

ORIGINAL



0000143059

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

Arizona Corporation Commission

2013 FEB 28 A 10:15 DOCKETED

AZ CORP COMMISSION FEB 28 2013 DOCKET CONTROL

DOCKETED BY [Signature]

COMMISSIONERS

- BOB STUMP - Chairman
- GARY PIERCE
- BRENDA BURNS
- BOB BURNS
- SUSAN BITTER SMITH

IN THE MATTER OF THE APPLICATION OF MONTEZUMA RIMROCK WATER COMPANY, LLC FOR APPROVAL OF FINANCING TO INSTALL A WATER LINE FROM THE WELL ON TIEMAN TO WELL NO. 1 ON TOWERS.

DOCKET NO. W-04254A-12-0204

IN THE MATTER OF THE APPLICATION OF MONTEZUMA RIMROCK WATER COMPANY, LLC FOR APPROVAL OF FINANCING TO PURCHASE THE WELL NO. 4 SITE AND THE COMPANY VEHICLE.

DOCKET NO. W-04254A-12-0205

IN THE MATTER OF THE APPLICATION OF MONTEZUMA RIMROCK WATER COMPANY, LLC FOR APPROVAL OF FINANCING FOR AN 8,000-GALLON HYDRO-PNEUMATIC TANK.

DOCKET NO. W-04254A-12-0206

IN THE MATTER OF THE RATE APPLICATION OF MONTEZUMA RIMROCK WATER COMPANY, LLC.

DOCKET NO. W-04254A-12-0207

JOHN E. DOUGHERTY,  
COMPLAINANT,

DOCKET NO. W-04254A-11-0323

v.

MONTEZUMA RIMROCK WATER COMPANY, LLC,

RESPONDENT.

IN THE MATTER OF THE APPLICATION OF MONTEZUMA RIMROCK WATER COMPANY, LLC FOR APPROVAL OF A RATE INCREASE.

DOCKET NO. W-04254A-08-0361

IN THE MATTER OF THE APPLICATION OF MONTEZUMA RIMROCK WATER COMPANY, LLC FOR APPROVAL OF A FINANCING APPLICATION.

DOCKET NO. W-04254A-08-0362

PROCEDURAL ORDER

**BY THE COMMISSION:**

On February 26, 2013, a Procedural Order was issued in this matter that, among other things,

1 required Montezuma Rimrock Water Company, LLC (“Montezuma”) to provide public notice of the  
2 hearing in this matter in a specified form and style, through both mailing notice to its customers and  
3 having notice published in a newspaper. The prescribed notice language provided in the February 26,  
4 2013, Procedural Order included a typographical error on page 7, in the text between lines 5 and 6,  
5 where “REQUIRED” rather than “REQUESTED” appears. It is now necessary and appropriate to  
6 correct that typographical error by setting forth the corrected language of the notice herein.

7 IT IS THEREFORE ORDERED that Montezuma shall provide public notice of the hearing in  
8 this matter, in the following form and style, with the heading in no less than 12-point bold type and  
9 the body in no less than 10-point regular type:

10 **PUBLIC NOTICE OF A HEARING ON THE APPLICATIONS OF**  
11 **MONTEZUMA RIMROCK WATER COMPANY, LLC FOR AN**  
12 **INCREASE IN RATES AND APPROVAL OF FINANCINGS;**  
13 **THE COMPLAINT OF JOHN DOUGHERTY VS.**  
14 **MONTEZUMA RIMROCK WATER COMPANY, LLC; & THE**  
**POTENTIAL MODIFICATION OF DECISION NO. 71317**  
**UNDER A.R.S. § 40-252.**  
**(Docket Nos. W-04254A-12-0204 et al.)**

15 Montezuma Rimrock Water Company, LLC (“Montezuma”) has filed with the Arizona  
16 Corporation Commission (“Commission”) applications requesting: (1) approval of a loan  
17 agreement in which Montezuma promises to pay Rask Construction the sum of \$68,592  
18 with interest for installation of a water line from the well on Tieman to Well No. 1 on  
19 Towers; (2) approval of a loan agreement in which Montezuma promises to pay Patricia  
20 Olsen, Montezuma’s owner, the sum of \$21,377 with interest for the purchase of the Well  
21 No. 4 site and a company vehicle; (3) approval of a loan agreement in which Montezuma  
22 promises to pay Sergei Arias the sum of \$15,000 with interest for the purchase of an  
23 8,000-gallon hydro-pneumatic tank to provide additional water storage to Montezuma’s  
24 system; and (4) approval of a rate increase to generate revenues at least \$76,800 higher  
25 than reported 2011 test year revenues of \$101,276, in addition to a surcharge of \$6.57 per  
26 month per customer for legal fees and a surcharge of \$6.04 per month per customer for  
27 storage tank replacement.

28 For a customer served by a 5/8” x 3/4” meter with monthly usage of 5,250 gallons,  
Montezuma’s requested rates and charges would increase the monthly bill from \$36.38 to  
\$68.38. With the addition of the requested surcharges, the monthly bill would total  
\$80.99.

The Commission’s Utilities Division (“Staff”) has issued a Letter of Sufficiency  
classifying Montezuma as a Class D utility, but is still in the process of reviewing  
Montezuma’s rate and financing applications and has not yet provided any  
recommendations related thereto. Both John Dougherty and the Residential Utility  
Consumer Office (“RUCO”) have been granted intervention in these matters.

Mr. Dougherty has filed a formal complaint against Montezuma alleging misconduct and  
mismanagement and requesting that Staff issue an Order to Show Cause to revoke  
Montezuma’s Certificate of Convenience and Necessity to operate as a water utility,  
along with other sanctions. The formal complaint will be considered along with the rate

1 and financing applications.

2 The Commission has reopened Decision No. 71317 (October 30, 2009), issued in  
3 Montezuma's last rate and financing case, to determine whether to modify the decision  
4 concerning financing approval and related provisions. Montezuma had requested that the  
5 decision be reopened so that it could be authorized to fund an arsenic treatment project  
6 through means other than a loan from the Water Infrastructure Finance Authority of  
7 Arizona ("WIFA"). The issue of modifying Decision No. 71317 will be considered along  
8 with the current rate and financing applications and the formal complaint.

9 **THE COMMISSION IS NOT BOUND BY THE PROPOSALS MADE BY  
10 MONTEZUMA, STAFF, MR. DOUGHERTY, OR RUCO. THE COMMISSION  
11 WILL DETERMINE THE APPROPRIATE RELIEF TO BE GRANTED BASED  
12 ON THE EVIDENCE PRESENTED BY THE PARTIES AT HEARING. THE  
13 FINAL RATES AND CHARGES APPROVED BY THE COMMISSION MAY  
14 DIFFER FROM, AND MAY BE HIGHER OR LOWER THAN, THE RATES AND  
15 CHARGES REQUESTED BY MONTEZUMA OR RECOMMENDED BY OTHER  
16 PARTIES. THE RELIEF ORDERED BY THE COMMISSION AS TO THE  
17 FORMAL COMPLAINT AND THE REQUEST FOR MODIFICATION OF  
18 DECISION NO. 71317 MAY DIFFER FROM THE RELIEF REQUESTED BY  
19 THE PARTIES.**

20 If you have any questions concerning how Montezuma's applications would affect your  
21 bill, or you have other substantive questions about Montezuma's applications, you may  
22 contact Montezuma at [COMPANY SHOULD INSERT NAME, ADDRESS,  
23 TELEPHONE NUMBER, AND E-MAIL ADDRESS FOR CUSTOMER  
24 CONTACTS CONCERNING THE APPLICATIONS.]

25 **How You Can View or Obtain a Copy of Documents**

26 Copies of the applications, the formal complaint, and the other documents filed in the  
27 dockets related to them are available for inspection during regular business hours at  
28 Montezuma's offices [INSERT COMPANY ADDRESS] and at the Commission's  
Docket Control Center at 1200 West Washington, Phoenix, Arizona. Copies of all of  
these filed documents are also available on the Internet via the Commission's website  
([www.azcc.gov](http://www.azcc.gov)) by selecting the eDocket function at the bottom of the page, entering 12-  
0204 in the search box on eDocket's main page, using the Linked Documents tab to view  
the multiple consolidated dockets, and using the Documents tab for each docket to view  
the documents filed therein.

29 **Public Hearing Information**

30 The Commission will hold a **hearing** on these matters beginning on **May 3, 2013, at  
31 10:00 a.m.**, in Hearing Room No. 2 at the Commission's offices at 1200 West  
32 Washington, Phoenix, Arizona 85007. Public comments will be taken at the beginning of  
33 the hearing.

34 Written public comments may be submitted by mailing a letter referencing Docket Nos.  
35 W-04254A-12-0204 et al. to Arizona Corporation Commission, Consumer Services  
36 Section, 1200 West Washington, Phoenix, Arizona 85007. If you require assistance, you  
37 may contact the Consumer Services Section at 1-800-222-7000 or 602-542-4251.

38 **ADA/Equal Access Information**

The Commission does not discriminate on the basis of disability in admission to its public  
meetings. Persons with a disability may request a reasonable accommodation such as a  
sign language interpreter, as well as request this document in an alternative format, by  
contacting the ADA Coordinator, Shaylin Bernal, E-mail [SABernal@azcc.gov](mailto:SABernal@azcc.gov), voice  
phone number 602-542-3931. Requests should be made as early as possible to allow  
time to arrange the accommodation.

IT IS FURTHER ORDERED that the remaining provisions of the Procedural Order of

1 February 26, 2013, remain in full force and effect.

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

5 DATED this 28<sup>th</sup> day of February, 2013.

6  
7  
8   
9 SARAH N. HARPRING  
ADMINISTRATIVE LAW JUDGE

10 Copies of the foregoing mailed/delivered/e-mailed  
11 this 28<sup>th</sup> day of February, 2013, to:

11 Todd C. Wiley /  
12 FENNEMORE CRAIG  
13 3003 North Central Avenue  
14 Suite 2600  
15 Phoenix, AZ 85012-2913  
16 twiley@fclaw.com  
17 Attorney for Montezuma Rimrock Water  
18 Company, LLC

Janice Alward, Chief Counsel, Legal Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, AZ 85007-2927

16 Patricia Olsen /  
17 MONTEZUMA RIMROCK  
18 WATER CO., LLC  
19 P.O. Box 10  
20 Rimrock, AZ 86335  
21 patsy@montezumawater.com

Steven Olea, Director, Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, AZ 85007-2927

19 John E. Dougherty, III /  
20 P.O. Box 501  
21 Rimrock, AZ 86335  
jd.investigativemedia@gmail.com

By:   
Debbi Person  
Assistant to Sarah N. Harpring

22 Daniel W. Pozefsky/  
23 Michelle Wood  
24 RESIDENTIAL UTILITY  
25 CONSUMER OFFICE  
26 1110 West Washington Street, Suite 220  
27 Phoenix, AZ 85007  
28 dpozefsky@azruco.gov  
mwood@azruco.gov