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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

COMMISSIONERS

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DOCKETED

JUL 20 2009

AZ CORP COMMISSION DOCKET CONTROL

DOCKETED BY	
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IN THE MATTER OF THE APPLICATION OF TONTO VILLAGE WATER COMPANY, INC. RATE APPLICATION FOR WATER COMPANIES WITH ANNUAL GROSS OPERATING REVENUES (INCLUDING REQUESTED RATE RELIEF) OF LESS THAN \$250,000.

DOCKET NO. W-01580A-07-0707

IN THE MATTER OF THE APPLICATION OF TONTO VILLAGE WATER COMPANY, INC. FOR APPROVAL OF A FINANCING APPLICATION.

DOCKET NO. W-01580A-08-0209

PROCEDURAL ORDER

**BY THE COMMISSION:**

On December 27, 2008, Tonto Village Water Company, Inc. ("Tonto Village" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for an increase in rates in Docket No. W-01580A-07-0707 ("Rate Case").

On March 26, 2008, the Commission's Utilities Division Staff ("Staff") filed a Letter of Sufficiency, pursuant to A.A.C. R14-2-103.B.7, and classified Tonto Village as a Class D water utility.

On April 22, 2008, Tonto Village filed with the Commission a financing application in Docket No. W-01580A-08-0209 ("Finance Case").

On May 7, 2008, Staff filed a Motion to Suspend the Timeclock in the Rate Case, based on delayed responses to data requests by the Company and its request for consolidation with the Finance Case docket.

On May 19, 2008, a Procedural Order was issued consolidating the above-captioned dockets, granting Staff a 60-day extension of time to file its Staff Report, and extending the time clock by 60 days for the Rate Case docket.

On June 5, 2008, Staff filed a Motion to Suspend Timeclock due to requests by Tonto Village

1 for additional time to respond to Staff data requests. Given the repeated delays in responses by the  
2 Company, Staff sought an indefinite extension of the applicable time clock rules.

3 By Procedural Order issued June 6, 2008, Staff's Motion was granted and the applicable  
4 timeclock rules were suspended indefinitely pending a subsequent ruling.

5 On June 30, 2008, Jake Garrett filed a Motion to Intervene in the consolidated dockets.

6 On July 14, 2008, the Company filed an Opposition to Motion to Intervene of Jake Garrett,  
7 claiming that the Company's customers are adequately represented without Mr. Garrett's  
8 participation.

9 On July 30, 2008, Mr. Garrett filed a Response to the Company's Opposition setting forth the  
10 reasons why his intervention should be allowed.

11 On February 2, 2009, a Procedural Order was issued ordering Staff to file, by February 16,  
12 2009, a status report regarding the above-captioned dockets, including a recommendation as to  
13 whether the pending Rate Case and Finance Case applications should be dismissed for failure  
14 prosecute the applications. It also ordered Tonto Village to file a response to Staff's recommendation  
15 by no later than February 26, 2009.

16 On February 3, 2009, the Company filed a Notice of Withdrawal of the Finance Case, stating  
17 that financing approval is no longer needed to complete system improvements, and that the planned  
18 improvements have been completed.

19 On February 17, 2009, Staff filed a Status Report in the consolidated proceeding indicating  
20 that Staff agrees with the Company's request to withdraw the application in the Finance Case. Staff  
21 also recommended, however, that Tonto Village withdraw the Rate Case application based on Staff's  
22 opinion that the 2006 test year used in the application is stale.

23 On March 2, 2009, Tonto Village filed a Response to the Staff Report Regarding Withdrawal  
24 of Financing Application. The Company stated that it concurs with Staff that the Finance Case  
25 application should be withdrawn.

26 On March 2, 2009, Tonto Village filed separately an Objection to Staff Recommendation that  
27 Rate Case be Withdrawn. The Company contends that it has responded in good faith to Staff's data  
28 requests and that the several month delay of the proceeding caused by the Company's preparation of

1 a hydrology report was caused by Staff's insistence that such a report be submitted. Tonto Village  
2 claims that it has expended considerable resources to prepare the pending rate application, and the  
3 Company is not in a position to wait for consideration of a new rate application that would include in  
4 the test year the costs associated with a new well recently connected to the system. Tonto Village  
5 argues that it would be far better for the Commission to consider the application in the instant case  
6 and allow the Company to file a subsequent application that includes the new well.

7 On March 6, 2009, the Tonto Village Domestic Water Improvement District ("District") filed  
8 a letter stating agreement with the Company's request to allow the pending rate application to move  
9 forward. The District claims that the Company should have the benefit of an incremental rate  
10 increase to allow customers the benefit of better water service.

11 On June 10, 2009, Tonto Village filed a Request for Procedural Conference. The Company  
12 seeks a Scheduling Conference to discuss resolution and completion of the pending Rate Case docket.

13 **IT IS THEREFORE ORDERED that the Finance Case docket (Docket No. W-01580A-08-**  
14 **0209) is hereby administratively closed and henceforth the Rate Case docket (Docket No. W-**  
15 **01580A-07-0707) shall be severed and treated as a stand-alone proceeding.**

16 **IT IS FURTHER ORDERED that a procedural conference shall be scheduled for August**  
17 **5, 2009, at 10:00 a.m., at the Commission's offices, 1200 West Washington, Hearing Room 1,**  
18 **Phoenix, Arizona 85007, to discuss processing of the Rate Case docket.**

19 **IT IS FURTHER ORDERED that the Motion to Intervene filed by Jake Garrett is hereby**  
20 **granted.**

21 **IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,**  
22 **or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at**  
23 **hearing.**

24 DATED this 20<sup>th</sup> day of July, 2009.

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28 DWIGHT D. NODES  
ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

1 Copies of the foregoing mailed/delivered  
this 20th day of July, 2009 to:

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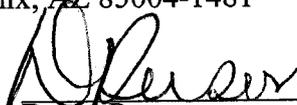
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