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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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AZ CORP COMMISSION
DOCKET CONTROL

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- 2 COMMISSIONERS
- 3 KRISTIN K. MAYES, Chairman
- 4 GARY PIERCE
- 4 PAUL NEWMAN
- 5 SANDRA D. KENNEDY
- 6 BOB STUMP

7 IN THE MATTER OF THE APPLICATION OF
8 GRANITE MOUNTAIN WATER COMPANY,
9 INC. FOR APPROVAL OF A RATE
10 INCREASE.

DOCKET NO. W-02467A-09-0333

10 IN THE MATTER OF THE APPLICATION OF
11 GRANITE MOUNTAIN WATER COMPANY,
12 INC. FOR APPROVAL OF FINANCINGS.

DOCKET NO. W-02467A-09-0334

PROCEDURAL ORDER

BY THE COMMISSION:

13 On June 30, 2009, Granite Mountain Water Company, Inc. ("Granite Mountain") filed with
14 the Arizona Corporation Commission ("Commission") a Rate Application requesting a rate increase
15 of \$14,797, equal to approximately 20 percent of its 2008 test year ("TY") total operating revenues of
16 \$73,987.¹ Granite Mountain stated in its Rate Application that it had provided notice of the Rate
17 Application to all of its customers on June 29, 2009, but the notice form included with the Rate
18 Application failed to quantify the increase requested and did not include the pages from the Rate
19 Application setting forth the current and proposed rates and charges. Granite Mountain's Rate
20 Application shows that Granite Mountain had three long-term debts outstanding during the TY—a
21 January 2004 loan in the amount of \$27,773.65; a March 2006 loan in the amount of \$26,365; and an
22 April 2007 loan in the amount of \$78,655.

23 On July 17, 2009, a Granite Mountain customer filed comments opposing the rate increase.

24 On July 30, 2009, the Commission's Utilities Division Staff ("Staff") filed a Letter of
25 Deficiency and Data Request.

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27
28 ¹ Granite Mountain also stated its TY total operating revenues as \$74,122. It is currently unclear which figure is accurate.

1 On June 30, 2009, in a separate docket, Granite Mountain filed a Financing Application
 2 requesting authority to obtain a line of credit in the amount of \$125,000, to be used primarily to fund
 3 the design and construction of a 50,000 gallon water storage tank, retaining wall, and required
 4 fencing, and requesting authority to issue three promissory notes totaling \$132,793.65, which arose
 5 from three loans obtained in January 2004, March 2006, and April 2007. Granite Mountain stated in
 6 the Financing Application that the three promissory notes have already been paid in full from
 7 operations and are no longer outstanding obligations. Granite Mountain also included an exhibit
 8 stating that Granite Mountain's customers had been notified of the Financing Application on June 29,
 9 2009, although it did not specify how the customers had been notified or provide any additional proof
 10 of notice such as a dated bill insert.

11 The Rate Application and Financing Application are inextricably related because, among
 12 other things, both will require the Commission to resolve how the loans from 2004, 2006, and 2007
 13 should be treated. For this reason, and because consolidation should result in a more efficient use of
 14 Commission resources than would separate proceedings for each application, it is appropriate to
 15 consolidate the dockets for the Rate Application and the Financing Application.

16 In addition, because it appears that the notice provided in each docket thus far may have been
 17 inadequate, it is also appropriate to require Granite Mountain to provide its customers notice that
 18 complies with this Order.

19 IT IS THEREFORE ORDERED that **Docket No. W-02467A-09-0333 and Docket No. W-**
 20 **02467A-09-0334 are hereby consolidated.**

21 IT IS FURTHER ORDERED that **Granite Mountain shall provide each of its customers**
 22 **notice** of this consolidated matter in the following format and style, with the heading in at least 12-
 23 point bold type and the body in at least 10-point regular type:

24 **NOTICE OF GRANITE MOUNTAIN WATER COMPANY, INC.'S**
 25 **APPLICATIONS FOR A RATE INCREASE AND**
 26 **FOR APPROVAL OF FINANCINGS**
 27 **Docket Nos. W-02467A-09-0333 et al.**

28 On June 30, 2009, Granite Mountain Water Company, Inc. ("Granite Mountain") filed
 with the Arizona Corporation Commission ("Commission") a Rate Application
 requesting a rate increase of \$14,797, equal to approximately 20 percent of its

1 unaudited 2008 test year total operating revenues of \$73,987. Granite Mountain's
 2 current and proposed rates are attached to this Notice.

3 Also on June 30, 2009, Granite Mountain filed a Financing Application requesting
 4 authority to obtain a line of credit in the amount of \$125,000, to be used primarily to
 5 fund the design and construction of a 50,000 gallon water storage tank, retaining wall,
 and required fencing, and requesting authority to issue three promissory notes totaling
 \$132,793.65, which arose from three loans obtained in January 2004, March 2006, and
 April 2007. Granite Mountain stated in the Financing Application that the three
 promissory notes have already been paid in full.

6 The Commission will consider the Rate Application and Financing Application
 7 together as a consolidated matter. The Commission's Utilities Division Staff ("Staff")
 8 is currently analyzing both applications and has not yet made recommendations
 regarding either application. The Commission is not bound by the proposals made by
 Granite Mountain, Staff, or any intervenors. The rates and charges ultimately approved
 by the Commission may be higher or lower than the rates and charges requested in the
 Rate Application.

9 The Commission may act upon the applications without a hearing. Regardless of
 10 whether a hearing is held, written customer comments will be placed in the file, which
 the Commission will review before making its final decision on the applications. It is
 11 important that customers wishing to comment do so promptly so that Staff can consider
 customer comments and concerns in developing its recommendations to the
 12 Commission and so that the Commission can consider customer comments and
 concerns in reaching its decision.

13 Customers should bring to the Commission's attention any questions or concerns
 14 related to either application, including concerns as to service, billing procedures, or
 other factors important in determining the reasonableness of the proposed rates and
 15 charges or the financings. Copies of the Rate Application and Financing Application
 are available at Granite Mountain's office at [insert address] and the Commission's
 16 Docket Control at 1200 West Washington Street, Phoenix, AZ 85007 for public
 inspection during regular business hours and on the Internet via the Commission
 website (www.azcc.gov) using the e-Docket function. If you have questions about
 17 either application, you may contact Granite Mountain at [insert telephone number]. If
 you wish to file written comments on either application or want further information,
 18 you may contact the Commission's Consumer Services Section by calling 1-800-222-
 7000 or 602-542-4251. Written public comments may also be filed by mailing an
 19 original and 13 copies of the comments (referencing Docket No. W-02467A-09-0333 et
 al.) to the Commission's Docket Control at 1200 West Washington Street, Phoenix, AZ
 20 85007.

21 Any person entitled by law to intervene and having a direct and substantial interest in
 this matter will be permitted to intervene. A person desiring to intervene must file a
 22 Motion to Intervene with the Commission's Docket Control and serve the Motion upon
 Granite Mountain. A Motion to Intervene shall contain at least the following:

- 23 1. The name, address, and telephone number of the proposed intervenor and of any
 24 person upon whom service of documents is to be made if different than the intervenor;
- 25 2. A short statement of the proposed intervenor's interest in the proceeding
 (customer, etc.);
- 26 3. Whether the proposed intervenor desires a formal evidentiary hearing on the
 applications and the reasons for such a hearing; and
- 27 4. A statement certifying that a copy of the Motion to Intervene has been mailed to
 Granite Mountain or its counsel.

1 The granting of Motions to Intervene shall be governed by Arizona Administrative
2 Code R14-3-105. If a hearing is scheduled in this matter, a deadline for Motions to
Intervene will be established in the Procedural Order scheduling the hearing.

3 IT IS FURTHER ORDERED that Granite Mountain shall, by August 24, 2009, send a copy
4 of the above notice, with copies of pages 9 and 11 from Granite Mountain's Rate Application
5 attached, to each of its customers by First Class U.S. Mail.

6 IT IS FURTHER ORDERED that Granite Mountain shall, by September 3, 2009, file
7 certification of mailing notice to its customers, which shall include one sample notice letter with the
8 required attachments.

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 11th day of August, 2009.

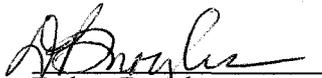
15
16 
17 SARAH N. HARPRING
18 ADMINISTRATIVE LAW JUDGE

19 Copies of the foregoing mailed/delivered
20 this 11th day of August, 2009, to:

21 Matthew Lauterbach, Chief Operating Officer
22 GRANITE MOUNTAIN WATER
23 COMPANY, INC.
2465 West Shane Drive
25 Prescott, Arizona 86305

Steve Olea, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

24 Janice Alward, Chief Counsel
25 Legal Division
26 ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

By: 
Debra Broyles
Secretary to Sarah N. Harpring