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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

- GARY PIERCE - Chairman
- BOB STUMP
- SANDRA D. KENNEDY
- PAUL NEWMAN
- BRENDA BURNS

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AZ CORP COMMISSION DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JAN 24 2011

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF A. PETERSEN WATER COMPANY FOR APPROVAL OF FINANCING.

DOCKET NO. W-02678A-10-0303

IN THE MATTER OF THE APPLICATION OF A. PETERSEN WATER COMPANY FOR APPROVAL OF AN INCREASE IN RATES.

DOCKET NO. W-02678A-10-0304

PROCEDURAL ORDER

BY THE COMMISSION:

On July 21, 2010, in Docket No. W-02678A-10-0303 ("Financing Docket"), A. Petersen Water Company ("APWC") filed with the Arizona Corporation Commission ("Commission") a financing application requesting authorization for a loan of \$6,225.62 from President Mark Grapp, to be paid on a monthly basis, with an interest rate of 10 percent, for one year after Commission approval, with a total amount to be repaid of \$6,567.97. APWC stated that the debt was obtained in the subsidization of APWC's operations (salaries and wages, repairs and maintenance, and rents) as current tariffed rates render APWC unable to pay for its operations.

Also on July 21, 2010, in Docket No. W-02678A-10-0304 ("Ratemaking Docket"), APWC filed with the Commission an application for a permanent rate increase, using a test year ending December 31, 2009. The Commission's Utilities Division ("Staff") issued a Letter of Sufficiency in the Ratemaking Docket on November 5, 2010. Pursuant to a Procedural Order issued in the Ratemaking Docket on January 7, 2011, in response to a Staff Request for Extension of Time, the due date for the Staff Report in the Ratemaking Docket was extended to January 18, 2011, and the timeframe for the Commission to issue its final order was extended by two weeks.

On January 10, 2011, a Procedural Order was issued in the Financing Docket requiring APWC and Staff to file, in that docket, their positions on consolidating the Financing Docket and the Ratemaking Docket and their positions on whether Commission approval of the debt described in the

1 Financing Docket is required under A.R.S. §§ 40-301 through 40-303.

2 On January 18, 2011, Staff made a filing in the Financing Docket stating that it does not  
3 oppose consolidation and that it believes Commission approval of the debt is required under A.R.S.  
4 §§ 40-301 through 40-303 because the proposed financing is to repay debt that was incurred over a  
5 period greater than 12 months.

6 On January 21, 2011, APWC made a filing in the Financing Docket stating that it believes the  
7 two dockets should be consolidated because the debt is directly related to operating expenses, and the  
8 information contained in the Financing Docket should be considered in the Ratemaking Docket.  
9 APWC also stated that it does not feel the debt requires Commission approval because it has a  
10 repayment period of 12 months.

11 On January 18, 2011, Staff filed its Staff Report, in both the Financing Docket and the  
12 Ratemaking Docket, in which it recommends approval of a rate increase and denial of APWC's  
13 financing application.

14 Because the debt described in the Financing Docket was incurred to cover operative expenses  
15 rather than to cover any proposed capital project, and thus is inextricably related to APWC's  
16 Ratemaking Docket, and because APWC and Staff agree that the Financing Docket and the  
17 Ratemaking Docket should be consolidated, it is reasonable and appropriate to consolidate the  
18 Financing Docket and the Ratemaking Docket.

19 IT IS THEREFORE ORDERED that the **Financing Docket (W-02678A-10-0303) and the**  
20 **Ratemaking Docket (W-02678A-10-0304) are hereby consolidated.**

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

4 DATED this 24<sup>th</sup> day of January, 2011.

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6   
7 SARAH N. HARPRING  
8 ADMINISTRATIVE LAW JUDGE

9 Copies of the foregoing mailed/delivered  
this 24<sup>th</sup> day of January, 2011, to:

10 Thomas Grapp, Vice President  
11 A. Petersen Water Company, Inc.  
12 P.O. Box 1270  
13 Show Low, AZ 85902

14 Janice Alward, Chief Counsel  
15 Legal Division  
16 ARIZONA CORPORATION COMMISSION  
17 1200 West Washington Street  
18 Phoenix, AZ 85007

19 Steven M. Olea, Director  
20 Utilities Division  
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24 By:   
25 Debra Broyles  
26 Secretary to Sarah N. Harpring  
27  
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