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BEFORE THE ARIZONA CORPORATION COMMISSION

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SUSAN BITTER SMITH - Chairman  
BOB STUMP  
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TOM FORESE

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

DOCKET NO. W-01557A-15-0079

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.

DOCKET NO. W-01557A-15-0080

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 On March 23, 2015, a Procedural Order was issued consolidating the Rate Docket and  
9 Financing Docket for all purposes going forward; scheduling a hearing to commence in this matter on  
10 April 24, 2015; and establishing other procedural requirements and deadlines, including a  
11 requirement for LVWC to provide specific notice to its customers by April 7, 2015, and to file  
12 certification of notice and any response to the Staff Report by April 20, 2015.

13 On April 10, 2015, Staff filed its Staff Report, recommending approval of interim emergency  
14 rates and approval of authority to obtain a WIFA loan in an amount not to exceed \$126,000.

15 LVWC did not make a filing regarding the provision of notice to its customers or in response  
16 to the Staff Report.

17 On April 24, 2015, the evidentiary hearing convened as scheduled, with LVWC appearing  
18 through Dugan McDonald, its President, and Staff appearing through counsel. Before any testimony  
19 was taken, it was determined that LVWC had not provided notice to its customers as required by the  
20 Procedural Order. Mr. McDonald verified that the two mailing addresses used for LVWC were valid,  
21 but stated that he had not seen the Procedural Order. Additionally, it was determined that LVWC had  
22 not provided notice to its customers as required for a financing application. In light of the lack of  
23 notice provided by LVWC, coupled with Staff's assertion that LVWC was not prepared to go  
24 forward with the hearing, it was determined that the evidentiary hearing would not go forward at that  
25 time; that the hearing would reconvene on May 18, 2015; that a Procedural Order would be issued  
26 and sent to LVWC via email that day; and that LVWC would provide customer notice by posting the  
27 notices on its customer's doors, by posting the notice in a prominent location at its office, and by  
28 posting the notice at the local community pool. Public comment was provided by Rick Zeise,

1 Assistant Attorney General, who asserted that it is important to the Attorney General's office that  
2 LVWC and LVWC's customers receive adequate notice before any hearing and that LVWC's water  
3 system come into compliance with safe drinking water standards.

4 Now, therefore, it is necessary and appropriate to establish the new procedural schedule and  
5 requirements.

6 IT IS THEREFORE ORDERED that the evidentiary **hearing** on this matter shall commence  
7 on **May 18, 2015, at 10:00 a.m.**, at the Commission's Phoenix Offices, Hearing Room No. 2, 1200  
8 W. Washington St., Phoenix, Arizona 85007.

9 IT IS FURTHER ORDERED that LVWC shall file any **Response** to the Staff Report on or  
10 before **May 4, 2015**.

11 IT IS FURTHER ORDERED that any Reply from Staff or additional testimony from LVWC  
12 shall be provided orally during the hearing.<sup>1</sup>

13 IT IS FURTHER ORDERED that LVWC shall, **as soon as possible and no later than April**  
14 **27, 2015, provide a copy of the following notice to each of its customers**, with the heading in no  
15 less than **10 point bold** type and the body text in no less than **8 point regular** type, by **(1) personally**  
16 **delivering** a copy of the notice to the customer's premises and either handing it to an adult individual  
17 present there or posting the notice prominently on the door; **(2) prominently** posting the notice at  
18 LVWC's **office** in a location where any customer present could reasonably be expected to see the  
19 notice; and **(3) prominently** posting the notice on the **notice board** at the local community swimming  
20 pool.

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22 ...

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



1       **The hearing on this matter will begin on May 18, 2015, at 10:00 a.m., at the**  
 2       **Commission's Phoenix offices, Hearing Room No. 2, 1200 West Washington St.,**  
 3       **Phoenix, Arizona 85007.** Public comments will be taken at the start of the hearing.  
 4       Written public comments may be submitted at any time on the Commission's  
 5       website ([www.azcc.gov](http://www.azcc.gov)) using the "Submit a Public Comment" function or by  
 6       mailing a letter, referencing **Docket Nos. W-01557A-15-0079 et al.** to: Arizona  
 7       Corporation Commission, Consumer Services Section, 1200 West Washington  
 8       Street, Phoenix, Arizona 85007. If you require assistance you may contact the  
 9       Consumer Services Section at 1-800-222-7000 or 602-542-4251.

10       Any person entitled by law to intervene and having a direct and substantial interest  
 11       in the matter will be permitted to intervene. The granting of intervention entitles a  
 12       person to participate as a party at hearing by presenting sworn evidence and cross-  
 13       examining other party's witnesses. **If you wish to intervene, you must file an**  
 14       **original and 13 copies of a written motion to intervene with the Commission's**  
 15       **Docket Control Center no later than May 11, 2015, and send a copy of the**  
 16       **motion to LVWC or its counsel and to all parties of record.** Contact information  
 17       may be obtained using the Commission's e-Docket function.

18       Your motion to intervene must contain the following:

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

19       The granting of motions to intervene is governed by A.A.C. R14-3-105, except that  
 20       all motions to intervene must be filed on or before **May 11, 2015.** If representation  
 21       by counsel is required by Arizona Supreme Court Rule 31, intervention will be  
 22       conditioned upon the intervenor obtaining counsel to represent the intervenor. A  
 23       sample intervention request form is available at  
 24       <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>.

25       If you do not intervene, you will receive no further notice of the proceedings in this  
 26       matter. **However, all documents filed in this matter are available online** (usually  
 27       within 24 hours after docketing) at the Commission's website, [www.azcc.gov](http://www.azcc.gov), using  
 28       the e-Docket function. RSS feeds are also available through e-Docket. Failure to  
 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.

25       The Commission does not discriminate on the basis of disability in admission to its  
 26       proceedings. Persons with a disability may request a reasonable accommodation  
 27       such as a sign language interpreter, as well as request this document in an alternative  
 28       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.

1 IT IS FURTHER ORDERED that LVWC shall, as soon as practicable after delivery and  
2 posting of notice is completed and **no later than May 6, 2015, file a certification of notice**  
3 providing a copy of the notice provided and specifying the date/s of delivery to/posting at customer  
4 premises and the dates and precise locations where the notices were posted at LVWC's office and in  
5 the local community.

6 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-  
7 105 and this Procedural Order, except that all **motions to intervene** must be filed on or before **May**  
8 **11, 2015.**

9 IT IS FURTHER ORDERED that any **response to a motion to intervene** must be filed on or  
10 before **May 14, 2015.**

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

22 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules  
23 31 and 38 and A.R.S. § 40-243 with respect to the practice of law and admission *pro hac vice*.

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

27 IT IS FURTHER ORDERED that any motion filed in this matter, other than a motion to  
28 intervene, that is not ruled upon by the Commission within 20 calendar days of the filing date of the

1 motion shall be deemed denied.

2 IT IS FURTHER ORDERED that any response to a motion, other than a motion to intervene,  
3 shall be filed within five calendar days of the filing date of the motion.

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

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

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

11 DATED this 24<sup>th</sup> day of April, 2015.

12   
13 SARAH N. HARPRING  
14 ADMINISTRATIVE LAW JUDGE

15 Copies of the foregoing mailed and emailed  
16 this 24<sup>th</sup> day of April, 2015 to:

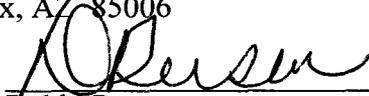
17 Dugan Lee McDonald, President  
18 Lake Verde Water Company, Inc.  
19 738 South Parks Drive  
Camp Verde, AZ 86322  
dbmcdonald78@gmail.com

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

20 Dugan Lee McDonald, President  
21 P.O. Box 2777  
22 Camp Verde, AZ 86322  
alan@verdelakeswater.com

COASH & COASH, INC.  
Court Reporting, Video and  
Videoconferencing  
1802 North 7<sup>th</sup> Street  
Phoenix, AZ 85006

23 Rick Zeise, Assistant Attorney General  
24 Arizona Office of Attorney General  
1275 West Washington Street  
Phoenix, AZ 85007  
rick.zeise@azag.gov

By:   
Debbi Person  
Assistant to Sarah N. Harpring

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

28