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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION)	DOCKET NO.
OF ARIZONA-AMERICAN WATER COMPANY,)	W-01303A-01-0983
INC. FOR A COMPLETE WAIVER OF)	
PUBLIC UTILITY HOLDING COMPANIES)	
AND AFFILIATED INTERESTS RULES)	
(A.A.C. R14-2-801 ET SEQ.) AND)	
RELATED RELIEF.)	PREHEARING
)	CONFERENCE

At: Phoenix, Arizona

Date: August 2, 2002

Filed: **AUG 16 2002**

REPORTER'S TRANSCRIPT OF PROCEEDINGS

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1 BE IT REMEMBERED that the above-entitled and
2 numbered matter came on regularly to be heard before
3 the Arizona Corporation Commission, 1200 West
4 Washington Street, Phoenix, Arizona, commencing at
5 1:30 p.m. on the 2nd day of August, 2002.

6 BEFORE: TEENA WOLFE, Administrative Law Judge
7

8 APPEARANCES:

9 JANET WAGNER, Attorney, Legal Division,
10 on behalf of Staff of the Arizona
Corporation Commission;

11 FENNEMORE CRAIG By: MR. JAY SHAPIRO,
12 Attorney, on behalf of Arizona-American
Water Company;

13 GALLAGHER & KENNEDY By: MR. MICHAEL GRANT,
14 Attorney, on behalf RWA and Thames.

15 MICHELE E. BALMER
16 Certified Court Reporter
Certificate No. 50489

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1 ALJ WOLFE: We'll go on the record now. The
2 Arizona Corporation Commission has set for prehearing
3 conference at this time and place Docket No.
4 W-01303A-01-0983 in the matter of the application of
5 Arizona-American Water Company, Inc. for a limited
6 waiver of the requirements of A.A.C. R14-2-801 et seq.,
7 and certain related relief.

8 My name is Teena Wolfe, and I'm the
9 Administrative Law Judge who is assigned to this
10 proceeding.

11 I'll take appearances now, beginning with the
12 Applicant.

13 MR. SHAPIRO: Thank you, Your Honor. Jay
14 Shapiro on behalf of the Applicant, Arizona-American
15 Water Company.

16 ALJ WOLFE: And Staff?

17 MS. WAGNER: Janet Wagner appearing on behalf
18 of Commission Staff.

19 MR. GRANT: Ms. Wolfe, Michael Grant of
20 Gallagher & Kennedy. We represent RWA and Thames. We
21 are not an intervenor in this proceeding, although
22 Mr. McGivern of Thames will be testifying as part of
23 Arizona-American's case.

24 ALJ WOLFE: Okay. Thank you, Mr. Grant.

25 First of all, the May 14th, 2002 procedural

1 order set a deadline of today at this time for
2 objections to prefiled testimony and exhibits.

3 Are there any such objections?

4 MR. SHAPIRO: No, Your Honor.

5 MS. WAGNER: No, Your Honor.

6 ALJ WOLFE: Okay. Let's just go through the
7 witnesses who prefiled testimony.

8 Mr. Shapiro, I see you have two witnesses.

9 B. Kent Turner and James McGivern.

10 MR. SHAPIRO: That is correct.

11 ALJ WOLFE: Okay. And Staff, you have Darron
12 Carlson, Joel Reiker, and John Chelus.

13 MS. WAGNER: That's correct.

14 ALJ WOLFE: And will any of those three
15 witnesses be providing surrebuttal testimony at
16 hearing?

17 MS. WAGNER: Yes. At least two will. At least
18 Mr. Carlson and Mr. Reiker will be providing some form
19 of surrebuttal or comments on the prefiled testimony of
20 the company.

21 ALJ WOLFE: Okay. And Ms. Wagner, do you have
22 any estimates at this time as to how long that would
23 be?

24 MS. WAGNER: I don't. I would be surprised if
25 either witness would take longer than 15 minutes.

1 ALJ WOLFE: Okay. And Mr. Shapiro, based on
2 the fact that Staff will be providing surrebuttal
3 testimony at the hearing, do you wish to reserve time
4 for your witnesses to provide rejoinder testimony?

5 MR. SHAPIRO: Your Honor, yes. Obviously,
6 we'll hope that that's not necessary and that the
7 issues will be covered both through our direct case and
8 our cross examination case. To the extent that we are
9 unable to do that, we may request leave to recall
10 Mr. Turner or Mr. McGivern, or, I guess, in the unusual
11 circumstance a different witness, although we don't
12 expect that to be the case.

13 ALJ WOLFE: Okay. And about the order of
14 witnesses, Mr. Shapiro, which of your witnesses would
15 be going first?

16 MR. SHAPIRO: We'll expect to call Mr. Turner
17 followed by Mr. McGivern.

18 ALJ WOLFE: And Ms. Wagner, what do you
19 anticipate the order of witnesses to be?

20 MS. WAGNER: Right now I anticipate calling
21 Mr. Carlson first, followed by Mr. Chelus, followed by
22 Mr. Reiker.

23 ALJ WOLFE: Okay. Do either of the parties
24 anticipate that we'll need more than one day for
25 hearing?

1 MR. SHAPIRO: No, Your Honor.

2 MS. WAGNER: I would be very surprised if we
3 needed more than one day.

4 ALJ WOLFE: Then I won't go through the
5 exercise of how much cross examination for each
6 witness, unless the parties want to know that.

7 MS. WAGNER: I am kind of curious what
8 Mr. Shapiro has in mind of Staff's witnesses.

9 ALJ WOLFE: Okay. Mr. Shapiro, do you -- I
10 should ask Staff first how much cross examination you
11 anticipate for Mr. Turner.

12 MS. WAGNER: For Mr. Turner approximately 40
13 minutes to one hour, and for Mr. McGivern between 15 to
14 30 minutes.

15 ALJ WOLFE: Mr. Shapiro, do you have estimates?

16 MR. SHAPIRO: Yeah. And I apologize these
17 estimates will be probably a little broad as we are
18 still in the process of attempting to narrow some of
19 the issues.

20 I would say for Mr. Carlson no less than 30
21 minutes and no more than two hours, and I expect it
22 will be closer to about an hour.

23 For Mr. Chelus, although these engineers always
24 get off easy and I can't wait until the day I can cross
25 examination one for three hours, I would be surprised

1 if we had more than five minutes for Mr. Chelus.
2 Hopefully he's the one listening.

3 And for Mr. Reiker probably 15 to 30 minutes.

4 ALJ WOLFE: Okay. I would like to just make
5 some comments about opening and closing statements.
6 Opening and closing statements are discretionary,
7 optional, but I would like to have closing briefs after
8 the hearing. And I'll leave it to the parties whether
9 you feel that simultaneous briefs would be sufficient,
10 or whether you would prefer to have initial and reply
11 briefs.

12 And these briefs don't need to be extensive,
13 but they should address all of the issues in the case.
14 And because I'm relying on the briefs to prepare my
15 proposed order, I'll assume that if an issue is not
16 briefed that the issue has been waived.

17 That being said, I don't want pages and pages
18 on each issue. Just a simple statement of what the
19 issue is, what the party's position is on the issue,
20 and why the party has that issue.

21 So that being said, then what we need to look
22 at probably is a date that everyone can agree on for
23 the briefing.

24 Let's go off the record for a minute. I just
25 got a note that they can't hear on the listen line. I

1 don't know if there's anything I can do about it.

2 (A brief recess was taken.)

3 ALJ WOLFE: Let's go back on the record.

4 We were talking about a date for the briefs. I
5 was looking at 10 days after the hearing. 10 business
6 days after the hearing is the 29th. So I would assume
7 that would be the first possible day for briefs.

8 Do the parties have a position?

9 MR. SHAPIRO: The hearing is the 8th.

10 ALJ WOLFE: Oh, the 22nd is the 10 days.

11 MR. SHAPIRO: No. The 22nd is fine, Your
12 Honor. And while we were taking a break, I think we
13 conferred and Staff and the company would agree to just
14 file simultaneous briefs, if that's okay with you.

15 MS. WAGNER: Yes. That's fine. I do have a
16 question about the 22nd. Will that allow time for
17 obtaining the transcript?

18 ALJ WOLFE: I thought that's what I meant to
19 say is that the transcript won't be available until the
20 22nd. That's 10 working days. So that would be a
21 starting point to decide when the briefs could be
22 filed.

23 MS. WAGNER: Could we have perhaps two weeks
24 after the --

25 ALJ WOLFE: That's reasonable to me. If that

1 would be acceptable, that would make it on September
2 5th.

3 MR. SHAPIRO: Yeah. That's after Labor Day.
4 That would be fine.

5 ALJ WOLFE: And as late as the 12th would be
6 fine with me, too. Because that would allow enough
7 time to go on the October Open Meeting.

8 MR. SHAPIRO: Might I suggest we just do the
9 end of the week that includes Labor Day. That Friday.
10 I'm not sure what day that is.

11 ALJ WOLFE: That's September 6th.

12 MS. WAGNER: So that's the Friday before Labor
13 Day?

14 MR. SHAPIRO: Friday after Labor Day.

15 MS. WAGNER: Friday after. September 6th.
16 That's fine.

17 ALJ WOLFE: Okay. Are there any other
18 procedural matters that the parties would like to
19 address while we're here today?

20 MS. WAGNER: I don't believe so.

21 MR. SHAPIRO: None that we're aware of, Your
22 Honor.

23 ALJ WOLFE: Okay. Well, that concludes our
24 procedural conference, and I'll see you next Thursday.
25 Unless, of course -- well, I'll see you anyway, but

1 maybe there will be a settlement agreement filed
2 between now and then.

3 MS. WAGNER: You never know.

4 ALJ WOLFE: Thank you.

5 (The Prehearing Conference concluded at
6 1:42 p.m.)

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STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

I, MICHELE E. BALMER, Certified Court Reporter
No. 50489 for the State of Arizona, do hereby certify
that the foregoing printed pages constitute a full,
true and accurate transcript of the proceedings had in
the foregoing matter, all done to the best of my skill
and ability.

WITNESS my hand this 15th day of August, 2002.

Michele E. Balmer
MICHELE E. BALMER
Certified Court Reporter
Certificate No. 50489