

ORIGINAL

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

DOUG LITTLE - Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

Arizona Corporation Commission

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AZ CORP. COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF ASH FORK DEVELOPMENT ASSOCIATION, INC., D/B/A ASH FORK WATER SERVICE FOR A RATE INCREASE.

DOCKET NO. W-01004B-15-0313

IN THE MATTER OF THE APPLICATION OF ASH FORK DEVELOPMENT ASSOCIATION, INC. D/B/A ASH FORD WATER SERVICE FOR APPROVAL OF A FINANCING APPLICATION.

DOCKET NO. W-01004B-15-0342

PROCEDURAL ORDER

BY THE COMMISSION:

On September 1, 2015, in Docket No. W-01004B-15-0313 ("Rate Docket"), Ash Fork Development Association, Inc. d/b/a Ash Fork Water Service ("Ash Fork" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for a permanent rate increase utilizing a test year ending December 31, 2014.

On September 30, 2015, in Docket No. W-01004B-15-0342 ("Financing Docket"), Ash Fork filed an application requesting authorization to incur long-term debt from the Water Infrastructure Finance Authority of Arizona ("WIFA") in an amount not to exceed \$150,000 for the purpose of constructing an arsenic treatment plant at Well No. 2.

On October 1, 2015, in the Rate Docket, the Commission's Utilities Division ("Staff") filed a Letter of Deficiency stating that the rate application did not meet the sufficiency requirements outlined in Arizona Administrative Code ("A.A.C.") R14-2-103.

On October 8, 2015, in both dockets, Ash Fork filed letters certifying that notices of the rate application and financing application were mailed to all customers of record by means of an insert in their October water bill.

On October 15, 2015, in the Rate Docket, Ash Fork filed an amendment to its rate application.

On October 27, 2015, in the Rate Docket, Staff filed a Letter of Sufficiency stating that the rate

1 application, as amended, had met the sufficiency requirements outlined in A.A.C. R14-2-103, and
2 classifying Ash Fork as a Class D Utility.

3 On December 9, 2015, Staff filed a Motion to Consolidate in each of the two dockets, requesting
4 a procedural order to consolidate the Rate Docket and Financing Docket. According to Staff, the issues
5 presented in both dockets are directly related and consolidation would conserve resources. The
6 Company did not file an objection to the motion.

7 On December 11, 2015, in the Rate Docket, Ash Fork filed an amendment to its rate application.

8 On December 21, 2015, a Procedural Order was issued consolidating the Rate Docket and
9 Financing Docket.

10 On January 11, 2016, Staff filed its Staff Report recommending approval of the applications,
11 subject to certain terms and conditions.

12 On January 25, 2016, Ash Fork filed its comments to the Staff Report and requested Staff to
13 provide a response thereto.

14 On February 4, 2016, a Procedural Order was issued directing Staff to file a response to the
15 Company's comments no later than February 19, 2016.

16 On February 19, 2016, Staff filed its Response to the Company's comments.

17 On March 25, 2016, the Administrative Law Judge assigned to this matter filed a Recommended
18 Opinion and Order ("ROO") for the Commission's consideration and final disposition at the Open
19 Meeting scheduled for April 12 and 13, 2016.

20 On April 11, 2016, Ash Fork filed a request to amend its rate application with 2015 year-end
21 financial data.

22 On April 12, 2016, a Procedural Order was issued scheduling a telephonic procedural
23 conference to commence on April 19, 2016.

24 On April 19, 2016, the telephonic procedural conference was held as scheduled, with Ash Fork
25 appearing through its Manager, Mr. Lewis Hume, and Staff appearing through counsel. At that time,
26 the parties discussed the procedural implications associated with updating the Company's test year in
27 the rate application. Staff informed Ash Fork that amending its current rate application with a 2015
28 test year would delay the implementation of new rates for six months or more due to the additional

1 time needed by Staff to review and analyze the updated financial information. As a result, Staff
2 recommended that the rate increase recommended in the ROO be adopted by the Commission at the
3 next scheduled Open Meeting and that the Company file a new rate application with updated financial
4 information. In response, Ash Fork stated that its Board of Directors fully considered the
5 recommendation of Staff, but ultimately decided that amending its current rate application was in the
6 best interests of the Company and its customers. Ash Fork further stated that it could provide the
7 updated financial information to Staff within two to three weeks.

8 The Board of Directors for Ash Fork made a fully informed decision that amending the current
9 rate application is in the best interests of the Company and its customers, despite the resulting delay in
10 the implementation of new rates. Under the circumstances, the request of Ash Fork to amend its rate
11 application with a 2015 test year is reasonable and appropriate and should be granted.

12 IT IS THEREFORE ORDERED the **request of Ash Fork** to amend its rate application with a
13 2015 test year is hereby **granted**.

14 IT IS FURTHER ORDERED that **Ash Fork** shall file, in this docket, an **amended rate**
15 **application** with a 2015 test year no later than **May 11, 2015**.

16 IT IS FURTHER ORDERED that **Ash Fork** shall provide **notice** of the amended rate
17 application to its customers, in a form and manner acceptable to Staff, no later than **May 18, 2015**.

18 IT IS FURTHER ORDERED that **Staff** shall review the amended rate application to ensure
19 that it meets the sufficiency requirements outlined in A.A.C. R14-2-103.

20 IT IS FURTHER ORDERED that **Staff** shall file its **updated Staff Report** no later than **sixty**
21 **(60) days** after Staff determines that the amended rate application meets the sufficiency requirements
22 outlined in A.A.C. R14-2-103.

23 IT IS FURTHER ORDERED that the **timeclock** for issuing a final Decision in this matter
24 remains **suspended**.

25 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules
26 31, 38, and 42 and Arizona Revised Statutes § 40-243 with respect to the practice of law and admission
27 *pro hac vice*.

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

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

10 DATED this 19th day of April, 2016.



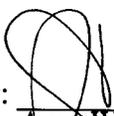
11
12 SCOTT M. HESLA
13 ADMINISTRATIVE LAW JUDGE

14 Copies of the foregoing mailed/delivered
this 19th day of April, 2016 to:

15 Lewis E. Hume
16 ASH FORK WATER SERVICE
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