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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

2011 MAY -4 A 8: 21

DOCKETED

MAY 4 2011

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

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY  
*[Signature]*

IN THE MATTER OF THE APPLICATION OF  
CERBAT WATER COMPANY FOR APPROVAL  
OF A PERMANENT RATE INCREASE.

DOCKET NO. W-02391A-10-0218

PROCEDURAL ORDER

BY THE COMMISSION:

On June 1, 2010, Cerbat Water Company ("Company" or "Cerbat") filed with the Arizona Corporation Commission ("Commission") an application for approval of a permanent rate increase ("Rate Docket"). The Company stated that the rate increase is needed because the present rates have been in effect since June 2002 and operating expenses have increased by 86 percent. The Company is seeking to increase its operating revenues by \$57,946 or approximately 54 percent. The Company's proposed rates for a typical residential customer with median usage of 4,569 gallons of water per month with a 3/4-inch meter would see his bill increase from \$25.54 or \$38.78 per month.

On June 18, 2010, by Procedural Order, a public comment session was scheduled in Kingman, Arizona, near the Company's service area.

On June 24, 2010, the public comment session was held by the Commission in Kingman, Arizona, where customers of the Company appeared and voiced their opposition to the proposed increase and their problems with the service provided by the Company. The Commission also received protests at its offices from eight other customers.

On July 1, 2010, the Commission's Utilities Division ("Staff") issued a Notice of Insufficiency pursuant to A.A.C. R14-2-103(B).

On November 17, 2010, Staff issued a Notice of Sufficiency on the Company's Application and classified the Company as a Class "D" water utility.

On February 4, 2011, Staff filed its report recommending that Staff's proposed rates and charges be approved by the Commission. Staff is recommending an increase in the Company's

1 operating revenues of \$18,052 or 16.8 percent. Staff's proposed rates for a typical residential  
2 customer with median usage of 4,562 gallons of water per month with a 3/4-inch meter would see his  
3 bill increase from \$25.54 to \$26.02.

4 On February 22, 2011, the Company filed Comments to the Staff Report and took issue with  
5 the recommendations which had been made by Staff. The Company is disputing Staff's proposed  
6 level of revenue and a reduction in plant and the disallowance by Staff of expenditures related to well  
7 repairs for a well which is not owned by the Company, but by a related family trust that supplies the  
8 Company's water and manages the Company pursuant a written agreement.

9 On February 25, 2011, by Procedural Order, a procedural conference was scheduled on March  
10 21, 2011, to address the issues raised by the Company with Staff's recommendations.

11 On March 21, 2011, at the procedural conference, it was determined that the issues could not  
12 be readily resolved and it would be necessary for a hearing to be conducted where the evidence could  
13 be presented by the parties.

14 On April 6, 2011, a Procedural Order was issued scheduling a hearing for May 26, 2011;  
15 directing Cerbat to file testimony, comments and exhibits by May 2, 2011; and ordering the Company  
16 to provide notice of the hearing by publication and mailing to customers.

17 On April 19, 2011, Staff filed a Petition for Order to Show Cause and Motion for Preliminary  
18 Relief in Docket No. W-02391A-11-0166 ("OSC Docket"). Cerbat filed a Response to Staff's  
19 Petition and Motion on April 19, 2011.

20 Both the Rate Docket and OSC Docket were discussed at the Commission's April 27, 2011  
21 Open Meeting. At the conclusion of the discussion, the Commission directed Cerbat to file a deed  
22 and bill of sale evidencing transfer to the Company of the sole well that provides water to Cerbat's  
23 customers. The Company was also directed to provide documentation regarding debts associated  
24 with well improvements made in the recent past.

25 On May 2, 2011, the Company filed in the Rate Docket a Motion for Extension of Time to  
26 File Comments to Staff Report. The Company requests an extension, from May 2, 2011 until May  
27 13, 2011, to file its testimony and exhibits in the Rate Docket in accordance with the directives set  
28 forth in the April 6, 2011 Procedural Order. Cerbat states that it is in the process of collecting

1 preparing the documents ordered by the Commission and needs additional time to complete those  
2 tasks. The Company further states that Staff does not oppose the requested extension of time.

3 IT IS THEREFORE ORDERED that **Cerbat's Motion for an Extension of Time is hereby**  
4 **granted, and the Company shall file, by May 13, 2011, the testimony, comments, and exhibits**  
5 **directed by the April 6, 2011 Procedural Order.**

6 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules  
7 31 and 38 and A.R.S. § 40-243 with respect to the practice of law and admission *pro hac vice*.

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

11 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended  
12 pursuant to Civil Procedure Rule 6(a) or (e).

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

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

22 DATED this 4<sup>th</sup> day of May, 2011.

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25 DWIGHT D. NODES  
26 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE  
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1 Copies of the foregoing mailed/delivered  
this 4th day of May, 2011 to:

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