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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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COMMISSIONERS

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

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

IN THE MATTER OF THE APPLICATION OF GRANITE MOUNTAIN WATER COMPANY, INC. FOR AUTHORITY TO INCUR LONG-TERM DEBT.

DOCKET NO. W-02467A-10-0483

PROCEDURAL ORDER

BY THE COMMISSION:

This case concerns requests made by Granite Mountain Water Company, Inc. ("GMWC") for modification of two different Commission decisions: Decision No. 72294 (May 4, 2011) and Decision No. 72377 (May 27, 2011). Decision No. 72294 extended compliance deadlines established in Decision No. 71869 (September 1, 2010).¹ Decision No. 72377 authorized long-term debt in the amount of \$181,320 for specific water system improvements. At the Open Meeting on November 8, 2012, the Commission opened an A.R.S. § 40-252 proceeding to consider GMWC's requests for modification and directed the Commission's Utilities Division ("Staff") to prepare a Staff Report.

The dockets for Decision Nos. 72294 and 72377 have been consolidated, a number of filings

¹ Decision No. 71869 established GMWC's current rates and charges and, *inter alia*, ordered the following: Granite Mountain Water Company, Inc. shall complete one of the following, within 18 months after the effective date of this decision, to address its inadequate storage capacity issue:

- a. Drill a replacement well to replace its existing Well No. 5 (ADWR #55-622083), or
- b. Construct and install a 110,000-gallon storage tank.

The Decision further ordered GMWC, for either option, to file an Approval to Construct ("ATC") within six months after the Decision (by March 1, 2011) and to file an Approval of Construction ("AOC") within 18 months after the Decision (by March 1, 2012). Per the Decision, replacement Well No. 5 had an expected pumping capacity of 65 gallons per minute ("GPM").

Decision No. 71869 was also modified in Decision No. 73155 (May 18, 2012).

1 have been made, and two procedural conferences have been held. This matter has been prolonged
2 because GMWC determined that it desired to pursue a plan other than its initial plan to address its
3 inadequate storage capacity issue. Its second and current plan necessitates obtaining approval from
4 the Arizona Department of Water Resources ("ADWR") to convert an exempt domestic well,
5 referenced herein as Well No. 6, to a non-exempt production well to be added to GMWC's system.
6 GMWC's initial application for conversion of Well No. 6, requesting an authorized pumping capacity
7 of 70 gallons per minute ("GPM") was denied by ADWR in December 2013.

8 On January 30, 2014, a procedural conference was held at which GMWC clarified its current
9 plan to address the inadequate storage capacity issue, which involves converting Well No. 6 to a non-
10 exempt production well, with an authorized pumping capacity of 35 GPM. GMWC's current plan
11 also includes installing a new 50,000-gallon storage tank. Staff confirmed that GMWC's current plan
12 was acceptable to Staff and was sufficient to address the inadequate storage capacity issue. GMWC
13 anticipated imminent ADWR approval of the Well No. 6 conversion with a capacity of 35 GPM.

14 On February 13, 2014, GMWC filed a Second Response to Procedural Order, stating that
15 ADWR had approved the conversion of Well No. 6, but with an authorized capacity of 30 acre feet
16 per year, which GMWC stated is equivalent to a pumping capacity of 18.6 GPM. GMWC included a
17 copy of a document GMWC characterized as a revised engineering report demonstrating that the
18 reduced 18.6 GPM capacity would still meet the Commission's requirement for additional water
19 production and fire flow.

20 In light of the unexpected change to GMWC's plan to address its inadequate storage capacity
21 issue, it is necessary and appropriate to require Staff to make a filing stating whether the reduction in
22 the authorized pumping capacity of Well No. 6, from the anticipated 35 GPM to 18.6 GPM, alters
23 Staff's position that GMWC's current plan is sufficient to address its inadequate storage capacity
24 issue or in any way alters Staff's recommendations in this matter.

25 **IT IS THEREFORE ORDERED that Staff shall, by February 19, 2014, make a filing**
26 **stating whether the reduction in the authorized pumping capacity of Well No. 6, from the anticipated**
27 **35 GPM to 18.6 GPM, alters Staff's position that GMWC's current plan is sufficient to address its**
28 **inadequate storage capacity issue or in any way alters Staff's recommendations in this matter.**

1 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules
2 31, 38, and 42 with respect to the practice of law and admission *pro hac vice*.

3 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
4 Communications) continues to apply to this proceeding and shall remain in effect until the
5 Commission's Decision in this matter is final and non-appealable.

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

9 DATED this 14th day of February, 2014.

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SARAH N. HARPRING
ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed/delivered
this 14th day of February, 2014, to:

Paul D. Levie
Arden W. Barney
GRANITE MOUNTAIN WATER
COMPANY, INC.
P.O. Box 350
Chino Valley, AZ 86323

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

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

By: Rebecca Unquera
Rebecca Unquera
Assistant to Sarah N. Harpring