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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

AZ CORP COMMISSION

COMMISSIONERS

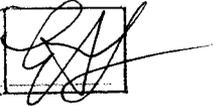
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DOCKET CONTROL

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

NOV 18 2014

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DOCKETED BY 

IN THE MATTER OF THE APPLICATION OF
UTILITY SOURCE, LLC, AN ARIZONA
CORPORATION, FOR A DETERMINATION OF
THE FAIR VALUE OF ITS UTILITY PLANTS
AND PROPERTY AND FOR INCREASES IN ITS
WATER AND WASTEWATER RATES AND
CHARGES FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO. WS-04235A-13-0331

ORIGINAL

PROCEDURAL ORDER

BY THE COMMISSION:

On September 27, 2013, Utility Source, LLC (“Utility Source” or “Company”) filed with the Arizona Corporation Commission (“Commission”) an application for a determination of the current fair value of its utility plants and property and for increases in its rates and charges for water and wastewater utility service provided to customers in the Company’s service area in Coconino County, Arizona.

On July 16, 2014, a Procedural Order was issued scheduling, among other things, a prehearing conference on November 13, 2014, at 10:00 a.m.¹

On October 31, 2014, the Company filed a Motion to Reschedule Procedural Conference requesting that the prehearing conference be rescheduled for 1:00 p.m., or later, on November 13, 2014, due to a scheduling conflict.

On November 4, 2014, a Procedural Order was issued rescheduling the prehearing conference for November 13, 2014, at 2:30 p.m.

On November 13, 2014, the prehearing conference was held as scheduled, with the Company, the Commission’s Utilities Division (“Staff”), and the Residential Utility Consumer Office (“RUCO”) appearing through counsel, and Mr. Nielsen and Mr. Fallon appearing *pro se*.² At that

¹ The procedural history for this case is more fully stated in the July 16, 2014 Procedural Order, and is incorporated herein by reference.

² Mr. Nielsen and Mr. Fallon attended telephonically.

1 time, RUCO requested that the hearing be continued due to a scheduling conflict with RUCO's
2 counsel. The Company, Staff, Mr. Nielsen, and Mr. Fallon agreed to accommodate RUCO's request.

3 On November 14, 2014, a Procedural Order was issued vacating the hearing dates scheduled
4 for November 18, 19, 20, and 21, 2014, and scheduling a procedural conference on November 18,
5 2014, for the purposes of discussing new hearing dates and other procedural matters.

6 On November 18, 2014, the procedural conference was held as scheduled, with the Company,
7 Staff, and RUCO appearing through counsel, and Mr. Nielsen and Mr. Fallon appearing *pro se*.³ Due
8 to scheduling conflicts, Staff and RUCO proposed that the hearing be rescheduled no sooner than
9 January of 2015.⁴ The parties agreed to meet and confer regarding potential hearing dates in January
10 and the Company proposed to file a list of mutually agreeable hearing dates for consideration. In
11 addition, an alternative option for treating the income the Company receives from standpipe sales was
12 discussed and the parties were directed to address that alternative at the hearing.

13 IT IS THEREFORE ORDERED that the Company shall confer with the other parties
14 regarding potential hearing dates and file a list of mutually agreeable hearing dates no later than
15 **November 26, 2014.**

16 IT IS FURTHER ORDERED that all parties shall be prepared at the hearing to address and
17 answer questions regarding the following topic:

- 18 • Whether it would be in the public interest to include the costs of the standpipe
19 and related facilities in rate base and create a surcredit mechanism to return the
20 income⁵ received from standpipe sales back to ratepayers on a monthly basis.
21 The surcredit would be calculated as follows: the income from standpipe sales
22 during the month, divided by the gallons (in thousands) of non-standpipe water
23 sold in the month, would equal the credit per 1,000 gallons for the month. The
24 surcredit rate would then be applied to the gallons billed (in thousands) to each
25 customer. [EXAMPLE: Assume the Company receives \$1,000 in income

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27 ³ The Company, Mr. Nielsen, and Mr. Fallon attended telephonically.

⁴ The Commission's Hearing Division is unavailable on January 5, 7, 12, and 13, 2015.

28 ⁵ Income for this purpose would be defined as revenue minus variable costs for purchased pumping power and chemical treatment.

1 from standpipe sales and sells 2,000,000 gallons of non-standpipe water during
2 the month. Under that scenario, each customer would receive a \$0.50 credit
3 per 1,000 gallons used during that month.]

4 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules
5 31, 38, 42 and A.R.S. § 40-243 with respect to practice of law and admission *pro hac vice*.

6 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
7 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Arizona
8 Supreme Court Rule 42). Representation before the Commission includes appearances at all hearings
9 and procedural conferences, as well as all Open Meetings for which the matter is scheduled for
10 discussion unless counsel has previously been granted permission to withdraw by the Administrative
11 Law Judge or the Commission.

12 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
13 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

14 DATED this 18th day of November, 2014.


SCOTT M. HESLA
ADMINISTRATIVE LAW JUDGE

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18 Copies of the foregoing mailed
this 18th day of November, 2014, to:

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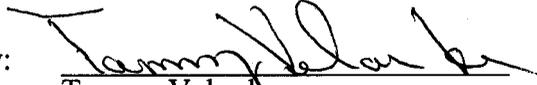
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