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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, 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 PARADISE VALLEY WATER DISTRICT.

DOCKET NO. W-01303A-05-0405

PROCEDURAL ORDER

BY THE COMMISSION:

On June 3, 2005, as amended on June 17, 2005. Arizona-American Water Company ("Arizona-American" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for a determination of the current fair value of its utility plant and property and for increases in its rates and charges for utility service based thereon for utility service by its Paradise Valley Water District.

On July 18, 2005, the Commission's Utilities Division Staff ("Staff") filed a letter stating that the Company's application met the sufficiency requirements set forth in A.A.C. R14-2-103, and classifying the Company as a Class A utility.

On August 1, 2005, the Residential Utility Consumer Office ("RUCO") filed an Application to Intervene. No objections to the intervention request were filed.

Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern the preparation and conduct of this proceeding.

IT IS THEREFORE ORDERED that the hearing in the above-captioned matter shall commence on March 27, 2006, at 10:00 a.m., or as soon thereafter as is practical, at the Commission's offices, 1200 West Washington Street, Arizona 85007.

IT IS FURTHER ORDERED that a pre-hearing conference shall be held on March 20, 2006, at 10:00 a.m., at the Commission's offices, for the purpose of scheduling witnesses and the

1 conduct of the hearing.

2 IT IS FURTHER ORDERED that the Staff Report and/or any testimony and associated
3 exhibits to be presented at hearing on behalf of Staff shall be reduced to writing and filed on or before
4 January 16, 2006.

5 IT IS FURTHER ORDERED that any testimony and associated exhibits to be presented at
6 hearing on behalf of intervenors shall be reduced to writing and filed on or before January 16, 2006.

7 IT IS FURTHER ORDERED that any rebuttal testimony and associated exhibits to be
8 presented at hearing by the Company shall be reduced to writing and filed on or before February 13,
9 2006.

10 IT IS FURTHER ORDERED that any surrebuttal testimony and associated exhibits to be
11 presented by Staff or intervenors shall be reduced to writing and filed on or before March 6, 2006.

12 IT IS FURTHER ORDERED that any rejoinder testimony and associated exhibits to be
13 presented at the hearing on behalf of the Company shall be reduced to writing and filed on or before
14 March 16, 2006.

15 IT IS FURTHER ORDERED **that all filings shall be made by 4:00 p.m. on the date the**
16 **filing is due, unless otherwise indicated.**

17 IT IS FURTHER ORDERED that any objections to any testimony or exhibits which have
18 been prefiled as of March 20, 2006, shall be made before or at the March 20, 2006 pre-hearing
19 conference.

20 IT IS FURTHER ORDERED that all testimony filed shall include a table of contents which
21 lists the issues discussed.

22 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to
23 pre-filed testimony shall be reduced to writing and filed no later than five days before the witness is
24 scheduled to testify.

25 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the
26 pre-filed testimony of each of their witnesses and shall file each summary at least two working days
27 before the witness is scheduled to testify.

28

1 IT IS FURTHER ORDERED that copies of summaries should be served upon the Presiding
2 Administrative Law Judge, the Commissioners, and the Commissioners' aides as well as the parties
3 of record.

4 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
5 except that all motions to intervene must be filed on or before December 16, 2005.

6 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
7 regulations of the Commission, except that: any objection to discovery requests shall be made within
8 7 days¹ of receipt and responses to discovery requests shall be made within 10 days of receipt;
9 thereafter, objections to discovery requests shall be made within 5 days and responses shall be made
10 within 7 days of receipt. The response time may be extended by mutual agreement of the parties
11 involved if the request requires an extensive compilation effort. No discovery requests shall be
12 served after March 20, 2006.

13 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
14 discovery, any party seeking discovery may telephonically contact the Commission's Hearing
15 Division to request a date for a procedural hearing to resolve the discovery dispute; that upon such a
16 request, a procedural hearing will be convened as soon as practicable; and that the party making such
17 a request shall contact all other parties to advise them of the hearing date and shall at the procedural
18 hearing provide a statement confirming that the other parties were contacted.²

19 IT IS FURTHER ORDERED that any motions filed in this matter that are not ruled upon by
20 the Commission within 10 days of the filing date of the motion shall be deemed denied.

21 IT IS FURTHER ORDERED that any responses to motions shall be filed within five days of
22 the filing date of the motion.

23 IT IS FURTHER ORDERED that any replies shall be filed within five days of the filing date
24 of the response.

25 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in
26 this matter, in the following form and style, with the heading in no less than 18 point bold type and

27 ¹ "Days" means calendar days.

28 ² The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before seeking Commission resolution of the controversy.

1 the body in no less than 10 point regular type:

2
3 **PUBLIC NOTICE OF HEARING ON THE**
4 **RATE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY FOR ITS**
5 **PARADISE VALLEY WATER DISTRICT**
6 **(DOCKET NO. W-01303A-05-0405)**

7 On June 3, 2005, as amended on June 17, 2005, Arizona-American Water Company
8 (“Company”) filed with the Arizona Corporation Commission (“Commission”) an
9 application for an increase in operating income of approximately 5.48 percent
10 (\$278,000) for its Paradise Valley Water District. The Company’s request would
11 increase average 5/8-inch and 3/4-inch residential customers’ base rates by
12 approximately 9 percent. The Company is also seeking the Commission’s approval of:
13 a public safety surcharge for investments by the Company related to improvement of
14 fire flow facilities; an arsenic cost recovery mechanism for investments required by
15 the Company to comply with federal water arsenic reduction requirements; and
16 approval of a conservation surcharge that would be imposed for usage in the highest
17 consumption block. The actual amount of the Company’s proposed rate increase
18 varies depending on the customer’s usage and the zone in which the customer is
19 located. The Commission’s Staff has not yet made its recommendation regarding the
20 Company’s rate proposals, and the Commission will determine the appropriate rate
21 relief to be granted based on the evidence of record in this proceeding. The
22 Commission is not bound by the proposals made by the Company, Staff, or any
23 intervenors and, therefore, the final rates approved in this docket may be lower or
24 higher than the rates described above. Copies of the application and proposed tariffs
25 are available at the Company’s offices [insert address] and the Commission's offices
26 for public inspection during regular business hours.

27 The Commission will hold a hearing on this matter beginning **March 27, 2006, at**
28 **10:00 a.m.**, at the Commission’s offices, 1200 West Washington, Phoenix, Arizona.
Public comments will be taken on the first day of the hearing.

The law provides for an open public hearing at which, under appropriate
circumstances, interested parties may intervene. Intervention shall be permitted to any
person entitled by law to intervene and having a direct and substantial interest in the
matter. Persons desiring to intervene must file a written motion to intervene with the
Commission no later than **December 16, 2005**. The motion to intervene must be sent
to the Company or its counsel and to all parties of record, and must contain the
following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different from the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer of the Company, a shareholder of the Company, etc.).
3. A statement certifying that a copy of the motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

1 The granting of intervention, among other things, entitles a party to present sworn
2 evidence at the hearing and to cross-examine other witnesses. However, failure to
3 intervene will not preclude any interested person or entity from appearing at the
4 hearing and providing public comment on the application or from filing written
5 comments in the record of the case. You will not receive any further notice of this
6 proceeding unless you request it.

7 If you have any questions about this application, wish to file written comments on the
8 application, or want further information on intervention, you may contact the
9 Consumer Services Section of the Commission at 1200 West Washington Street,
10 Phoenix, Arizona 85007, or call 1-800-222-7000.

11 The Commission does not discriminate on the basis of disability in admission to its
12 public meetings. Persons with a disability may request a reasonable accommodation
13 such as a sign language interpreter, as well as request this document in an alternative
14 format, by contacting the ADA Coordinator, Linda Hogan, at LHogan@azcc.gov.,
15 voice phone number 602/542-3931. Requests should be made as early as possible to
16 allow time to arrange the accommodation.

17 IT IS FURTHER ORDERED that the Company shall mail to each of its customers a copy of
18 the above notice as a bill insert beginning with the first billing cycle in September 2005, and shall
19 cause the above notice to be published at least once in a newspaper of general circulation in its
20 service territory, with publication to be completed no later than October 14, 2005.

21 IT IS FURTHER ORDERED that Company shall file certification of mailing/publication as
22 soon as practicable after the mailing/publication has been completed.

23 IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing/publication
24 of same, notwithstanding the failure of an individual customer to read or receive the notice.

25 IT IS FURTHER ORDERED that the Residential Utility Consumer Office is hereby granted
26 intervention.

27 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
28 Communications) applies to this proceeding as the matter is now set for public hearing.

IT IS FURTHER ORDERED that all parties must comply with Rule 33 (c) and (d) of the
Rules of the Arizona Supreme Court with respect to practice of law and admission pro hac vice.

IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
Rules of the Arizona Supreme Court). Representation before the Commission includes the obligation
to appear at all hearings and procedural conferences, as well as all Open Meetings for which the

1 matter is scheduled for discussion, unless counsel has previously been granted permission to
2 withdraw by the Administrative Law Judge.

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

6 Dated this 15th day of August, 2005

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8 

9 _____
10 DWIGHT D. NODES
11 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

12 Copies of the foregoing mailed/delivered
13 this 15 day of August, 2005 to:

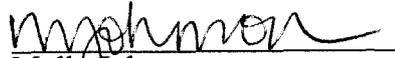
14 Craig A. Marks
15 Arizona-American Water Company
16 101 Corporate Center
17 19820 North 7th Street, Ste. 201
18 Phoenix, AZ 85024

19 Scott S. Wakefield
20 RUCO
21 1110 West Washington Street, Ste. 220
22 Phoenix, AZ 85007

23 Christopher Kempley, Chief Counsel
24 Legal Division
25 ARIZONA CORPORATION COMMISSION
26 1200 West Washington Street
27 Phoenix, AZ 85007

28 Ernest G. Johnson, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, AZ 85007

ARIZONA REPORTING SERVICE, INC.
2627 N. Third Street, Ste. Three
Phoenix, Arizona 85004-1104

26
27 By: 
28 Molly Johnson
Secretary to Dwight D. Nodes