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BEFORE THE ARIZONA CORPORATI

IN THE MATTER OF THE APPLICATION )  
OF APPALOOSA WATER COMPANY FOR )  
FINANCING AUTHORIZATION. )  
IN THE MATTER OF THE APPLICATION )  
OF APPALOOSA WATER COMPANY FOR A )  
RATE INCREASE. )  
)

DOCKET NO.  
W-03443A-08-0177  
DOCKET NO.  
W-03443A-08-0313  
PROCEDURAL  
CONFERENCE

At: Phoenix, Arizona  
Date: April 7, 2009  
Filed: **APR 16 2009**

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Prepared for:

By: Kate E. Baumgarth, RPR  
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1 BE IT REMEMBERED that the above-entitled and  
2 numbered matter came on regularly to be heard before the  
3 Arizona Corporation Commission, in Hearing Room 100 of  
4 said Commission, 1200 West Washington Street, Phoenix,  
5 Arizona, commencing at 10:00 a.m., on the 7th day, of  
6 April, 2009.

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9 BEFORE: YVETTE B. KINSEY, Administrative Law Judge

10

11 APPEARANCES:

12

13 For the Arizona Corporation Commission Staff:

14 Ms. Ayesha Vohra  
15 Staff Attorney, Legal Division  
16 1200 West Washington Street  
17 Phoenix, Arizona 85007

17

For the Applicant:

18

19 APPALOOSA WATER COMPANY  
20 Mr. Tony Cordovana  
21 7012 North 18th Street  
22 Phoenix, Arizona 85020  
23 (Appearing via teleconference)

21

22

KATE E. BAUMGARTH, RPR  
Certified Reporter  
Certificate No. 50582

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1 ALJ KINSEY: Mr. Cordovana, we are going to go on  
2 the record here.

3 MR. CORDOVANA: Okay.

4 ALJ KINSEY: I'm Administrative Law Judge  
5 Yvette Kinsey, and this is the time set for the prehearing  
6 conference on Appaloosa Water Company's applications for a  
7 rate increase and authorization for financing.

8 This is Docket No. W-03443A-08-0177, et al.

9 May I have appearances for the record?

10 MS. VOHRA: Thank you, Your Honor.

11 MR. CORDOVANA: Tony Cordovana for Appaloosa  
12 Water Company.

13 ALJ KINSEY: And for Staff?

14 MS. VOHRA: Thank you, Your Honor. Good morning.  
15 Ayesha Vohra on behalf of Corporation Commission Staff.

16 ALJ KINSEY: Can you hear the other parties,  
17 Mr. Cordovana?

18 MR. CORDOVANA: Vaguely.

19 ALJ KINSEY: We will try to speak up. This is  
20 really kind of difficult with the telephone here, but I  
21 will try to move this microphone a little closer.

22 I called the prehearing conference this morning  
23 because I wanted to discuss with the parties --

24 MR. CORDOVANA: Hello.

25 ALJ KINSEY: Okay. I'm sorry. We had some

1 discussion going on.

2 I called the prehearing conference this morning  
3 to discuss with the parties some of the issues that after  
4 reviewing the pleadings that have been filed -- and,  
5 Mr. Cordovana, did you have anything that you wanted to  
6 discuss this morning or issues that you would like to  
7 address?

8 MR. CORDOVANA: Well, we docketed a statement in  
9 response to the final decision.

10 Do you have that?

11 ALJ KINSEY: I do. Yes.

12 MR. CORDOVANA: And basically we are just -- we  
13 just don't see how that in lieu of the economic times and  
14 just increases in general through the years that there  
15 wasn't a rate increase granted. It just made no sense.

16 ALJ KINSEY: The one thing I was going to ask  
17 Staff and you, Mr. Cordovana, is to have you all have a  
18 chance to sit down and talk regarding Staff's position in  
19 the Staff report.

20 MR. CORDOVANA: I have not spoken to Staff. I  
21 spoke to Charles Myhlhousen on the phone regarding our  
22 disagreement with the decision, and it was based on his  
23 encouragement that we docketed that letter.

24 ALJ KINSEY: Okay. And do you think that that is  
25 correct, Ms. Vohra?

1 MS. VOHRA: Yes, Your Honor, that is my  
2 understanding.

3 ALJ KINSEY: Okay. The one thing that I would  
4 like for you all to do is to get back at the table one  
5 more time before we get to the hearing and for Staff to  
6 kind of explain what its position is on the proposed rates  
7 and kind of the theory and reasoning behind the proposed  
8 rates. I will have Ms. Vohra contact you, Mr. Cordovana,  
9 so that you all can set that meeting up. Okay?

10 MR. CORDOVANA: Yeah. We are available anytime  
11 at your convenience to sit down. We can come to Phoenix  
12 and take care of this.

13 ALJ KINSEY: That sounds great, whatever you work  
14 out.

15 And also, in reading through the Staff report and  
16 all of the items that were docketed, I just had a few  
17 things that I want to make sure that the parties included  
18 in their testimony during the hearing.

19 And, Mr. Cordovana, do you have a pen so you can  
20 write some of these down?

21 MR. CORDOVANA: Yes.

22 ALJ KINSEY: On page 9 of the Staff report it  
23 refers to some loans that were either made by you.  
24 Mr. Cordovana, I'm not sure what those loans pertain to,  
25 but I would like to have some explanation and testimony on

1 that during the hearing.

2 MR. CORDOVANA: Okay.

3 ALJ KINSEY: Also on the water line extension at  
4 Harrison Drive, if could you provide me with an update or  
5 status on that issue.

6 I would also like an update on the approval of  
7 construction for the arsenic treatment plant.

8 And, Mr. Cordovana, if you could please as a part  
9 of your testimony respond to each of the topics that was  
10 raised by the Town of Cochise Valley in the letter that  
11 was docketed on November 17, 2008.

12 Do you have a copy of that letter?

13 MR. CORDOVANA: I would have to review my files.  
14 I don't have it in front of me at this moment.

15 ALJ KINSEY: That would be great. I believe that  
16 the Staff report covered all of those issues that was  
17 raised by the Town of Cochise Valley, but if you could  
18 also, Mr. Cordovana, review with Staff those issues and  
19 make sure that we have any updated information or  
20 testimony on those as well.

21 And then regarding Windmill Farms, I would like  
22 to know what it is, who supplies it with water and who  
23 owns it.

24 And then Staff, if you could please provide an --  
25 any updated ADEQ reports that may be available.

1 Mr. Cordovana, do you have any other issues that  
2 we -- that you believe we need to discuss further before  
3 the hearing or for the hearing on the 21st?

4 MR. CORDOVANA: You said we will sit down at a  
5 table with the people in question to discuss this further?

6 ALJ KINSEY: Yes. I think you should. That is  
7 my suggestion to you.

8 MR. CORDOVANA: At that meeting will we discuss  
9 the items that I just wrote down --

10 ALJ KINSEY: Well, what I am --

11 MR. CORDOVANA: -- or is that meeting to discuss  
12 the rate increase?

13 ALJ KINSEY: Well, my proposal is -- you are free  
14 to discuss whatever you want to discuss, but my proposal  
15 was that you discuss Staff's proposed rates and try to get  
16 an understanding of the reasoning behind them and any  
17 analysis that went into the proposed rates.

18 MR. CORDOVANA: Okay. Do I need to contact  
19 somebody or is somebody going to contact me regarding a  
20 date?

21 ALJ KINSEY: Ms. Vohra with Staff will contact  
22 you to set up a time and date.

23 MR. CORDOVANA: Okay.

24 ALJ KINSEY: And anything from you, Ms. Vohra?

25 MS. VOHRA: Yes, Your Honor, just briefly. I

1 wanted to clarify Mr. Cordovana's position with the  
2 company. Because I believe up until now we have been  
3 dealing with Joe Cordovana, and I believe this  
4 is Tony Cordovana on the phone.

5 ALJ KINSEY: And is Joe -- who is Joe Cordovana?  
6 Is that the owner?

7 MR. CORDOVANA: Joe is my dad. He is the owner.

8 ALJ KINSEY: Okay. Now, who will be testifying  
9 on behalf of the company?

10 MR. CORDOVANA: Joe will.

11 ALJ KINSEY: Okay. And is there any reason why  
12 he is not on the phone today?

13 MR. CORDOVANA: I was just under the impression  
14 that I needed to take notes for my dad so I can discuss it  
15 with him.

16 ALJ KINSEY: And what is your position,  
17 Mr. Cordovana, with the company?

18 MR. CORDOVANA: I'm Joe's son.

19 ALJ KINSEY: Do you have a position with the  
20 company?

21 MR. CORDOVANA: No, I don't.

22 ALJ KINSEY: Okay. And --

23 MR. CORDOVANA: My father doesn't read English or  
24 write very well, and I kind of handle his paperwork for  
25 him.

1 ALJ KINSEY: Okay. But you do understand that we  
2 will need him to be here personally for --

3 MR. CORDOVANA: Of course. He has always  
4 attended every meeting. He has never been absent for any  
5 meeting.

6 ALJ KINSEY: Do we need an interpreter?

7 MR. CORDOVANA: No, he can understand.

8 ALJ KINSEY: Okay. Okay. All right. I will  
9 allow it this time, but normally we -- you know, whenever  
10 there is a hearing, we need the person who is going to  
11 actually be giving the testimony or representing the  
12 company to appear at that hearing, but I will allow it  
13 this morning under the circumstances. Okay?

14 MR. CORDOVANA: I appreciate that, and he will  
15 appear at the meeting that we set up and then also at the  
16 hearing as well.

17 ALJ KINSEY: Okay. Anything else, Ms. Vohra?

18 MS. VOHRA: I don't believe so, Your Honor.

19 ALJ KINSEY: Okay. If there is nothing else,  
20 those were the only issues that I thought we might need  
21 some further clarification on, based on the documents that  
22 have been filed.

23 Otherwise, I will see you guys back here on  
24 April 21st.

25 MR. CORDOVANA: Okay. I have a note that on

1 April 21st at 10:00 we have a --

2 Is that the hearing itself, on the 21st?

3 ALJ KINSEY: It is.

4 MR. CORDOVANA: Okay. And given today is the  
5 7th, the meeting that you want us to have will happen  
6 between now and the 21st, correct?

7 ALJ KINSEY: That's correct.

8 MR. CORDOVANA: Okay. Okay. So I will wait to  
9 hear from your representative there.

10 ALJ KINSEY: Okay. Sounds good.

11 MR. CORDOVANA: Okay. Thank you.

12 ALJ KINSEY: All right. Thank you. Have a good  
13 day.

14 MR. CORDOVANA: You too.

15 ALJ KINSEY: We will go off the record.

16 (The hearing concluded at 10:13 a.m.)

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1 STATE OF ARIZONA )  
2 COUNTY OF MARICOPA ) ss.

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I, KATE E. BAUMGARTH, RPR, Certified Reporter No. 50582, for the State of Arizona, do hereby certify that the foregoing printed pages constitute a full, and accurate transcript of the proceedings had in the foregoing matter, all done to the best of my skill and ability.

WITNESS my hand this 14th day of April, 2009.

  
Kate E. Baumgarth, RPR  
Certified Reporter, No. 50582