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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

SUSAN BITTER SMITH - Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

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Arizona Corporation Commission

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DOCKET NO. W-01557A-15-0079

IN THE MATTER OF THE APPLICATION OF
LAKE VERDE WATER COMPANY, INC. FOR
APPROVAL OF AN EMERGENCY RATE
INCREASE.

DOCKET NO. W-01557A-15-0080

IN THE MATTER OF THE APPLICATION OF
LAKE VERDE WATER COMPANY, INC. FOR
APPROVAL OF AN ORDER AUTHORIZING THE
COMPANY TO ISSUE \$500,000.00 OF DEBT.

PROCEDURAL ORDER

BY THE COMMISSION:

On March 4, 2015, in Docket No. W-01557A-15-0079 ("Rate Docket"), Lake Verde Water Company, Inc. ("LVWC") filed with the Arizona Corporation Commission ("Commission") an application for an emergency rate increase, stating that LVWC is operating at a deficit and needs a rate increase so that it can fund immediate improvements, including arsenic removal facilities, to bring its water system into compliance with Arizona Department of Environmental Quality ("ADEQ") standards. LVWC reports that it signed a Consent Order with ADEQ in May 2010, but has not yet completed the system improvements to bring its water system into compliance with safe drinking water standards.

On the same date, in Docket No. W-01557A-15-0080 ("Financing Docket"), LVWC filed with the Commission a financing application requesting approval to incur long-term debt in the form of a \$500,000 loan from the Arizona Water Infrastructure Finance Authority ("WIFA"), with a payment term of 20 years, at an interest rate of 4.5 percent or the prevailing rate prescribed by the Drinking Water Revolving Fund at the time of commitment. LVWC states that the purpose of the WIFA loan is to finance the engineering, procurement, installation, and operation of LVWC's treatment plant necessary to reduce nitrate and arsenic levels below the maximum contaminant level ("MCL") prescribed by the U.S. Environmental Protection Agency ("EPA") and ADEQ.

1 On March 19, 2015, in the Rate Docket and Financing Docket, the Commission's Utilities
2 Division ("Staff") filed Motions for Consolidation and Request for Procedural Order. Staff stated
3 that the Rate Docket and Financing Docket present interrelated issues and that efficiency would be
4 enhanced by consolidation. Staff also requested that a Procedural Order be issued to set forth the
5 procedural schedule for the consolidated matters, recommending that the Staff Report be made due
6 on April 10, 2015, and that LVWC's response and the evidentiary hearing be scheduled accordingly
7 thereafter.

8 Because the Rate Docket and Financing Docket are wholly interrelated, it is reasonable and
9 appropriate to grant Staff's Motions for Consolidation. Additionally, it is necessary and appropriate
10 to issue a procedural schedule for the consolidated matters.

11 IT IS THEREFORE ORDERED that the Rate Docket (**Docket No. W-01557A-15-0079**) and
12 the Financing Docket (**Docket No. W-01557A-15-0080**) are hereby **consolidated** for all purposes
13 going forward.

14 IT IS FURTHER ORDERED that a **hearing** on the consolidated matter shall commence on
15 **April 24, 2015, at 10:00 a.m.**, at the Commission's Phoenix Offices, Hearing Room No. 1, 1200 W.
16 Washington St., Phoenix, Arizona 85007.

17 IT IS FURTHER ORDERED that Staff shall file its **Staff Report** in this matter on or before
18 **April 10, 2015**.

19 IT IS FURTHER ORDERED that LVWC shall file any **Response** to the Staff Report on or
20 before **April 20, 2015**.

21 IT IS FURTHER ORDERED that any Reply from Staff or additional testimony from LVWC
22 shall be provided orally during the hearing.¹

23 IT IS FURTHER ORDERED that LVWC shall, as soon as possible and no later than April
24 **7, 2015, mail to each of its customers, by first-class U.S. Mail, a copy of the following notice,**
25 with the heading in no less than **10 point bold** type and the body text in no less than **8 point regular**
26 type.²

27 ¹ To assist with a more efficient hearing, the parties are encouraged to file before the hearing any updated schedules or
28 other documents they plan to discuss during the hearing.

² The public notice may be included as a bill insert.

1 examining other party's witnesses. **If you wish to intervene, you must file an**
2 **original and 13 copies of a written motion to intervene with the Commission's**
3 **Docket Control Center no later than April 17, 2015, and send a copy of the**
4 **motion to LVWC or its counsel and to all parties of record.** Contact information
5 may be obtained using the Commission's e-Docket function.

6 Your motion to intervene must contain the following:

- 7 1. Your name, address, and telephone number, and the name, address, and
8 telephone number of any person upon whom service of documents is to be
9 made, if not yourself;
- 10 2. A short statement of your interest in the proceeding (e.g., a customer of
11 LVWC, etc.);
- 12 3. A statement certifying that you have mailed a copy of the motion to intervene
13 to LVWC or its counsel and to all parties of record in the case; and
- 14 4. If you are not represented by an attorney who is an active member of the
15 Arizona State Bar, and you are not representing yourself as an individual,
16 information and any appropriate documentation demonstrating compliance
17 with Arizona Supreme Court Rules 31, 38, and 42, as applicable.

18 The granting of motions to intervene is governed by A.A.C. R14-3-105, except that
19 all motions to intervene must be filed on or before April 17, 2015. If representation
20 by counsel is required by Arizona Supreme Court Rule 31, intervention will be
21 conditioned upon the intervenor obtaining counsel to represent the intervenor. A
22 sample intervention request form is available at
23 <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>.

24 If you do not intervene, you will receive no further notice of the proceedings in this
25 matter. **However, all documents filed in this matter are available online** (usually
26 within 24 hours after docketing) at the Commission's website, www.azcc.gov, using
27 the e-Docket function. RSS feeds are also available through e-Docket. Failure to
28 intervene will not preclude any interested person from appearing at the hearing and
providing public comment or from filing written comments in the record of the case.

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, 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 LVWC shall, as soon as possible and no later than April
7, 2015, post the above notice at its office in a location where one could reasonably assume that the
notice would be viewed by any customer coming into the office.

IT IS FURTHER ORDERED that LVWC shall, as soon as practicable after mailing and
posting is completed and no later than April 20, 2015, file a certification of notice describing the
notice provided, including dates and the precise location/s where posted.

1 IT IS FURTHER ORDERED that mailed notice shall be deemed complete upon mailing,
2 notwithstanding the failure of an individual customer to read or receive the notice.

3 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-
4 105 and this Procedural Order, except that all **motions to intervene** must be filed on or before **April**
5 **17, 2015**.

6 IT IS FURTHER ORDERED that each party to this matter may opt to receive service of all
7 Procedural and Recommended Orders issued by the Commission's Hearing Division in this matter
8 via e-mail rather than U.S. Mail, as permitted under A.A.C. R14-3-107(B). To exercise this option, a
9 party shall send to hearingsdivision@azcc.gov, from the e-mail address at which the party desires to
10 receive service, an e-mail request including the name of the party on whom service is to be made and
11 the docket number for this matter. After a party receives an e-mail confirmation of its request from
12 hearingsdivision@azcc.gov, the party will receive all future Procedural and Recommended Orders
13 issued by the Hearing Division in this matter via e-mails to the address provided by the party, unless
14 and until the party withdraws its request. Service of a document via e-mail shall be considered
15 complete upon the sending of an e-mail containing the document to the e-mail address provided by a
16 party, regardless of whether the party receives or reads the e-mail containing the document.

17 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules
18 31 and 38 and A.R.S. § 40-243 with respect to the practice of law and admission *pro hac vice*.

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

22 IT IS FURTHER ORDERED that any motion filed in this matter, other than a motion to
23 intervene, that is not ruled upon by the Commission within 20 calendar days of the filing date of the
24 motion shall be deemed denied.

25 IT IS FURTHER ORDERED that any response to a motion shall be filed within five calendar
26 days of the filing date of the motion.

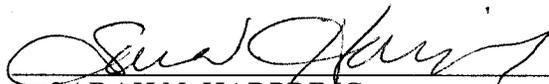
27 IT IS FURTHER ORDERED that any reply related to a motion shall be filed within five
28 calendar days of the filing date of the response to the motion.

1 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended
2 pursuant to Civil Procedure Rule 6(a) or (e).

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

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

12 DATED this 23rd day of March, 2015.

13 

14 SARAH N. HARPRING
15 ADMINISTRATIVE LAW JUDGE

16 Copies of the foregoing mailed
17 this 23rd day of March, 2015 to:

18 Dugan Lee McDonald, President
19 Lake Verde Water Company, Inc.
20 738 South Parks Drive
21 Camp Verde, AZ 86322

22 Dugan Lee McDonald, President
23 P.O. Box 2777
24 Camp Verde, AZ 86322

25 Janice Alward, Chief Counsel
26 Legal Division
27 ARIZONA CORPORATION COMMISSION
28 1200 West Washington Street
Phoenix, AZ 85007

Steven M. Olea, Director
Utilities Division
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