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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission 25FD

COMMISSIONERS

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF
DIVERSIFIED WATER UTILITIES, INC. TO
EXTEND ITS CERTIFICATE OF CONVENIENCE
AND NECESSITY IN PINAL COUNTY,
ARIZONA.

DOCKET NO. W-02859A-04-0844

PROCEDURAL ORDER

BY THE COMMISSION:

On July 30, 2007, an evidentiary hearing in the above-captioned matter was held before a duly authorized Administrative Law Judge ("ALJ") of the Arizona Corporation Commission ("Commission") at its offices in Phoenix, Arizona.

During the hearing, Diversified Water Utilities, Inc. ("Diversified") stated that the infrastructure for the requested Certificate of Convenience and Necessity ("CC&N") extension area would be financed through a combination of advances in aid of construction ("AIAC") and hook-up fees. When questioned by the ALJ, Diversified was unable to explain whether and how a developer's payment of hook-up fees might be impacted by the developer's payment of AIAC. Thus, the ALJ directed Diversified and the Commission's Utilities Division Staff ("Staff") to meet and discuss how Diversified will handle hook-up fees and AIAC collected to fund the infrastructure for the CC&N extension area. In addition, the ALJ directed Diversified and Staff to file a joint late-filed exhibit explaining the resolution of the issue, if resolution is reached, or explaining the position of each on the issue.

By Procedural Order issued October 11, 2007, Staff and Diversified were ordered to file, no later than November 1, 2007, a joint late-filed exhibit explaining how Diversified will handle hook-up fees and AIAC collected to fund the infrastructure for the CC&N extension area or, if Staff and Diversified were unable to reach resolution on the issue, explaining the position of each on the issue.

By teleconference held on November 1, 2007, counsel for Staff and Diversified requested to

1 have the due date for the late-filed exhibit extended to November 13, 2007, to allow them additional
2 time to work on resolving the issue.

3 By Procedural Order issued November 1, 2007, the due date for the joint late-filed exhibit was
4 extended to November 13, 2007.

5 On November 13, 2007, Diversified filed a late-filed exhibit stating that:

6 1. Diversified had concluded that its hook-up fee tariff is no longer appropriate for
7 Diversified;

8 2. Diversified will file a separate application to terminate its hook-up fee tariff, rendering
9 the hook-up fee/AIAC issue moot in this proceeding;

10 3. Staff concurs that terminating the hook-up fee tariff will render the hook-up fee/AIAC
11 issue moot in this proceeding;

12 4. Diversified believes that it is unnecessary to address the hook-up fee/AIAC issue in
13 this matter as it will be rendered moot upon termination of Diversified's hook-up fee tariff; and

14 5. Staff does not object to Diversified's position.

15 Staff did not join in Diversified's late-filed exhibit. Diversified's new position, as explained
16 in its late-filed exhibit, is not consistent with Diversified's Second Amended Application, on which
17 the Staff Report in this matter was based, or with Diversified's evidence and testimony presented at
18 the evidentiary hearing on this matter.

19 It cannot currently be determined how Staff's recommendations in the Staff Report may be
20 affected by Diversified's new position, whether Staff believes that it is appropriate for Diversified to
21 terminate its hook-up fee tariff, or whether Staff believes that it is appropriate for Diversified to fund
22 the infrastructure for the CC&N extension area only through AIAC.

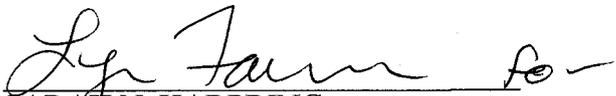
23 IT IS THEREFORE ORDERED that Staff shall, **no later than November 26, 2007**, file a
24 response to Diversified's late-filed exhibit explaining how Staff's recommendations in the Staff
25 Report are affected by Diversified's new position, whether Staff believes that it is appropriate for
26 Diversified to terminate its hook-up fee tariff, and whether Staff believes that it is appropriate for
27 Diversified to fund the infrastructure for the CC&N extension area only through AIAC. If Staff has
28 new recommendations as a result of Diversified's new position, Staff shall include them in its

1 response.

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

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 16th day of November, 2007.

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10 
11 SARAH N. HARPRING
12 ADMINISTRATIVE LAW JUDGE

13 The foregoing was mailed/delivered
this 16th day of November, 2007 to:

14 William P. Sullivan
15 CURTIS, GOODWIN, SULLIVAN, UDALL
& SCHWAB, PLC
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23
24 By: 
25 Debra Broyles
Secretary to Sarah N. Harpring

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27
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