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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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AZ CORP COMMISSION
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COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

IN THE MATTER OF THE APPLICATION OF
PAYSON WATER COMPANY ON BEHALF
OF ITS MESA DEL CABALLO SYSTEM FOR
APPROVAL OF A WATER AUGMENTATION
SURCHARGE/EMERGENCY RATE TARIFF.

DOCKET NO. W-03514A-10-0116

IN THE MATTER OF THE NOTICE OF FILING
OF PAYSON WATER COMPANY'S PROPOSED
CHANGES TO ITS CURTAILMENT TARIFF
(MESA DEL CABALLO SYSTEM).

DOCKET NO. W-03514A-10-0117

PROCEDURAL ORDER

BY THE COMMISSION:

On March 31, 2010, Payson Water Company on behalf of its Mesa Del Caballo System ("PWC," "Applicant," "Company" or "MDC") filed with the Arizona Corporation Commission ("Commission") an application for the emergency implementation of a surcharge or emergency rate tariff due to water shortages on its MDC System. The Company claims that it can no longer augment the water supply for its MDC System and asserts that, in 2009, the Company absorbed \$59,137 in water hauling costs for the MDC System. The Company seeks a monthly surcharge/emergency rate tariff to be charged per 1,000 gallons of water for customers on the MDC System in order to offset the costs of hauling water. The Company is investigating two options to solve its water shortages on the MDC System in the following manner: by drilling a new deep well to serve MDC; or by connecting to the future C.C. Cragin Reservoir pipeline that will serve the City of Payson ("City").

Concurrently with the aforementioned application, the Company also filed an application for proposed changes to its Curtailment Tariff for its MDC System.

On April 5, 2010, the Company filed a Motion to Consolidate ("Motion") the above-captioned applications because the two matters are interrelated and could best be addressed by the Commission in one proceeding. There have been no objections filed to the Company's Motion.

1 A review of the Company's application for approval of a water augmentation
2 surcharge/emergency rate tariff does not reveal what the proposed charge would equate to per 1,000
3 gallons of water. It is further noted that the Company indicates that it provided a copy of a form of
4 notice to its customers as set forth in an exhibit to its application. Although the Company indicates
5 that the proposed charge will be revenue neutral, a reasonable approximation should be provided to
6 customers in a Notice of this proceeding so that they understand the nature of the Company's
7 application and how it could affect the cost of their water. Additional notice will have to be given to
8 the Company's customers on the MDC System to inform them of the further processing of the
9 applications herein, the possible affect it may have on their water rates, the date of hearing on this
10 application and their right to intervene.

11 Accordingly, a hearing shall be held to determine if an emergency exists pursuant to Attorney
12 General Opinion No. 71-17 and whether a water augmentation surcharge/emergency rate should be
13 approved.

14 Pursuant to A.A.C. R14-3-101, the Commission makes the following orders governing the
15 preparation and conduct of this matter.

16 IT IS THEREFORE ORDERED that the above-captioned proceedings shall be consolidated
17 for purposes of hearing.

18 IT IS FURTHER ORDERED that a **hearing on this application shall commence on May 18,**
19 **2010, at 10:00 a.m.** or as soon thereafter as practicable, at the Commission's offices, 1200 West
20 Washington Street, Room 100, Phoenix, Arizona 85007.

21 IT IS FURTHER ORDERED that the **Staff Report** shall be filed on or before **May 7, 2010.**

22 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
23 except that **all motions to intervene must be filed on or before May 10, 2010.**

24 IT IS FURTHER ORDERED that **any objections** to the Staff Report or motions for
25 intervention **must be filed on or before May 14, 2010.**

26 IT IS FURTHER ORDERED that the **Company shall provide public notice using a form**
27 **which has been approved by the Commission's Utilities Division,** of its application, the proposed
28 charge, the right to intervene and the Commission's hearing thereon by **both publication at least**

1 **once in a newspaper of general circulation in the Company's service area and by mailing to each**
2 **customer of MDC on or before May 3, 2010, an approved form of notice.**

3 IT IS FURTHER ORDERED that the **Company shall file** with the Commission's Docket
4 **Control no later than May 14, 2010, certification that public notice has been given** in accordance
5 **with this Procedural Order.**

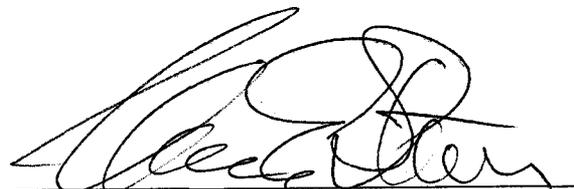
6 IT IS FURTHER ORDERED that notice in accordance with this Procedural Order shall be
7 deemed complete upon the mailing and publication of same, notwithstanding the failure of an
8 individual customer to read or receive the notice.

9 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
10 Communications) applies to this proceeding as the matter is now set for public hearing.

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

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

16 DATED this 22 day of April, 2010.

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19 

20 MARC E. STERN
ADMINISTRATIVE LAW JUDGE

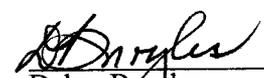
21 Copies of the foregoing mailed/delivered
22 this 22nd day of April, 2010 to:

23 Patrick J. Black
FENNEMORE CRAIG, PC
3003 North Central Avenue, Suite 2600
24 Phoenix, AZ 85012-2913
Attorneys for Payson Water Company

25 Janice Alward, Chief Counsel, Legal Division
ARIZONA CORPORATION COMMISSION
26 1200 West Washington Street
Phoenix, AZ 85007

Steven M. Olea, Director, Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

ARIZONA REPORTING SERVICE, INC.
2200 North Central Avenue, Suite 502
Phoenix, AZ 85004-1481

27 By: 
28 Debra Broyles
Secretary to Marc E. Stern