

ORIGINAL

OPEN MEETING ITEM



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



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ARIZONA CORPORATION COMMISSION

2012 APR 23 A 11:43

DATE: APRIL 23, 2012

AZ CORP COMMISSION
DOCKET CONTROL

DOCKET NO.: W-02467A-09-0333 and W-02467A-09-0334

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Sarah N. Harpring. The recommendation has been filed in the form of an Order on:

GRANITE MOUNTAIN WATER COMPANY, INC.
(EXTENSION OF TIME DEADLINE
CONTAINED IN DECISION NO. 71869)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

MAY 2, 2012

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

MAY 10, 2012

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission

DOCKETED

APR 23 2012

DOCKETED BY [Signature]

[Signature]
ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION
OF GRANITE MOUNTAIN WATER COMPANY,
INC. FOR APPROVAL OF A RATE INCREASE.

DOCKET NO. W-02467A-09-0333

IN THE MATTER OF THE APPLICATION OF
GRANITE MOUNTAIN WATER COMPANY,
INC. FOR APPROVAL OF FINANCINGS.

DOCKET NO. W-02467A-09-0334

DECISION NO. _____

**ORDER EXTENDING TIME
DEADLINE CONTAINED IN
DECISION NO. 71869**

Open Meeting
May 10, 2012
Phoenix, Arizona

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

* * * * *

FINDINGS OF FACT

1. Granite Mountain Water Company, Inc. ("GMWC") is a Class D water utility providing service to approximately 101 customers in a service area located approximately three miles north of Prescott, in Yavapai County, pursuant to a Certificate of Convenience and Necessity ("CC&N") granted by the Commission in 1987. GMWC is an S corporation owned by Paul D. Levie and Rae Levie, husband and wife, who are also owners of Chino Meadows II Water Company ("Chino Meadows"), a Class C water utility providing service to approximately 889 customers in a service area located approximately one-half mile east of Highway 89 in Chino Valley, in Yavapai County, pursuant to a CC&N granted by the Commission in 1980.

2. In Decision No. 71869 (September 1, 2010), the Commission granted GMWC a rate

1 increase and, among other things, required GMWC to file with the Commission's Docket Control,
2 within two years after the effective date of Decision No. 71869, a permanent rate case application.
3 Thus, GMWC is currently required to file a permanent rate case application by September 1, 2012.

4 3. In Decision No. 72896 (February 21, 2012), the Commission granted Chino Meadows
5 a rate increase and, among other things, ordered "that in order to eliminate further disputes related to
6 cost allocations, Chino Meadows II Water Company shall file its next general rate case using the
7 same test year as is used in the next rate case for its sister utility, Granite Mountain Water Company,
8 Inc." (Decision No. 72896 at 17.) The rates approved in Decision No. 72896 became effective on
9 March 1, 2012.

10 4. On February 28, 2012, Granite Mountain filed a Request for Waiver in the above-
11 captioned docket, pointing out that the ordering provisions from Decision Nos. 71869 and 72896,
12 described above, are not compatible because the earliest test year that Chino Meadows could use for
13 its rate case application would end on March 31, 2013, while Granite Mountain would need to use a
14 test year ending no later than June 30, 2012, in order to meet its rate case application filing deadline
15 of September 1, 2012. Granite Mountain requested that its September 1, 2012, rate case application
16 filing deadline be waived.

17 5. On April 17, 2012, the Commission's Utilities Division ("Staff") filed a Memorandum
18 stating that Granite Mountain is correct that the rate application filing requirements created in
19 Decision Nos. 71869 and 72896 are not compatible; recommending that the due date for Granite
20 Mountain's rate case application be extended to September 30, 2013; and recommending that Granite
21 Mountain's rate case application use a test year ending no earlier than March 31, 2013. Staff stated
22 that the September 30, 2013, filing deadline had been determined with counsel for Granite Mountain,
23 based on a test year ending March 31, 2013.

24 6. Because it is not possible for Granite Mountain and Chino Meadows to comply with
25 the rate case application filing requirements of both Decision No. 71869 and Decision No. 72896, it is
26 necessary and appropriate to modify one of the requirements so that compliance is possible. As
27 Granite Mountain and Staff have agreed upon a resolution of the incompatibility, which retains the
28 requirement for Granite Mountain to file a permanent rate case application and extends the filing

1 requirement by only 13 months, it is reasonable and appropriate to modify Decision No. 71869 by
2 extending the deadline as agreed by the parties.

3 **CONCLUSIONS OF LAW**

4 1. Granite Mountain is a public service corporation within the meaning of Article XV of
5 the Arizona Constitution and A.R.S. §§ 40-252, 40-281, and 40-282.

6 2. The Commission has jurisdiction over Granite Mountain and the subject matter of
7 Granite Mountain's Request for Waiver.

8 3. Staff's recommendation to extend Granite Mountain's compliance filing deadline for
9 its next permanent rate case application, established in Decision No. 71869, is reasonable and should
10 be followed, as should Staff's recommendation to require Granite Mountain to use a test year ending
11 no earlier than March 31, 2013.

12 **ORDER**

13 IT IS THEREFORE ORDERED that Granite Mountain Water Company, Inc. is hereby
14 granted an extension of time, until September 30, 2013, to file with the Commission's Docket
15 Control, as a compliance item in this docket, its next permanent rate case application, which shall use
16 a test year with an end date no earlier than March 31, 2013.

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1 IT IS FURTHER ORDERED that all other requirements of Decision No. 71869 shall remain
2 in effect.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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7 CHAIRMAN _____ COMMISSIONER _____

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9 COMMISSIONER _____ COMMISSIONER _____ COMMISSIONER _____

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IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
Executive Director of the Arizona Corporation Commission,
have hereunto set my hand and caused the official seal of the
Commission to be affixed at the Capitol, in the City of Phoenix,
this _____ day of _____, 2012.

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ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

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18 DISSENT _____

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1 SERVICE LIST FOR: GRANITE MOUNTAIN WATER COMPANY, INC.

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3 DOCKET NO.: W-02467A-09-0333 and W-02467A-09-0334

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