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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

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AZ CORP COMMISSION
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Arizona Corporation Commission
DOCKETED

OCT 09 2013

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF HUMBOLDT WATER SYSTEMS, INC. FOR APPROVAL OF A FINANCING APPLICATION.

DOCKET NO. W-02197A-12-0410

IN THE MATTER OF THE APPLICATION OF HUMBOLDT WATER SYSTEMS, INC. FOR APPROVAL OF A RATE INCREASE.

DOCKET NO. W-02197A-13-0115

PROCEDURAL ORDER

BY THE COMMISSION:

On September 20, 2012, in Docket No. W-02197A-12-0410, Humboldt Water Systems, Inc. ("Humboldt" or "Company") filed an application with the Arizona Corporation Commission ("Commission") requesting authorization to enter into a \$160,000 loan with the Water Infrastructure Finance Authority ("WIFA") ("Finance Docket"). The Finance Docket application stated that the requested financing is necessary for the construction of a new nitrate and arsenic treatment facility.

On April 26, 2013, in Docket No. W-02197A-13-0115, Humboldt filed with the Commission an application requesting an increase in its water rates and charges, using a test year ending October 31, 2012 ("Rate Docket"). Humboldt's rate application requested an increase of \$44,550 over test year revenues of \$128,942.

On May 6, 2013, Humboldt filed an amendment to its application in the Finance Docket modifying its request to obtain a WIFA loan in the amount of \$300,000, rather than \$160,000.

On May 22, 2013, Humboldt filed an amended rate schedule in the Rate Docket.

On May 28, 2013, the Commission's Utilities Division ("Staff") filed an Insufficiency Letter in the Rate Docket, stating that Humboldt's rate application had not met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C.").

On June 19, 2013, Humboldt docketed additional information in the Rate Docket.

1 On June 24, 2013, Staff filed a Letter of Sufficiency in the Rate Docket, stating that
2 Humboldt's application had met the sufficiency requirements as outlined in the A.A.C., and that
3 Humboldt had been classified as a Class D utility. The Commission may decide a Class D utility rate
4 case without holding a hearing.

5 On July 2, 2013, Staff filed a Motion to Consolidate the Finance Docket and Rate Case
6 Docket.

7 On July 12, 2013, by Procedural Order, the Finance and Rate Case dockets were consolidated
8 and Staff was directed to file its Staff Report on the consolidated matters on or before September 6,
9 2013.

10 On September 6, 2013, Staff filed a Request for Extension of time to file its Staff Report
11 ("Request"). Staff's Request stated that due to Staff's limited resources additional time, until
12 September 20, 2013, was needed for Staff to file its Staff Report.

13 On September 16, 2013, by Procedural Order, Staff's Request for an extension of time was
14 granted and the timeclock in this matter was suspended.

15 On September 18, 2013, Staff filed its Staff Report.

16 On September 30, 2013, Humboldt filed comments/disagreements to the Staff Report.

17 Humboldt has filed specific comments/disagreements with Staff's recommendations in this
18 matter. Because this matter may proceed without a hearing, it is appropriate to require Staff to file a
19 response to Humboldt's specific comments/disagreements. It is also appropriate to allow Humboldt
20 time to file a reply to Staff's response. Further, it is appropriate to require Staff and the Company to
21 engage in discussions regarding the Company's comments/disagreements to determine whether, and
22 to what extent, the parties can reach an agreement on the issues raised.

23 IT IS THEREFORE ORDERED that Staff shall file a response to Humboldt's
24 comments/disagreements on or before **October 30, 2013**.

25 IT IS FURTHER ORDERED that Humboldt may file a reply to Staff's response on or
26 before **November 20, 2013**.

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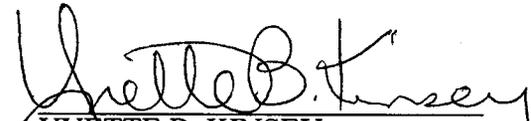
1 IT IS FURTHER ORDERED that **Staff and Humboldt** shall engage in discussions regarding
2 the Company's comments/disagreements to determine whether, and to what extent the parties can
3 reach an agreement on the issues.

4 IT IS FURTHER ORDERED that **Staff and Humboldt shall, by November 20, 2013**, file a
5 status update regarding the outcome of their discussions and whether any agreement was reached.

6 IT IS FURTHER ORDERED that the timeclock in this matter remains suspended.

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

10 Dated this 9th day of October, 2013.

11
12
13 
14 YVETTE B. KINSEY
15 ADMINISTRATIVE LAW JUDGE

16 Copies of the foregoing mailed
17 this 9th day of October 2013, to:

18 Timothy L. Kylo, President
19 Humboldt Water Systems, Inc.
20 P.O. Box 10593
21 Sedona, AZ 86339

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