

ORIGINAL



0000113919

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

2 COMMISSIONERS

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

2010 JUL -9 A 9:37

Arizona Corporation Commission

DOCKETED

AZ CORP COMMISSION  
DOCKET CONTROL

JUL - 9 2010

DOCKETED BY	<i>MM</i>
-------------	-----------

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

DOCKET NO. W-03514A-10-0116

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

DOCKET NO. W-03514A-10-0117

PROCEDURAL ORDER

12 **BY THE COMMISSION:**

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

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

25 On April 5, 2010, the Company filed a Motion to Consolidate ("Motion") the above-captioned  
26 applications because the two matters are interrelated and could best be addressed by the Commission  
27 in one proceeding. There were no objections filed to the Company's Motion.  
28

1 On April 22, 2010, by Procedural Order, the proceedings were consolidated and a hearing  
2 scheduled for May 18, 2010, to determine if an emergency existed pursuant to Attorney General  
3 Opinion No. 71-17 and whether a water augmentation surcharge/emergency rate should be approved.  
4 It was also ordered that public notice be given of the pending application, the hearing, the right to  
5 intervene and the proposed amount of the surcharge.

6 On April 28, 2010, the Mesa Del Water Committee ("MDWC") filed a Motion to Intervene.

7 On April 30, 2010, by Procedural Order, MDWC was granted intervention.

8 On May 14, 2010, the company filed certification that it had provided public notice pursuant to  
9 the Commission's April 22, 2010, Procedural Order.

10 On May 18, 2010, a full public hearing was held at the Commission's offices in Phoenix,  
11 Arizona. The Company and Staff appeared with counsel. MDWC appeared and was represented by  
12 its co-chairman. A customer of the Company appeared and gave public comment. Subsequently, it  
13 was determined that although public notice had been given of the proceeding by the Company, the  
14 proposed level of the surcharge was not disclosed to its customers. The presiding Administrative Law  
15 Judge ("ALJ") indicated that the record would remain open and directed Applicant to re-notice  
16 customers on the MDC system of the proceeding, their right to intervene, the level of the proposed  
17 surcharge and that the hearing could be re-opened for the taking of additional evidence, if sufficient  
18 reason existed.

19 On May 28, 2010, the Company filed a proposed form of notice to be approved by the  
20 presiding ALJ prior to its publication and mailing to customers.

21 On June 2, 2010, by Procedural Order, the Company was ordered to provide additional notice  
22 of the proceeding by the Company both publishing and mailing an approved form of notice to its  
23 customers. The supplemental notice was to inform its customers of the Company's MDC system of  
24 the cost of the proposed surcharge and that any person or entity had the right to file for intervention  
25 until June 25, 2010.

26 On June 18, 2010, the Company filed certification that it had provided notice consistent with  
27 the Commission's Procedural Order. Subsequently, the Commission has received a number of  
28 comments from MDC's customers who expressed their concerns about the system's problems, but

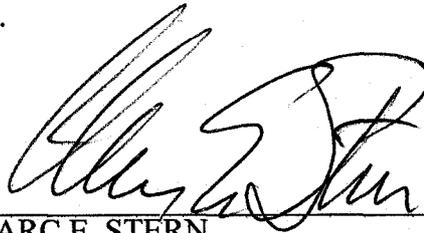
1 none have requested intervention or requested that the proceeding be reconvened for the taking of  
2 additional evidence as of the date of this Procedural Order.

3 Under the circumstances, the record should be closed, and the matter taken under advisement.

4 IT IS THEREFORE ORDERED that the record shall be closed in this proceeding.

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

7 DATED this 9<sup>TH</sup> day of July, 2010.



MARC E. STERN  
ADMINISTRATIVE LAW JUDGE

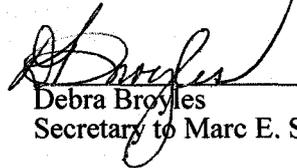
12 Copies of the foregoing mailed/delivered  
13 this 9<sup>TH</sup> day of July, 2010 to:

14 Patrick J. Black  
15 FENNEMORE CRAIG, PC  
16 3003 North Central Avenue, Suite 2600  
17 Phoenix, AZ 85012-2913  
18 Attorneys for Payson Water Company

19 MESA DEL WATER COMMITTEE  
20 c/o El Caballo Club, Inc.  
21 8119 Mescalero  
22 Payson, AZ 85541

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

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

By:   
Debra Broyles  
Secretary to Marc E. Stern