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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

COMMISSIONERS

2006 OCT -5 P 3: 20

DOCKETED

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

AZ CORP COMMISSION
DOCUMENT CONTROL

OCT 05 2006

DOCKETED BY [Signature]

DOCKET NO. WS-01303A-06-0491

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 SUN CITY WASTEWATER AND SUN CITY WEST WASTEWATER DISTRICTS.

RATE CASE
PROCEDURAL ORDER

BY THE COMMISSION:

On July 28, 2006, Arizona-American Water Company ("Arizona-American" or "Company") filed an application with the Arizona Corporation Commission ("Commission") for an increase in its rates for utility service by its Sun City Wastewater and Sun City West Wastewater Districts.

On August 10, 2006, Arizona-American docketed a Notice of Filing Revised Application, Revised Testimony, and Revised Schedules.

On August 14, 2006, Arizona-American filed a Withdrawal of August 10, 2006 Filing, and a Notice of Filing Revised A-2, A-5, F-1, and F-2 Schedules (Sun City West Wastewater).

On August 14, 2006, Arizona-American docketed a Notice of Filing Revised D-1 and D-2 Schedules.

On August 18, 2006, the Residential Utility Consumer Office ("RUCO") filed an Application to Intervene. No objection has been filed.

On August 22, 2006, Arizona-American docketed a Notice of Filing Revised H-2 Schedules.

On August 28, 2006, the Commission's Utilities Division Staff ("Staff") filed a Letter of Conditional Sufficiency classifying the Company as a Class A utility and indicating that Arizona-American's application met the sufficiency requirements outlined in A.A.C. R14-2-103. The letter stated that the sufficiency finding is conditioned upon the Company filing volumetric billing

1 determinants that reconcile the proposed volumetric (i.e., water usage) rates to the proposed revenue
2 no later than October 11, 2006, and that the Company and Staff stipulate that if the Company does
3 not file the billing determinants by that date, the timeclock in this matter will be immediately
4 suspended until the information is filed.

5 RUCO's Application to Intervene should be granted.

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

8 IT IS THEREFORE ORDERED that the Residential Utility Consumer Office's Application
9 to Intervene is hereby granted.

10 IT IS FURTHER ORDERED that the **hearing** in the above-captioned matter shall commence
11 on **May 1, 2007, at 10:00 a.m.**, or as soon thereafter as is practical, at the Commission's offices,
12 1200 West Washington Street, Arizona 85007.

13 IT IS FURTHER ORDERED that a **pre-hearing conference** shall be held on **April 27, 2007**,
14 at the Commission's offices, for the purpose of scheduling witnesses and the conduct of the hearing.

15 IT IS FURTHER ORDERED that the parties shall bring to the pre-hearing conference a
16 matrix listing issues remaining to be resolved with a brief description of the parties' positions on the
17 unresolved issues.

18 IT IS FURTHER ORDERED that Staff shall file direct testimony and associated exhibits to
19 be presented at hearing on behalf of Staff on or before February 23, 2007.

20 IT IS FURTHER ORDERED that direct testimony and associated exhibits to be presented at
21 hearing on behalf of intervenors shall be reduced to writing and filed on or before **February 23,**
22 **2007.**

23 IT IS FURTHER ORDERED that rebuttal testimony and associated exhibits to be presented
24 at hearing by the Company shall be reduced to writing and filed on or before March 21, 2007.

25 IT IS FURTHER ORDERED that surrebuttal testimony and associated exhibits to be
26 presented by the Staff or intervenors shall be reduced to writing and filed on or before April 12, 2007.

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1 IT IS FURTHER ORDERED that rejoinder testimony and associated exhibits to be presented
2 at the hearing on behalf of the Company shall be reduced to writing and filed on or before April 24,
3 2007.

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

6 IT IS FURTHER ORDERED that any objections to any testimony or exhibits which have
7 been prefiled as of April 24, 2007, shall be made before or at the April 27, 2007 pre-hearing
8 conference.

9 IT IS FURTHER ORDERED that all testimony filed shall include a table of contents listing
10 the issues discussed.

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

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

17 IT IS FURTHER ORDERED that copies of summaries shall be served upon the
18 Administrative Law Judge, the Commissioners, the Commissioners' aides, and the parties of record.

19 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-
20 105, except that all motions to intervene must be filed on or before **January 23, 2007.**

21 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
22 regulations of the Commission, except that: until March 21, 2007, any objection to discovery
23 requests shall be made within 7 days¹ of receipt and responses to discovery requests shall be made
24 within 10 days of receipt; thereafter objections to discovery requests shall be made within 5 days and
25 responses shall be made within 7 days of receipt. The response time may be extended by mutual
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28 ¹ "Days" means calendar days.

1 agreement of the parties involved if the request requires an extensive compilation effort. No
2 discovery requests shall be served after April 23, 2007.

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

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

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

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

15 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in
16 this matter, in the following form and style, with the heading in no less than 12 point bold type and
17 the body in no less than 10 point regular type:

18 **PUBLIC NOTICE OF HEARING ON THE APPLICATION**
19 **OF ARIZONA-AMERICAN WATER COMPANY FOR FOR INCREASES IN ITS RATES**
20 **AND CHARGES FOR UTILITY SERVICE BY ITS SUN CITY WASTEWATER AND SUN**
21 **CITY WEST WASTEWATER DISTRICTS**
22 **DOCKET NO. WS-01303A-06-0491**

23 On July 28, 2006, Arizona-American Water Company ("Company") filed an
24 application with the Arizona Corporation Commission ("Commission") for an increase
25 in operating income for its Sun City Wastewater District of approximately 35.84
26 percent (\$1,606,636), and for its Sun City West Wastewater District of approximately
27 51.50 percent (\$2,337,140). **Under the Company's proposal, a residential
customer's bill for wastewater service in the Sun City Wastewater District would
increase from the current rate of \$10.98 per month to \$14.40 per month
(approximately 31.17 percent), and in the Sun City West Wastewater District
would increase from the current rate of \$20.56 per month to \$30.73 per month
(approximately 49.46 percent).** The Commission's Utilities Division Staff has not

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 yet made a recommendation regarding the Company's rate increase proposal, and the
2 Commission will determine the appropriate rate relief to be granted based on the
3 evidence of record in this proceeding. The Commission is not bound by the proposals
4 made by the Company, Staff, or any intervenors and, therefore, the final rates
5 approved in this docket may be lower or higher than the rates described above. Copies
6 of the application and proposed tariffs are available at the Company's offices [insert
7 address] and on the internet via the Commission website (www.azcc.gov) using the e-
8 docket function.

9 The Commission will hold a hearing on this matter beginning **May 1, 2007, at 10:00**
10 **a.m.**, at the Commission's offices, 1200 West Washington, Phoenix, Arizona. Public
11 comments will be taken on the first day of the hearing.

12 The law provides for an open public hearing at which, under appropriate
13 circumstances, interested parties may intervene. Intervention shall be permitted to any
14 person entitled by law to intervene and having a direct and substantial interest in the
15 matter. If you desire to intervene, you must file a written motion to intervene with the
16 Commission no later than **January 23, 2007**. You must send a copy of the motion to
17 intervene to the Company or its counsel and to all parties of record. Your motion to
18 intervene must contain the following:

- 19 1. Your name, address, and telephone number and the name, address and
20 telephone number of any party upon whom service of documents is to
21 be made if not yourself.
- 22 2. A short statement of your interest in the proceeding (e.g., a customer of
23 the Company, a shareholder of the Company, etc.).
- 24 3. A statement certifying that you have mailed a copy of the motion to
25 intervene to the Company or its counsel and to all parties of record in
26 the case.

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

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

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

1 IT IS FURTHER ORDERED that the Company shall mail to each of its customers a copy of
2 the above notice as a bill insert beginning with the first billing cycle in December, 2007, and shall
3 cause the above notice to be published at least once in a newspaper of general circulation in the
4 affected service territories, with publication to be completed no later than December 15, 2007.

5 IT IS FURTHER ORDERED that the Company shall file certification of mailing/publication
6 as soon as practical after the mailing/publication has been completed.

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

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

12 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
13 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

14 Dated this 5th day of October, 2006

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17 TEENA WOLFE
18 ADMINISTRATIVE LAW JUDGE

19 Copies of the foregoing mailed/delivered
20 this 5 day of October, 2006 to:

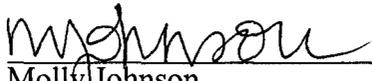
21 Craig A. Marks
22 ARIZONA-AMERICAN WATER
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By: 
Molly Johnson
Secretary to Teena Wolfe