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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

2011 MAY -5 A 8:12

DOCKETED

MAY 5 2011

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

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY TO EXTEND ITS CERTIFICATE OF CONVENIENCE AND NECESSITY IN CASA GRANDE, PINAL COUNTY, ARIZONA.

DOCKET NO. W-01445A-03-0559

PROCEDURAL ORDER

**BY THE COMMISSION:**

On April 6, 2004, Decision No. 66893 was issued in this docket. Decision No. 66893 conditionally granted an application filed on August 12, 2003 by Arizona Water Company ("Arizona Water" or "AWC") for an extension of its existing Certificate of Convenience and Necessity ("CC&N") in Pinal County, Arizona.

Decision No. 66893 placed two conditions on the approval of Arizona Water's August 12, 2003 application. Arizona Water was ordered to file: (1) a copy of the Developers' Certificate of Assured Water Supply ("CAWS") for both the Post Ranch development and the Florence Country Estates development with the Arizona Corporation Commission ("Commission") within 365 days of the Decision; and (2) a main extension agreement associated with the extension area within 365 days of the Decision.

On July 30, 2007, Decision No. 69722 was issued finding that Arizona Water was not able to comply with the time periods established in Decision No. 66893 because the developer of a portion of the extension area withdrew its Arizona Department of Water Resources ("ADWR") CAWS application. However, the Commission concluded that the issuance of the ADWR Analysis of Assured Water Supply satisfied the objective of the condition in Decision No. 66893 for submission of a CAWS for the Florence Country Estates development and that adequate physical water supplies exist for the development. Decision No. 69722 therefore found that, for purposes of compliance, the conditions placed on Arizona Water's CC&N extension in Decision No. 66893 had been fulfilled.

1 Decision No. 69722 also remanded the case to the Hearing Division for further proceedings regarding  
2 whether AWC should continue to hold a CC&N for the property owned by Cornman Tweedy.

3       Following the submission of additional testimony and briefing by the parties, a Recommended  
4 Order on Remand was issued by the Hearing Division on November 29, 2010. The Recommended  
5 Order was discussed during the Commission’s December 14, 2010 Open Meeting, and again during  
6 the February 1, 2011 Open Meeting. At the February 1, 2011 Open Meeting, the Commission voted  
7 to send the matter back to the Hearing Division for further proceedings to determine “whether a  
8 public service corporation, like Arizona Water, in this water challenged area and under the  
9 circumstances presented in this case, is providing reasonable service if it is not able or not willing to  
10 provide integrated water and wastewater services.”

11       By Procedural Order issued February 10, 2011, a procedural conference was scheduled for  
12 February 22, 2011, to discuss scheduling of the further proceedings directed by the Commission.

13       At the February 22, 2011, procedural conference, the parties agreed to engage in settlement  
14 discussions to try to resolve the contested issues. The parties were directed to file a status report by  
15 March 25, 2011 regarding the settlement discussions.

16       On March 25, 2011, counsel for AWC contacted the Hearing Division and indicated that  
17 settlement discussions were continuing “fruitfully,” but that additional time was needed for further  
18 discussions.

19       **IT IS THEREFORE ORDERED that the parties shall file by May 31, 2011, either jointly**  
20 **or severally, a status report regarding the settlement discussions.** If a full settlement of the issues  
21 is not completed and filed by that date, the parties shall discuss informally a procedural schedule for  
22 discovery, filing of testimony, and hearing, and submit proposed dates in the May 31, 2011 status  
23 report so that the matter may be scheduled for hearing at the earliest possible date after the filing.

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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 5<sup>th</sup> day of May, 2011

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7 \_\_\_\_\_  
8 DWIGHT D. NODES  
9 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

10 Copies of the foregoing mailed/delivered  
11 this 5<sup>th</sup> day of May, 2011, to:

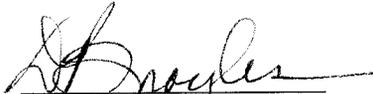
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