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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 10:02 a.m., on the 22nd of July,  
6 2009.

7 BEFORE: YVETTE B. KINSEY, Administrative Law Judge

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APPEARANCES:

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For the Arizona Corporation Commission Staff:

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Mr. Kevin O. Torrey, Staff Attorney  
Legal Division  
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For the Applicant:

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Ms. Patricia O'Connor, Pro per  
Park Water Company  
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GARY W. HILL, RPR  
Certified Reporter  
Certificate No. 50812

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1 ALJ KINSEY: We'll go on the record. Good  
2 morning. I'm Administrative Law Judge Yvette Kinsey.  
3 This is the time set for the procedural conference on Park  
4 Water Company's application for emergency interim rates.  
5 This is Docket Number W-02353A-09-0328.

6 May I have appearances for the record? On  
7 behalf of the Company?

8 MS. O'CONNOR: Patricia O'Connor.

9 ALJ KINSEY: Thank you. For Staff?

10 MR. TORREY: Your Honor, Kevin Torrey on behalf  
11 of Commission Staff.

12 ALJ KINSEY: Thank you. And I wanted to have  
13 the procedural conference this morning so we could discuss  
14 the time frame for the case.

15 Mr. Torrey, do you have any idea how long Staff  
16 will need to get prepared for the hearing?

17 MR. TORREY: Your Honor, I'm informed that  
18 probably 30 days might be sufficient.

19 ALJ KINSEY: Okay. And that 30 days would  
20 include the Staff Report, within 30 days?

21 MS. BROWN: Yes.

22 MR. TORREY: Yes, Your Honor.

23 ALJ KINSEY: And does Staff have a position on  
24 consolidating the two dockets? There is also a related  
25 financing docket, and it's related to the permanent, the

1 WIFA loan that the Company is seeking to acquire to cover  
2 the costs of the upgrades to the water system. And if  
3 Staff is unable to answer that at this point, then we'll  
4 just address it later.

5 MR. TORREY: Actually, Your Honor, if I could  
6 clarify something. The application in this -- the caption  
7 of the application just calls it a regular rate case, and  
8 not an emergency rate case.

9 ALJ KINSEY: Oh.

10 MR. TORREY: But the words "interim rates" are  
11 used in the introductory paragraph. So I'm not sure  
12 whether you're going to consider this to be an emergency  
13 application or a standard rate case application based on  
14 that.

15 ALJ KINSEY: Well, you know, actually I was  
16 considering it an emergency rate case just from the issues  
17 that were described by the Company in their application.  
18 It seemed to me -- and I'll let the Company talk to me  
19 about that, but it seemed to me that they really needed to  
20 get something done pretty quickly.

21 MR. TORREY: And so with that being the case, if  
22 it's going to be treated as the emergency, I believe the  
23 standard is to normally have the hearing first --

24 ALJ KINSEY: Right.

25 MR. TORREY: -- and determine whether or not the

1 emergency exists.

2 ALJ KINSEY: Exactly.

3 MR. TORREY: And that may not require the  
4 engineer to determine whether there's an emergency that  
5 exists. That might be -- I believe that the issue is it's  
6 a financial situation.

7 ALJ KINSEY: Okay.

8 MR. CARLSON: Generally, what we do with the  
9 Staff Report for emergency cases, we also consider, number  
10 one, if there's an emergency. But as well, the merits of  
11 the request in Staff's opinion of the request. But in  
12 this case, since there's a financing request, there may be  
13 some engineering analysis that will be necessary. I don't  
14 know what it is; but if there's a financing request, then  
15 we need the engineering's input before we can produce the  
16 Staff Report, and I can't commit to how long that will be  
17 without the engineering.

18 MS. BROWN: That's in regards to the  
19 consolidation.

20 ALJ KINSEY: Let's hear from Miss O'Connor. Can  
21 you tell us, explain to us what the situation is with the  
22 water system?

23 MS. O'CONNOR: Okay. I'm just a little confused  
24 because I thought when the application went in that it was  
25 called an emergency rate application; is that correct?

1 MS. REAGAN: That's what I have, but --

2 ALJ KINSEY: Yes, and even in the title of the  
3 procedural order, I called it an emergency rate case. And  
4 it was my understanding, Miss O'Connor -- and you can tell  
5 me if I'm incorrect -- that you were requesting emergency  
6 interim rates --

7 MS. O'CONNOR: Correct.

8 ALJ KINSEY: -- until you can get to your  
9 permanent rate case; is that correct?

10 MS. O'CONNOR: That's what I was, but they know  
11 more than I do. About three or four months ago -- I don't  
12 have my file in front of me -- we had a problem. We have  
13 two wells and kept switching back and forth and couldn't  
14 figure out why we weren't getting water. And so at that  
15 point I had to call a company to come over and see what it  
16 was, and they did videos and put things down and tried to  
17 fix it; and they came back and said it's not the pump, the  
18 well or anything that we're doing or not doing. They're  
19 trying to tell me that the water table is dropping.

20 So I called DEQ and Water Resources and  
21 everybody to say, you know, are these guys just kidding me  
22 that the table is dropping, because I can't get any  
23 documentation of that. So they don't know. They said  
24 they didn't have any test wells out in our area to judge,  
25 and so I go back to my guys and said I don't even want to

1 hear it. Something, either electrically or the pumps or  
2 something, this is a Park Water problem that we are not  
3 doing something right because with two wells and they're  
4 supposed to be pumping out, you know, whatever the test  
5 was, how can we not?

6           So then we had to haul in water while they --  
7 there just wasn't any for three days, and then they were  
8 pulling pumps and things; and then I start getting answers  
9 back from Water Resources that yeah, they did hear that  
10 we're finding that the table is dropping. However, in our  
11 situation, why it's really dropping is they have put up a  
12 monastery right adjacent to my service area, and that  
13 monastery is drawing out, from the best that I can gather  
14 from Water Resources and DEQ, they draw out in one day  
15 over a million gallons, and that's what our water usage is  
16 for a month for 140, 145 families. Just a phenomenal  
17 amount of water.

18           So I still have people that are using wells in  
19 their backyard and they're getting water. So then I go  
20 back to ask how is it possible, if theirs isn't as deep,  
21 how are backyard people getting water? And they said it's  
22 the way that they're sucking it out so fast that it can't  
23 recharge enough in the aquifer for my wells; and so when  
24 it's down -- so if we don't get this fixed, it's just  
25 going to get worse because as that table drops during the

1 day, my pumps are going and going, and if they're sucking  
2 air, I may not only not have water, I'm compounding the  
3 problem by burning up motors and pumps and things. So  
4 basically that's --

5 ALJ KINSEY: And the monastery is not a customer  
6 of the water company?

7 MS. O'CONNOR: No.

8 ALJ KINSEY: Tell me, where is the service area?

9 MS. O'CONNOR: If you go to Florence and go down  
10 Highway, some call it 79, some call it 89, it's the back  
11 road out of Florence down to Tucson. It's the road where  
12 that Biosphere is on down in Tucson.

13 ALJ KINSEY: Okay, because I wasn't sure exactly  
14 where you all were located. And you serve, you said, a  
15 hundred and -- about 144 customers?

16 MS. O'CONNOR: We had 150 or 160, but now people  
17 are just abandoning and moving out. So it's hard to tell  
18 at this point how many I have. It's probably around --  
19 we're sending out 140 bills, and that's all I know.

20 ALJ KINSEY: And they're single family  
21 residences?

22 MS. O'CONNOR: Yes, that's correct.

23 ALJ KINSEY: And acreagewise, how big is the  
24 service area?

25 MS. O'CONNOR: One section.

1 ALJ KINSEY: One section, okay. So about 620  
2 acres; is that about right?

3 MS. O'CONNOR: Yes.

4 ALJ KINSEY: Okay, and has the Company sent out  
5 any notification to the customers so far of the  
6 application?

7 MS. O'CONNOR: Yes, we have. We did a  
8 curtailment telling them to cut back on the water, and  
9 just a notice that we were applying for a rate increase.

10 ALJ KINSEY: Okay. All right. And Mr. Torrey,  
11 are we still going with 30 days to get the Staff Report  
12 done? Or have you gotten some further clarification from  
13 Staff?

14 MR. TORREY: Your Honor, Miss Brown just went to  
15 see how long Mr. Scott -- he's in a NARUC conference right  
16 now. She went to see how long he's going to be at that  
17 conference.

18 ALJ KINSEY: Okay. If the consolidation  
19 complicates the matter -- but it sounds like to me we're  
20 still going to need some type of engineering analysis  
21 anyway to even get to our next step which is whether or  
22 not there is an emergency that exists, correct?

23 MR. TORREY: And I would agree, Your Honor, even  
24 without consolidation, the engineer still needs to be  
25 present.

1 ALJ KINSEY: Okay.

2 MR. TORREY: I wouldn't mind tentatively saying  
3 30 days just in case we can get that done, but with the  
4 understanding that Mr. Scott may come back from NARUC and  
5 say I have these other matters that are pending, and  
6 they've got, you know, scheduling priority for whatever  
7 reason. And with that caveat that maybe we could ask for  
8 whatever time Mr. Scott needs to complete his analysis and  
9 get us in for the hearing.

10 ALJ KINSEY: Okay.

11 MR. TORREY: I would like to tentatively say 30  
12 days because Mr. Carlson believes we can do this in 30  
13 days from the financial side of things.

14 ALJ KINSEY: And it sounds like this company  
15 really needs to get some kind of surcharge going right  
16 away so that they can continue to serve their customers.

17 Are there any other water companies,  
18 Ms. O'Connor, that are close-by?

19 MS. O'CONNOR: No. City of Florence, but that's  
20 like nine miles.

21 ALJ KINSEY: Nine miles, okay. Okay.

22 MS. O'CONNOR: Can I ask one more thing?

23 ALJ KINSEY: Certainly.

24 MS. O'CONNOR: When this occurrence happened and  
25 I had to call in Coolidge Pump and the well drillers and

1 all that, their bills came to \$30,000, which is primarily  
2 what the emergency rate is for, is to pay these people. I  
3 was told that if I pay those people, that I would not be  
4 able to get my money back because then it would be counted  
5 as a capital improvement. And I object to that because  
6 these people drop whatever it is when I've got people that  
7 can't flush toilets or take showers or anything, they drop  
8 whatever they do, come over here with their trucks and  
9 spend days trying to put it back together; and then  
10 somebody is going to tell me that I cannot loan Park Water  
11 money to pay these people? Who is ever going to come back  
12 and help us again when they find out Park Water is going  
13 to call you up, but then you're going to wait six, eight,  
14 ten months to get your money?

15 ALJ KINSEY: Okay. You know what, I think  
16 that's an issue that you probably can talk with Staff  
17 about to see if there's any way that you can resolve that  
18 issue. But at this point, without knowing all the facts,  
19 it's not a question that I can answer for you.

20 MS. O'CONNOR: Okay.

21 ALJ KINSEY: So my suggestion would be to talk  
22 with Staff and see if there's a more definitive answer for  
23 you, given those circumstances.

24 MS. O'CONNOR: Because if it goes down tomorrow,  
25 these people that I already owe them money, they're going

1 to say, you know what, tell your people to --

2 ALJ KINSEY: And that's never good. So we'll  
3 just shoot for 30 days, set the hearing, get the notice  
4 published, and I'll issue a procedural order outlining all  
5 of our procedural deadlines; and I am proceeding under  
6 that this is an emergency, and it really does sound like  
7 it is. So we'll move as quickly as we can to try to get  
8 this situation taken care of.

9 Is there anything else that we need to discuss  
10 this morning? Staff?

11 MR. TORREY: Nothing from Staff, Your Honor.

12 ALJ KINSEY: Anything else from the Company?

13 MS. O'CONNOR: No.

14 ALJ KINSEY: Okay. If there are any questions  
15 or if anything comes up, just file something in the  
16 docket. It could be a letter, Miss O'Connor. Staff, same  
17 thing, if we run into an issue as far as the date that I  
18 set for the hearing, then just immediately file something  
19 so we can take care of it. Okay?

20 If there's nothing else, we'll go off the  
21 record. Thank you. Thank you all for coming.

22 (The proceedings concluded at 10:22 a.m.)

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

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I, GARY W. HILL, R.P.R., Certified Reporter  
 No. 50812, for the State of Arizona, do hereby certify  
 that the foregoing printed pages constitute a full, true  
 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 23rd day of July, 2009.

*Gary W Hill*  
 -----  
 Gary W. Hill, R.P.R.  
 Certified Reporter, No. 50812