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BEFORE THE ARIZONA CORPORATION COMMISSION

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ARIZONA CORPORATION COMMISSION  
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COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION  
OF ABRA WATER COMPANY, INC. FOR  
APPROVAL OF A RATE INCREASE.

DOCKET NO. W-01782A-10-0224

IN THE MATTER OF THE APPLICATION  
OF ABRA WATER COMPANY, INC. FOR  
APPROVAL OF FINANCING.

DOCKET NO. W-01782A-10-0465

PROCEDURAL ORDER

**BY THE COMMISSION:**

On June 4, 2010, in Docket No. W-01782A-10-0224, Abra Water Company, Inc. ("Abra" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for a permanent increase in its water rates and charges, using a test year ending December 31, 2009 ("Rate Docket"). Abra's rate application requests an increase in rates to generate an additional \$90,137.24 over total unaudited test year revenues. The Company's rate application states its unaudited test year results show an operating loss of \$37,071, and that a rate increase is needed due to inflation, compliance with Federal regulations, increased operating costs, and a decrease in customer base.

On June 30, 2010, the Commission's Utilities Division ("Staff") filed a Letter of Deficiency stating that Abra's rate application had not met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C.").

On July 16, 2010, Abra filed responses to Staff's Letter of Deficiency in the Rate Docket. The Company also requested a waiver of A.A.C. R14-2-103 regarding proposed rate schedules to be filed for Class "C" water utilities in a rate case.

On August 19, 2010, Staff filed a Letter of Sufficiency stating that Abra's rate application had met the sufficiency requirements as outlined in A.A.C. R14-2-103 and that Abra had been classified as a Class C utility.

1 On August 30, 2010, by Procedural Order, the rate case hearing was set to begin February 17,  
2 2011, publication of the application was ordered, and filing deadlines were established.

3 On October 7, 2010, Abra filed certification of mailing and an affidavit of publication  
4 showing that on September 26, 2010, notice of the rate application had been mailed to each of Abra's  
5 customers, and that notice of the rate application had been published on in the *Verde*  
6 *Independent/Bugle*, a three times a week newspaper, in Abra's service area.

7 On November 15, 2010, in Docket No. W-01782A-10-0465, Abra filed an application with  
8 the Commission requesting authorization to incur long-term debt, in the amount of \$75,000 for the  
9 purchase of arsenic media ("Finance Docket").

10 On November 29, 2010, Staff filed its Notice of Filing Direct Testimony in the rate docket.

11 On December 29, 2010, Abra filed Rebuttal Testimony in the rate docket.

12 On January 19, 2011, Staff filed a Notice of Filing Surrebuttal Testimony in the rate docket.

13 On February 16, 2011, Staff issued its Staff Report in the finance docket and recommended  
14 approval of Abra's request to incur long-term debt to cover the cost of media replacement for Abra's  
15 arsenic system.

16 On February 17, 2011, a full evidentiary hearing on Abra's rate application was convened  
17 before a duly authorized Administrative Law Judge of the Commission. Staff appeared through  
18 counsel and presented evidence and testimony. Mr. Kevin Larson, President of Abra, appeared on  
19 behalf of the Company and presented testimony. During the hearing, Staff testified, among other  
20 things, that as a part of Staff's rate case analysis, Staff took into account the revenues needed to cover  
21 the cost of financing the media replacement Abra requested in its finance docket. Staff further  
22 testified that Staff's recommended rates would generate sufficient revenues to cover the cost of  
23 financing the media replacement Abra has requested in the finance docket.

24 Because the issues raised in Abra's rate and finance applications are substantially related the  
25 two dockets should be consolidated for the purpose of resolving the matters.

26 IT IS THEREFORE ORDERED that Docket Nos. W-01782A-10-0224 and W-01782A-10-  
27 0465 are hereby consolidated for the purpose of resolving the issues raised in these dockets.

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1 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized  
2 Communications) continues to apply to this proceeding, and shall remain in effect until the  
3 Commission's Decision in this matter is final and non-appealable.

4 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules  
5 31 and 38 and A.R.S. § 40-243 with respect to the practice of law and admission *pro hac vice*.

6 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance  
7 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Arizona  
8 Supreme Court Rule 42). Representation before the Commission includes the obligation to appear at  
9 all hearings, procedural conferences, and Open Meetings for which the matter is scheduled for  
10 discussion, unless counsel has previously been granted permission to withdraw by the Administrative  
11 Law Judge or Commission.

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 21<sup>st</sup> day of March, 2011.

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YVETTE B. KINSEY  
ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed  
this 21<sup>st</sup> day of March, 2011 to:

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By:   
Debra Broyles  
Secretary to Yvette B. Kinsey