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OPEN MEETING AGENDA ITEM

BEFORE THE ARIZONA CORPORATION COMMISSION

2 COMMISSIONERS

3 SUSAN BITTER SMITH - Chairman  
4 BOB STUMP  
5 BOB BURNS  
6 DOUG LITTLE  
7 TOM FORESE

Arizona Corporation Commission  
**DOCKETED**

SEP 15 2015

DOCKETED BY 

2015 SEP 15 P 2:43

AZ CORP COMMISSION  
DOCKET CONTROL

8 IN THE MATTER OF THE APPLICATION OF  
9 UTILITY SOURCE, LLC, AN ARIZONA  
10 CORPORATION, FOR A DETERMINATION OF  
11 THE FAIR VALUE OF ITS UTILITY PLANTS  
12 AND PROPERTY AND FOR INCREASES IN ITS  
13 WATER AND WASTEWATER RATES AND  
14 CHARGES FOR UTILITY SERVICE BASED  
15 THEREON.

DOCKET NO. WS-04235A-13-0331

**ORIGINAL**

**PROCEDURAL ORDER**  
**(Schedules Hearing Dates)**

11 **BY THE COMMISSION:**

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

17 On February 17, 18, and 19, 2015, a full public hearing on the application was convened as  
18 scheduled, with the Company, the Commission’s Utilities Division (“Staff”), and the Residential  
19 Utility Consumer Office (“RUCO”) appearing through counsel, and Mr. Nielsen and Mr. Fallon  
20 appearing *pro se*.

21 On August 24, 2015, the Commission’s Hearing Division issued a Recommended Opinion  
22 and Order (“ROO”) recommending approval of an increase to the Company’s water and wastewater  
23 rates and charges, subject to certain terms and conditions.<sup>1</sup>

24 On September 8, 2015, at the scheduled Open Meeting, the Commission voted in favor of  
25 holding this matter over for further consideration. The Commission also directed the Hearing  
26

27  
28 <sup>1</sup> The procedural history for this case is more fully stated in the August 24, 2015 ROO, and is incorporated herein by reference.

1 Division to convene a procedural conference for the purposes of scheduling an additional evidentiary  
2 hearing and discussing the scope of that proceeding.

3 On September 8, 2015, a Procedural Order was issued scheduling a procedural conference to  
4 commence September 15, 2015.

5 On September 15, 2015, a procedural conference was held as scheduled, with the Company,  
6 Staff, and RUCO appearing through counsel, and Mr. Nielsen and Mr. Fallon appearing *pro se*.<sup>2</sup> At  
7 that time, a discussion occurred regarding the issues to be addressed at the additional evidentiary  
8 hearing as well as an appropriate procedural schedule to govern that proceeding. Consistent with  
9 those discussions, the following procedural schedule is reasonable and should be adopted.

10 IT IS THEREFORE ORDERED that the **parties** shall commence good faith **settlement**  
11 **discussions** on or after **September 21, 2015**.

12 IT IS FURTHER ORDERED that **any settlement agreement** reached by all parties shall be  
13 filed by **September 28, 2015**.

14 IT IS FURTHER ORDERED that **direct testimony** and associated exhibits **in support of**  
15 **any settlement agreement** shall be reduced to writing and filed on or before **October 6, 2015**.

16 IT IS FURTHER ORDERED that the **hearing on any settlement agreement** in the above-  
17 captioned matter shall commence on **October 14, 2015, at 10:00 a.m.**, at the Commission's offices,  
18 1200 West Washington Street, Hearing Room No. 1, Phoenix, Arizona 85007.

19 IT IS FURTHER ORDERED that, **in the event that no settlement agreement is reached,**  
20 **the Company shall file notice indicating no settlement no later than September 28, 2015.**

21 IT IS FURTHER ORDERED that, **in the event that no settlement agreement is reached,**  
22 **the hearing** in the above-captioned matter shall commence on **November 10, 2015, at 9:00 a.m.**, at  
23 the Commission's offices, 1200 West Washington Street, Hearing Room No. 1, Phoenix, Arizona  
24 85007, and shall continue, if necessary, on **November 12, 2015, at 9:00 a.m.**

25 IT IS FURTHER ORDERED that, **in the event that no settlement agreement is reached,**  
26 **the parties shall address the following issues at the hearing:**

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28 <sup>2</sup> Mr. Nielsen and Mr. Fallon attended telephonically.

- 1 • the 15 allegations of Company misconduct alleged by Mr. Nielsen and Mr. Fallon, as
- 2 enumerated in Mr. Nielsen's Reply Brief;<sup>3</sup>
- 3 • the economic hardship on the surrounding community if the rate increase proposed in
- 4 the ROO is adopted, including, but not limited to, any recommendation(s) to mitigate
- 5 that hardship;
- 6 • whether or not the Commission should authorize the Company to collect hook-up fees
- 7 in connection with future planned development in the Company's certificated area;
- 8 *and*
- 9 • the appropriate ratemaking treatment of the Company's standpipe operation, if
- 10 different from the parties' respective recommendations at the September 8, 2015,
- 11 Open Meeting.

12 IT IS FURTHER ORDERED that, **in the event that no settlement agreement is reached,**

13 **direct testimony** and any associated exhibits, addressing the foregoing issues, to be presented at

14 hearing on behalf of all parties shall be reduced to writing and filed on or before **October 20, 2015.**

15 IT IS FURTHER ORDERED that, **in the event that no settlement agreement is reached,**

16 **surrebuttal testimony** and any associated exhibits, addressing the foregoing issues, to be presented

17 at hearing on behalf of all parties shall be reduced to writing and filed on or before **November 3,**

18 **2015.**

19 IT IS FURTHER ORDERED that the **timeclock** for this matter remains suspended.

20 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized

21 Communications) continues to apply to this proceeding and shall remain in effect until the

22 Commission's Decision in this matter is final and non-appealable.

23 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules

24 31, 38, 42 and A.R.S. § 40-243 with respect to practice of law and admission *pro hac vice*.

25 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance

26 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Arizona

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28 <sup>3</sup> See Mr. Nielsen's Reply Brief (Apr. 17, 2015), pp. 9-11.

1 Supreme Court Rule 42). Representation before the Commission includes appearances at all hearings  
2 and procedural conferences, as well as all Open Meetings for which the matter is scheduled for  
3 discussion unless counsel has previously been granted permission to withdraw by the Administrative  
4 Law Judge or the Commission.

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

8 DATED this 15<sup>th</sup> day of September, 2015.

  
SCOTT M. HESLA  
ADMINISTRATIVE LAW JUDGE

11  
12 Copies of the foregoing mailed/delivered  
this 15<sup>th</sup> day of September, 2015, to:

13 Steve Wene  
14 MOYES SELLERS & HENDRICKS LTD.  
15 1850 North Central Avenue, Suite 1100  
Phoenix, AZ 85004  
Attorneys for Utility Source, LLC

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

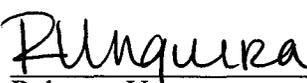
16 Daniel W. Pozefsky  
17 Chief Counsel  
18 Residential Utility Consumer Office  
1110 West Washington, Suite 220  
Phoenix, AZ 85007

Thomas Broderick, Director  
Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, AZ 85007

19 Erik Nielsen  
20 4680 N. Alpine Dr.  
21 PO Box 16020  
Bellemont, AZ 86015

COASH & COASH  
COURT REPORTING, VIDEO AND  
VIDEOCONFERENCING  
1802 North 7<sup>th</sup> Street  
Phoenix, AZ 85006

22 Terry Fallon  
23 4561 Bellemont Springs Drive  
Bellemont, AZ 86015

24 By:   
25 Rebecca Urquera  
26 Assistant to Scott M. Hesla