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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

2011 SEP -9 P 3: 36
AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

SEP 9 2011

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF
TUSAYAN WATER DEVELOPMENT
ASSOCIATION, INC. FOR ESTABLISHMENT
OF RATES FOR WATER SERVICE.

DOCKET NO. W-02350A-10-0163

IN THE MATTER OF THE APPLICATION OF
ANASAZI WATER CO., LLC FOR
ADJUDICATION "NOT A PUBLIC SERVICE
CORPORATION."

DOCKET NO. W-20765A-10-0432

IN THE MATTER OF THE APPLICATION OF
HYDRO-RESOURCES, INC. FOR
ADJUDICATION "NOT A PUBLIC SERVICE
CORPORATION."

DOCKET NO. W-20770A-10-0473

PROCEDURAL ORDER

BY THE COMMISSION:

On April 29, 2010, Tusayan Water Development Association, Inc. ("Tusayan") filed with the Arizona Corporation Commission ("Commission"), in Docket No. W-02350A-10-0163 ("Tusayan Docket"), a rate application using a test year ending December 31, 2009.

Since that time, through a series of events more fully described in the Procedural Orders issued in this matter on April 20 and August 17, 2011, processing of Tusayan's rate application has been suspended; Tusayan has been deemed to have filed an adjudication application; Tusayan's adjudication application has been consolidated with the adjudication applications filed by Hydro-Resources, Inc. ("Hydro") and Anasazi Water Company, LLC ("Anasazi"); intervention has been granted to Tusayan Ventures LLC ("T Ventures") and to the Town of Tusayan ("Town"); the Commission's Utilities Division ("Staff") has found all three adjudication applications to be sufficient; a procedural schedule has been established to include a hearing to commence on September 9, 2011, and continue on September 21, 2011; public notice of the hearing has been mailed and published; pre-filed testimony has been filed; late intervention has been granted to Squire Motor Inns, Incorporated ("Squire"); and it was ordered, in response to Squire's request for a

1 continuance, that the hearing scheduled for September 9, 2011, would proceed only for the purpose
2 of public comment and a procedural conference to discuss whether the evidentiary portion of the
3 hearing should commence on September 21, 2011, as scheduled.

4 On September 9, 2011, the proceeding was convened as scheduled before a duly authorized
5 Administrative Law Judge at the Commission's offices in Phoenix, Arizona, with all of the parties
6 appearing through counsel. No members of the public attended to provide public comment. During
7 the procedural conference, Tusayan, Hydro, Anasazi, and Squire opposed going forward with the
8 hearing, as they have been engaging in settlement discussions and have reached a "conceptual
9 agreement" to have Hydro become a Certificate of Convenience and Necessity ("CC&N") holder and
10 acquire the property necessary to provide service through a single unified water system, although a
11 number of tasks will need to be completed for that to occur. Tusayan, Hydro, Anasazi, and Squire¹
12 have been keeping Staff informed regarding their discussions, and Staff stated that the settlement
13 discussions are encouraging but that September 21 would be too soon for a hearing to proceed
14 specifically to review a settlement agreement. Hydro suggested that the parties be afforded additional
15 time to work toward settlement and that a status conference be held in 60 to 90 days. Staff asserted
16 that a shorter time period would be preferable. T Ventures and the Town stated that they would
17 prefer to have the evidentiary hearing proceed on September 21, as T Ventures is now working with
18 the Town to begin development, and the Town and T Ventures are eager to have the water issues for
19 the area resolved. The Town stated that it still ultimately desires to have a municipal water
20 department to serve the area. It was determined that having the evidentiary portion of the hearing
21 proceed on September 21, 2011, would be premature; that the hearing on September 21, 2011, would
22 be vacated; and that a procedural conference would be scheduled for early October 2011 to obtain
23 updates on the parties' positions in these consolidated matters and proposals as to how the matters
24 should proceed. The parties were encouraged to work together toward resolving the matters, were
25 cautioned to avoid any arrangements that could be viewed as self-dealing; and were provided the

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28 ¹ Staff questioned whether Squire's status as a public service corporation should be determined as well.

1 opportunity to use the Hearing Room for the remainder of the day to engage in settlement
2 discussions.

3 IT IS THEREFORE ORDERED that the **evidentiary hearing scheduled for September 21,**
4 **2011, at 9:00 a.m. is hereby vacated.**

5 IT IS FURTHER ORDERED that a **procedural conference** shall be held on **October 7,**
6 **2011, at 10:00 a.m.,** in Hearing Room No. 1, at the Commission's offices at 1200 West Washington
7 Street, Phoenix, Arizona 85007, to obtain **updates** on the parties' positions in these consolidated
8 matters and proposals as to how the matters should proceed, including **proposed procedural**
9 **schedules** as appropriate.

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

13 DATED this 9th day of September, 2011.

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15 
16 SARAH N. HARPRING
ADMINISTRATIVE LAW JUDGE

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18 Copies of the foregoing mailed/delivered
this 9th day of September, 2011, to:

19 Russell A. Kolsrud
20 Ryan J. Lorenz
CLARK HILL PLC
14850 North Scottsdale Road, Suite 500
21 Scottsdale, AZ 85254
Attorneys for Tusayan Water Development
22 Association, Inc.
23 Garry D. Hays
THE LAW OFFICES OF GARRY D. HAYS, PC
24 1702 East Highland Avenue, Suite 204
Phoenix, AZ 85016
25 Attorney for Tusayan Ventures LLC
26 Paul L. Brinkmann
SHORALL MCGOLDRICK BRINKMANN
702 North Beaver
27 Flagstaff, AZ 86001
Attorney for Anasazi Water Co., LLC
28

Steven A. Hirsch
Rodney W. Ott
BRYAN CAVE LLP
Two North Central Avenue, Suite 2200
Phoenix, AZ 85004-4406
Attorneys for Hydro-Resources, Inc.

William J. Sims III
LASOTA & PETERS, PLC
722 East Osborn, Suite 100
Phoenix, AZ 85014
Attorney for the Town of Tusayan

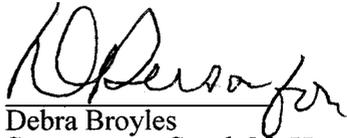
Enrique Medina Ochoa, Town Manager
TOWN OF TUSAYAN
P.O. Box 709
Tusayan, AZ 86023

Michael W. Patten
Timothy J. Sabo
ROSHKA, DEWULF & PATTEN, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, AZ 85004
Attorneys for Squire Motor Inns, Incorporated

1 Janice Alward, Chief Counsel
Legal Division
2 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
3 Phoenix, AZ 85007

4 Steven M. Olea, Director
Utilities Division
5 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
6 Phoenix, AZ 85007

7 ARIZONA REPORTING SERVICE, INC.
2200 North Central Avenue, Suite 502
8 Phoenix, AZ 85004-1481

9
10 By: 
Debra Broyles
11 Secretary to Sarah N. Harpring

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