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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

COMMISSIONERS

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

AZ CORP COMMISSION
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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 On May 5, 2011, a Procedural Order was issued directing the parties to file by May 31, 2011,
20 either jointly or severally, a status report regarding the settlement discussions.

21 On May 31, 2011, AWC and Cornman Tweedy filed a Joint Status Report stating that
22 although they had not yet reached a settlement agreement, "they believe in good faith that a
23 settlement may still be achievable and is worth further pursuit." They requested an additional 30
24 days to make a final effort to reach settlement.

25 IT IS THEREFORE ORDERED that the parties shall file by June 30, 2011, notification of
26 settlement. If a full settlement of the issues is not completed and filed by that date, the parties shall
27 jointly file a proposed procedural schedule for discovery, filing of testimony, and hearing date, by no
28 later than July 8, 2011.

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 15th day of June, 2011

6 
7 _____
8 DWIGHT D. NODES
9 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

9 Copies of the foregoing mailed/delivered
10 this 15th day of June, 2011, to:

11 Robert W. Geake
12 ARIZONA WATER COMPANY
13 P.O. Box 29006
14 Phoenix, AZ 85038-9006

13 Steven A. Hirsch
14 BRYAN CAVE, LLP
15 Two North Central Avenue, Suite 2200
16 Phoenix, AZ 85004-4406

16 Jeffrey W. Crockett
17 BROWNSTEIN HYATT FARBER SCHRECK, LLP
18 40 North Central Avenue, 14th Floor
19 Phoenix, AZ 85004

18 Janice Alward, Chief Counsel
19 Legal Division
20 ARIZONA CORPORATION COMMISSION
21 1200 West Washington Street
22 Phoenix, AZ 85007

21 Steve Olea, Director
22 Utilities Division
23 ARIZONA CORPORATION COMMISSION
24 1200 West Washington Street
25 Phoenix, AZ 85007

25 By: 
26 Debbi Person
27 Assistant to Dwight D. Nodes
28