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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION
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2 WILLIAM A. MUNDELL
 3 CHAIRMAN
 4 JIM IRVIN
 5 COMMISSIONER
 6 MARC SPITZER
 7 COMMISSIONER

8 IN THE MATTER OF THE JOINT APPLICATION
 9 OF SUN CITY WATER COMPANY AND SUN
 10 CITY WEST UTILITIES COMPANY FOR
 11 APPROVAL OF CENTRAL ARIZONA PROJECT
 12 WATER UTILIZATION PLAN AND FOR AN
 13 ACCOUNTING ORDER AUTHORIZING A
 14 GROUNDWATER SAVINGS FEE AND
 15 RECOVERY OF DEFERRED CENTRAL
 16 ARIZONA PROJECT EXPENSES.

DOCKET NO. W-01656A-98-0577
 DOCKET NO. SW-02334A-98-0577

PROCEDURAL ORDER

BY THE COMMISSION:

11 On February 1, 2000, the Arizona Corporation Commission ("Commission") issued Decision
 12 No. 62293 approving the concept of Citizens Communications Company's ("Citizens") Groundwater
 13 Savings Project for its Sun City Water Company ("Sun City Water") and Sun City West Utility
 14 Company ("Sun City West"), and approving the reasonable and prudent costs associated with the
 15 completion of the preliminary design/updated cost estimate. Decision No. 62293 required Citizens to
 16 file the results of the completion of the preliminary design/updated cost estimate within six months of
 17 the effective date of the Decision including: a) the feasibility of a joint facility with the Agua Fria
 18 Division including the timeframe for any such joint facility; b) the need for all major elements of its
 19 proposed plan (e.g., storage and booster stations); and c) binding commitments from golf courses,
 20 public and private, and the terms and conditions related thereto.

21 Decision No. 62293 gave Commission Staff and other parties 60 days to comment or object to
 22 the preliminary design/updated cost estimates, gave Citizens an opportunity to file responsive
 23 comments, and provided that the Hearing Division would set the matter for hearing or submit a
 24 recommended Opinion and Order for Commission consideration.

25 On August 1, 2000 Sun City Water and Sun City West (the "Companies") filed the
 26 results of the completion of the preliminary design/updated cost estimate of the Groundwater Savings
 27 Project ("Preliminary Engineering Report"). The Companies filed copies of the Binding Agreements
 28

1 on October 31, 2000.

2 The Sun City Taxpayers Association ("SCTA"), the Residential Utility Consumer
3 Office ("RUCO"), CAP Task Force ("Task Force"), Arizona Utility Investors Association ("AUIA")
4 and Commission Staff filed comments or responsive comments. The Companies filed responsive
5 comments.

6 On January 10, 2001, SCTA filed a Motion To Strike the comments of the AUIA and Task
7 Force because Decision No. 62293 did not provide for them to be filed and they are inappropriate and
8 unfair to the parties. Also on January 10, 2001, SCTA filed a Request for Hearing, claiming that a
9 hearing is necessary to resolve the myriad of issues raised by the parties disputing the Preliminary
10 Engineering Report and appropriateness of Citizens' proposal premised thereon. SCTA argued that
11 the purpose of requiring the Preliminary Engineering Report and submittal of the contracts with the
12 golf courses was to allow the Commission to fully and fairly evaluate whether the actual proposal and
13 contracts offered by Citizens are prudent when the costs to ratepayers are balanced against the indirect
14 benefits they will receive.

15 On January 18, 2001, the Companies filed a Response to the Request for Hearing. The
16 Companies argued that SCTA's Request for Hearing is, in effect, an attempt to impermissibly
17 relitigate the Commission's prior Decisions and that the Hearing Division can issue an Order
18 approving the Preliminary Engineering Report without a hearing.

19 The parties vehemently disagree on what the next appropriate action of the Commission
20 should be. Staff, which has stated the Preliminary Engineering Report costs are reasonable, is on the
21 record as stating that the Companies have not fully complied with Decision No. 62293. Other parties
22 appear to dispute the reasonableness of the Preliminary Engineering Report. Decision No. 62293
23 states that the Commission approves the concept of the Groundwater Savings Project and the
24 associated reasonable and prudent costs, but it requires the Companies to file a completed preliminary
25 design/updated cost estimate and provides that the Hearing Division submit an Opinion and Order.
26 The Decision does not require the Hearing Division to conduct an evidentiary hearing. It appears a
27 Procedural Conference to address SCTA's Motion For a Hearing would help clarify the intent of
28 Decision No. 62293 concerning the need for a hearing on whether the costs of the Groundwater

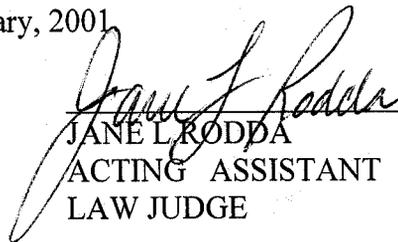
1 Savings Project are reasonable and prudent. The Procedural Conference will not be an evidentiary
2 hearing, but an opportunity for oral argument concerning the Motion for Hearing and whether the
3 Companies have fully complied with Decision No. 62293 as raised by Staff in its comments filed
4 November 17, 2000.

5 Although the Responsive Comments filed by the AUIA and Task Force were not specifically
6 authorized in Decision No. 62293, they do not prejudice SCTA. Consequently, SCTA's Motion to
7 Strike should be denied.

8 IT IS THEREFORE ORDERED that a Procedural Conference for the purpose of oral
9 argument on SCTA's Motion for Hearing shall commence on February 1, 2001 at 1:30 p.m. at the
10 Commission's offices at 1200 West Washington, Phoenix, Arizona.

11 IT IS FURTHER ORDERED that SCTA's Motion To Strike is denied.

12
13 DATED this 25th day of January, 2001

14 
15 JANE L. RODDA
16 ACTING ASSISTANT CHIEF ADMINISTRATIVE
17 LAW JUDGE

17 Copies of the foregoing mailed
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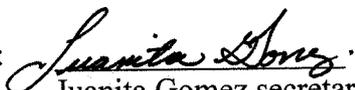
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