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**BEFORE THE ARIZONA CORPORATION COMMISSION**

Arizona Corporation Commission

4  
 5 IN THE MATTER OF THE APPLICATION OF )  
 6 VAIL WATER COMPANY FOR AUTHORITY TO )  
 ISSUE PROMISSORY NOTE(S) AND OTHER )  
 7 EVIDENCES OF INDEBTEDNESS PAYABLE AT )  
 PERIODS OF MORE THAN TWELVE MONTHS )  
 8 AFTER THE DATE OF ISSUANCE. )

DOCKET NO. W-01651A-99-0351

OCT 04 1999

DOCKETED BY	<i>[Signature]</i>
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9 IN THE MATTER OF THE APPLICATION OF )  
 VAIL WATER COMPANY FOR AN INCREASE )  
 IN ITS WATER RATES FOR CUSTOMERS )  
 10 WITHIN PIMA COUNTY, ARIZONA. )

DOCKET NO. W-01651A-99-0406

**APPLICANT'S RESPONSE TO MOTION TO CONSOLIDATE**

11 Vail Water Company ("Vail") pursuant to the Hearing Officer's Procedural Order, dated  
 12 August 9, 1999 as amended, August 25, 1999, A.A.C. R14-3-106 and the Arizona Rules of Civil  
 13 Procedure, hereby files its opposition to Staff's Motion to Consolidate the subject proceedings.

14 On September 27, 1999, Staff filed the subject Motion to Consolidate arguing the issues  
 15 were "substantially related and should be acted on at the same time". On September 28, 1999, a  
 16 Procedural Order was issued granting such consolidation stating that "The Motion was unopposed  
 17 and accordingly should be granted". Applicant Vail did not have an opportunity to respond to  
 18 Staff's Motion and hereby provides its Response in opposition to such consolidation.

19 During the Company's recent emergency rate proceeding which was decided in Decision  
 20 No. 61930, dated August 27, 1999, the Company presented substantial testimony regarding the  
 21 need for certain capital improvements essential to the Company's continued operation and  
 22 necessary to comply with certain Arizona Department of Environmental Quality requirements.  
 23

1 Although the capital program contemplated includes several separate projects that would not be  
2 completed for a number of months following commencement of the construction, certain of the  
3 projects are critical and need to be constructed as soon as possible.

4 The financing for all of those projects totaling \$819,000 will be provided by the Water  
5 Infrastructure Finance Authority of Arizona ("WIFA") and will be processed as one loan with  
6 "draws" as required by the construction time table. For WIFA to fund such project, they require  
7 authority from the Commission to enter into the promissory notes and other evidence of  
8 indebtedness. Vail has received an allocation of WIFA funds and needs to complete the transaction  
9 with WIFA as soon as possible.

10 Consolidation of the two Applications will delay the Commission's consideration of the  
11 Financing Application. As a Class C water company, the anticipated date for the consideration of  
12 the Rate Application by the Commission is April 15, 2000. It is submitted that the Financing  
13 Application should be processed for Commission consideration substantially before that date,  
14 which processing would permit WIFA to fund the much needed construction.

15 Wherefore, Applicant respectfully requests that the Procedural Order, dated September 28,  
16 1999, granting consolidation be rescinded, and that a Procedural Order be issued setting a hearing  
17 date for the Financing Application independent of, and prior to, the hearing on the Rate  
18 Application.

19 Respectfully submitted this 1<sup>st</sup> day of October, 1999.

20 SALLQUIST & DRUMMOND, P.C.

21 By Richard L. Sallquist

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1 Original and ten copies of the  
2 foregoing filed this 1st day  
of October, 1999, with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington  
6 Phoenix, Arizona 85007

7 A copy mailed of the  
8 foregoing this 1st day  
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