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BEFORE THE ARIZONA CORPORATION COMMISSION

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MARC SPITZER, Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
MIKE GLEASON  
KRISTIN K. MAYES

AZ CORP COMMISSION  
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS SUN CITY WEST WATER AND WASTEWATER DISTRICTS.

DOCKET NO. WS-01303A-02-0867

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS SUN CITY WATER AND WASTEWATER DISTRICTS.

DOCKET NO. WS-01303A-02-0868

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS MOHAVE WATER DISTRICT AND ITS HAVASU WATER DISTRICT.

DOCKET NO. W-01303A-02-0869

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS ANTHEM WATER DISTRICT, ITS AGUA FRIA WATER DISTRICT, AND ITS ANTHEM/AGUA FRIA WASTEWATER DISTRICT.

DOCKET NO. WS-01303A-02-0870

Arizona Corporation Commission

DOCKETED

FEB 11 2004

DOCKETED BY

1 IN THE MATTER OF THE APPLICATION OF  
2 ARIZONA-AMERICAN WATER COMPANY,  
3 INC., AN ARIZONA CORPORATION, FOR A  
4 DETERMINATION OF THE CURRENT FAIR  
5 VALUE OF ITS UTILITY PLANT AND  
6 PROPERTY AND FOR INCREASES IN ITS  
7 RATES AND CHARGES BASED THEREON FOR  
8 UTILITY SERVICE BY ITS TUBAC WATER  
9 DISTRICT.

**PROCEDURAL ORDER**

**BY THE COMMISSION:**

7 On November 22, and December 13, 2002, Arizona-American Water Company, Inc.  
8 (“Arizona-American” or “Company”) filed with the Arizona Corporation Commission  
9 (“Commission”) applications in the above-captioned dockets for rate increases in the Applicant’s  
10 water and wastewater districts.

11 A hearing on the consolidated applications was held as scheduled, concluding on December  
12 23, 2004. A post-hearing briefing schedule was set, with initial closing briefs due February 4, 2004,  
13 and reply briefs due February 18, 2004.

14 On February 4, 2004, Arizona-American filed, along with its initial closing brief, a Motion to  
15 Supplement the Record to Include Illustrative Schedules on Inverted-Block Rate Design (“Motion”).  
16 The rate design schedules in question were filed as an exhibit to the Company’s initial closing brief  
17 and addressed therein. The Motion states that while the Company believes it is unnecessary to  
18 address the rate design for its water districts in this proceeding, the Company developed the inverted-  
19 block rate design schedules in response to Commissioner Mundell’s comments to the Company on  
20 the first day of the hearing. The Motion further states that it provided the inverted-block rate design  
21 schedules to the other parties to this proceeding on January 27, 2004.

22 The initial reply briefs filed on February 4, 2004 by the Town of Youngtown, Sun Health  
23 Corporation, and Mr. Frank Grimmelman all acknowledge, without objection, Arizona-American’s  
24 inverted-block rate design schedules. Staff stated in its February 4, 2004 initial closing brief that it  
25 has no objection to the admission of the Company’s updated rate structure, but that Staff would  
26 reserve the right to address it, and to provide its own updated rate design proposal, in its reply brief.

27 On February 6, 2004, the Residential Utility Consumer Office (“RUCO”) filed a Response to  
28

1 Arizona-American's Motion. RUCO states that it generally opposes the admission of evidence after  
2 the close of the record because there is no opportunity for cross-examination and offering of rebuttal  
3 evidence. RUCO further states, however, that it respects the Company's desire to offer an alternative  
4 rate design in response to the Commissioner's comments at the commencement of the hearing, and  
5 that given the timing of the comments, the late filing of a supplemental rate design appears  
6 appropriate in this case. RUCO asserts that while it should not be required to waive the process to  
7 which it is otherwise entitled, it intends to respond to the supplemental rate design in its reply brief,  
8 and is therefore not requesting additional process.

9       On February 9, 2004, the Commission's Utilities Division Staff ("Staff") filed a Response to  
10 Arizona-American's Motion. Staff's Response states that given the unusual circumstances, Staff  
11 does not oppose Arizona-American's Motion as long as all other parties will have the opportunity to  
12 supplement the record with their responses to the schedules in their own briefs, and that counsel for  
13 the Company indicated to Staff that it does not oppose such responses.

14       No other responses to the Motion have been filed.

15       Under the circumstances, Arizona-American's request for leave to supplement the record to  
16 include illustrative schedules on inverted-block rate design is reasonable and should be granted. The  
17 other parties to this proceeding should likewise be allowed to supplement the record in response. No  
18 parties have requested additional time to respond to the Company's inverted-block rate design  
19 schedules. A response to the inverted-block rate design schedules in reply briefs, as indicated by  
20 Staff and RUCO, is reasonable.

21       IT IS THEREFORE ORDERED that the February 4, 2004 Motion to Supplement the Record  
22 to Include Illustrative Schedules on Inverted-Block Rate Design filed by Arizona-American Water  
23 Company, Inc. is hereby granted.

24       IT IS FURTHER ORDERED that those parties wishing to respond to the inverted-block rate  
25 design schedules and related issues raised in Arizona-American Water Company, Inc.'s February 4,  
26 2004 Motion shall respond thereto in their February 18, 2004 closing briefs.

27 ...

28 ...

1 IT IS FURTHER ORDERED that the ex parte rule remains in effect.

2 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive  
3 any portion of this Procedural Order by subsequent Procedural Order.

4 DATED this 11<sup>th</sup> day of February 2004.

5  
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7 TEENA WOLFE  
8 ADMINISTRATIVE LAW JUDGE

9 Copies of the foregoing mailed/delivered  
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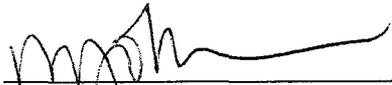
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16 Molly Johnson  
17 Secretary to Teena Wolfe

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