolidation

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

23 On January 26, 2009, Staff filed, in this docket and the Ratemaking Docket, a request that the
24 two dockets be consolidated, as they are intricately related, and any long-term debt acquired by
25 Montezuma will need to be reflected in its capital structure for ratemaking purposes. Staff stated that
26 it had communicated with Montezuma regarding consolidation and extending the existing deadline
27 for the Staff Report. Staff stated that Montezuma had no objections to consolidation and that both
28 Staff and Montezuma request that the deadline for the Staff Report be suspended for 60 days.

1 Because this docket and the Ratemaking Docket are inextricably related, Commission
2 resources will be best used by consolidating the dockets, Staff requests consolidation, and
3 Montezuma has no objection to consolidation, it is appropriate to consolidate this docket with the
4 Ratemaking Docket. Staff's deadline for filing the Staff Report and the Commission's time frame for
5 issuing a decision are being extended by 60 days in a Procedural Order issued today in the
6 Ratemaking Docket that also orders consolidation.

7 IT IS THEREFORE ORDERED that **this docket and the Ratemaking Docket are hereby**
8 **consolidated.**

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

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

14 DATED this 4th day of February, 2009.

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16 
17 SARAH N. HARPRING
18 ADMINISTRATIVE LAW JUDGE

19
20 Copies of the foregoing mailed/delivered
this 4th day of February, 2009 to:

21 Patricia D. Olsen, Manager
22 MONTEZUMA RIMROCK WATER
23 COMPANY, LLC
Post Office Box 10
Rimrock, Arizona 86335

Ernest Johnson, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
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Phoenix, Arizona 85007

24 Janice Alward, Chief Counsel
25 Legal Division
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27
28 By: 
Debra Broyles
Secretary to Sarah N. Harpring