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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

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AZ CORP COMMISSION  
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Arizona Corporation Commission  
DOCKETED

MAY 03 2012

DOCKETED BY  
JSM

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 prior Procedural Orders issued in this matter, 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 adjudication applications filed by Hydro-Resources, Inc. ("Hydro") and Anasazi Water Company, LLC ("Anasazi"); intervention has been granted to Tusayan Ventures LLC ("Tusayan Ventures") and to the Town of Tusayan ("Town"); the Commission's Utilities Division ("Staff") has found all three adjudication applications to be sufficient; and late intervention has been granted to Squire Motor Inns, Incorporated ("Squire"). In addition, a hearing scheduled to commence on September 9, 2011, instead proceeded only for public comment and a procedural conference, and a September 21, 2011, hearing date was vacated to allow for settlement discussions. The parties have been working to finalize Settlement Agreement language since approximately October 2011.

1 Procedural conferences have been held on October 7, 2011; November 21, 2011; January 17,  
2 2012; March 19, 2012; and April 30, 2012. At these procedural conferences, the parties have  
3 provided progress reports and have requested additional time to work out the intricacies of the  
4 Settlement Agreement and another separate agreement ("Transfer Agreement") regarding the transfer  
5 of property and rights to Hydro, whom the parties intend to become the single water utility and  
6 CC&N holder for the area. The parties have reported that all parties are expected to enter into the  
7 Settlement Agreement.

8 On January 17, 2012, a Procedural Order was issued scheduling a procedural conference to be  
9 held on March 19, 2012; requiring the parties to ensure that copies of the Settlement Agreement are  
10 filed promptly upon execution; and requiring Tusayan and Hydro to file their respective CC&N-  
11 related application/s within 14 days following the execution of the Settlement Agreement.

12 At the procedural conference held on March 19, 2012, the parties reported that substantial  
13 progress had continued on the Settlement Agreement, but that because of several issues recently  
14 raised, the parties were still working out the language of the Settlement Agreement and preferred not  
15 yet to discuss establishment of a procedural schedule. Hydro and Anasazi also had not yet completed  
16 the Transfer Agreement. The parties indicated that they would like to have another procedural  
17 conference scheduled at the end of April, at which time the parties expected to be ready to propose a  
18 procedural schedule. A Procedural Order was issued on March 19, 2012, scheduling a procedural  
19 conference to be held on April 30, 2012.

20 At the procedural conference held on April 30, 2012, the parties reported that although there  
21 had been a brief impasse in their negotiations, they had again reached a conceptual agreement; would  
22 be holding a meeting to iron out remaining language; and still anticipated entering into a global  
23 Settlement Agreement. Hydro reported that the service area to be proposed in its upcoming CC&N  
24 application would be different than originally anticipated, as the "Red Feather properties" would be  
25 carved out<sup>1</sup> and some other properties included, but that Hydro's preparations were well underway.  
26 Hydro also reported that the current price disparities for water service in the proposed service area  
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28 <sup>1</sup> It was reported that the Red Feather properties would be providing water services to themselves and no others.

1 may be eliminated while its CC&N application is pending. Hydro requested additional time to file its  
2 CC&N application after the Settlement Agreement is executed, however, as it was concerned that the  
3 14-day period established by the Procedural Order issued on January 17, 2012, may not be sufficient.  
4 Hydro requested that it be permitted 30 days after the execution of the Settlement Agreement to file  
5 its CC&N application. After brief discussion, it was determined that 45 days would be a more  
6 appropriate time period.

7 Thus, it is now necessary and appropriate to revise the filing requirements established in the  
8 Procedural Order of January 17, 2012.

9 IT IS THEREFORE ORDERED that **upon execution** of the Settlement Agreement by the  
10 parties, the parties shall **ensure that copies of the Settlement Agreement are filed** in this docket.

11 IT IS FURTHER ORDERED that **Tusayan** Water Development Association, Inc., and  
12 **Hydro Resources, Inc., shall, within 45 days after the execution** of the Settlement Agreement by  
13 the parties, **file their application/s** regarding the transfer of Tusayan's Certificate of Convenience  
14 and Necessity to Hydro or the cancellation of Tusayan's Certificate of Convenience and Necessity  
15 and Hydro's request for a new Certificate of Convenience and Necessity.

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

19 DATED this 3rd day of May, 2012.

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21   
22 SARAH N. HARPRING  
23 ADMINISTRATIVE LAW JUDGE

24 Copies of the foregoing mailed/delivered  
this 3rd day of May, 2012, to:

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