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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

Arizona Corporation Commission AZ CORP COMMISSION

DOCKETED

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DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY FOR AN INCREASE OF AREA TO BE SERVED AT CENTRAL HEIGHTS, ARIZONA.

DOCKET NO. W-01445A-14-0305

PROCEDURAL ORDER (Directs A Filing)

BY THE COMMISSION:

On September 20, 1961, the Arizona Corporation Commission ("Commission") issued Decision No. 33424, granting Arizona Water Company ("AWC" or "Company") a Certificate of Convenience and Necessity ("CC&N") to serve various areas in Gila County, Arizona.

On August 18, 2014, the City of Globe ("Globe" or "City") filed a Petition to Amend Decision No. 33424 Pursuant to Arizona Revised Statutes ("A.R.S.") § 40-252, requesting that the Commission "correct Decision No. 33424" and remove portions of AWC's CC&N that the City states it has provided water service to since the early 1900s.

At the Commission's Staff Meeting on October 16, 2014, the Commissioners voted to reopen Decision No. 33424 pursuant to A.R.S. § 40-252 and instructed the Commission's Hearing Division to conduct further proceedings on the matter. As a party to Decision No. 33424, and pursuant to Arizona Administrative Code ("A.A.C.") R14-3-106(J), AWC is a party to this proceeding.

Since that time, five procedural conferences have been held, direct testimonies on behalf of AWC and Globe have been filed, and two Staff Reports have been docketed. Additionally, hearing dates have been set and then vacated at the parties' request.¹

On April 20, 2016, Globe and AWC filed a Status Update and Request for Telephonic Procedural Conference, attaching a copy of a signed settlement agreement and a joint proposed form of notice. The filing requested a telephonic procedural conference to discuss procedural steps in order

¹ For a more complete procedural history, please reference the April 27, 2016 Procedural Order.

1 to resolve the matter.

2 On April 27, 2016, by Procedural Order, a telephonic procedural conference was set for May
3 4, 2016.

4 On May 4, 2016, the telephonic procedural conference was held as scheduled with Globe,
5 AWC, and Staff each appearing through counsel. The parties discussed timeframes for an
6 informational session at Globe City Hall regarding the settlement agreement, potential hearing dates,
7 and the publication of notice. The parties stated that they did not believe either pre-filed testimony or
8 Staff testimony would be necessary. The parties further indicated that the transfer of water service
9 from Globe to AWC had already begun, and that continued action pursuant to the settlement agreement
10 would occur concurrent with the procedural schedule set forth in this matter. AWC and Globe were
11 directed to file a copy of the notice each party had mailed to the customers affected by the settlement
12 agreement. At the conclusion of the procedural conference, the parties were told that the proposals
13 would be taken under advisement for resolution in a Procedural Order.

14 On May 5, 2016, AWC and Globe filed copies of the notice letters sent to the customers affected
15 by the settlement agreement. The AWC notice letter for the U.S. Highway 60 Northern Disputed Area
16 does not state the rates that will apply. The AWC notice letter for the Arlington Heights Southern
17 Disputed Area customers provides new rates but does not compare those rates to current rates. The
18 Globe letter sent to the Arlington Heights Southern Disputed Area customers speaks to blocking sewer
19 lines and removing garbage containers for unpaid bills, without specifying whether those unpaid bills
20 could be AWC bills. The settlement agreement itself does not set forth the rates, charges, and terms of
21 services to apply in either the Northern or Southern Disputed Areas.

22 Because the specific rate impact on customers in the Northern and Southern Disputed Areas is
23 necessary in order to provide sufficient notice to the affected customers, the parties will be directed to
24 file information regarding the rates, charges, and terms of service applicable to customers in the
25 Northern and Southern Disputed Areas under the settlement agreement, along with the rates and
26 charges the affected customers are currently paying and the bill impacts that will result to customers in
27 each disputed area with average and median usage.

28 IT IS THEREFORE ORDERED that **the parties shall docket a filing, on or before May 13,**

1 **2016**, specifying the rates, charges, and terms of service applicable to customers in the Northern and
2 Southern Disputed Areas under the settlement agreement, along with the rates and charges the affected
3 customers are currently paying and the bill impacts that will result to customers in each disputed area
4 with average and median usage.

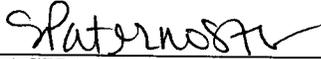
5 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
6 Communications) applies to this proceeding and shall remain in effect until the Commission's Decision
7 in this matter is final and non-appealable.

8 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules
9 31, 38, 39, and 42 and A.R.S. § 40-243 with respect to practice of law and admission *pro hac vice*.

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

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

19 DATED this 6th day of May, 2016.

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22 _____
SASHA PATERNOSTER
ADMINISTRATIVE LAW JUDGE

23 Copies of the foregoing mailed/delivered
this 6th day of May, 2016 to:

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