

ARIZONA



BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

1
2 WILLIAM A. MUNDELL
3 CHAIRMAN
4 JIM IRVIN
5 COMMISSIONER
6 MARC SPITZER
7 COMMISSIONER

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DEC 10 2002

AZ CORP COMMISSION
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8 IN THE MATTER OF THE APPLICATION OF IF
9 ARIZONA WATER COMPANY, AN ARIZONA
10 CORPORATION, FOR ADJUSTMENTS TO ITS
11 RATES AND CHARGES FOR UTILITY SERVICE
12 FURNISHED BY ITS EASTERN GROUP AND
13 FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01455A-02-0619
1445

PROCEDURAL ORDER

9 **BY THE COMMISSION:**

10 On August 14, 2002, Arizona Water Company ("AWC") filed with the Arizona Corporation
11 Commission ("Commission") an application for an increase in its rates.

12 On November 27, 2002, the City of Casa Grande ("City") filed an Application/Motion to
13 Intervene ("Motion") and on December 5, 2002, the City docketed a Certificate of Service for its
14 Motion.

15 On December 9, 2002, AWC responded to the City's Motion. However, a Notice of
16 Intervention granting the City's Motion had already been issued.

17 The City's Motion states that AWC provides water utility service to residents of the City as
18 part of its Western Group operations, and that AWC serves the City primarily with groundwater that
19 exceeds the recently established maximum contaminant level ("MCL") for arsenic. The issues of
20 AWC's arsenic treatment cost recovery mechanism and rate consolidation are currently pending in
21 AWC's Northern Group rate proceeding in Docket Number W-01445A-00-0962. The City is already
22 a party to that docket.

23 The City asserts in its Motion that the issue of rate increase determinations for arsenic
24 treatment for AWC's Eastern Group in this case directly and substantially affects the City for the
25 following four reasons: 1) AWC has acknowledged in the Northern Group docket that it will likely
26 use the arsenic treatment cost recovery mechanism developed in that docket for its Eastern Group and
27 other systems; 2) the issues of an arsenic treatment cost recovery mechanism and rate consolidation
28 have not yet been finally determined in the Northern Group docket; 3) intervenor status will better

1 allow the City to assure itself that AWC's proposed arsenic treatment cost recovery mechanism and
2 rate consolidation methodologies uphold constitutional and statutory requirements; and 4) the
3 Commission has not reviewed AWC's Western Group rates for over a decade.

4 AWC responded to the City's Motion asserting that it is not necessary or appropriate for the
5 City to participate in this case because the City has not demonstrated a legitimate interest in AWC's
6 service to customers other than Casa Grande system customers. AWC states that this general rate
7 proceeding does not involve the Casa Grande system and will not affect the rates and charges for
8 service to customers of that system. AWC further contends that the City's participation as a party in
9 the Northern Group docket should adequately protect the City's stated interests. AWC believes that
10 the City's participation will not assist the Commission in setting rates in this case, and will
11 complicate this proceeding, with the unfair result of additional rate case expense.

12 The City has represented that its interest in this case is limited to the narrow issues of an
13 arsenic treatment cost recovery mechanism and rate consolidation. AWC has previously stated that it
14 intends to use the mechanism approved in the Northern Group docket as a "model" for its other
15 Groups (July 16, 2002 Procedural Conference, Tr. 9). The City was granted intervention in that
16 docket on September 27, 2002, in order to protect its interests relating to an AWC arsenic treatment
17 cost recovery mechanism and rate consolidation issues. However, those issues have not yet been
18 resolved in that docket. The same issues are present in this proceeding, and it therefore possible that
19 the City's participation in the Northern Group docket alone may not adequately protect the City's
20 stated interests. Accordingly, it is reasonable for the City to be granted intervenor status in this
21 proceeding. However, in order to guard against any undue complication of the current proceeding,
22 the City's intervention in this case should be limited to the narrow issues of an arsenic treatment cost
23 recovery mechanism and any related rate consolidation issues.

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25 ...

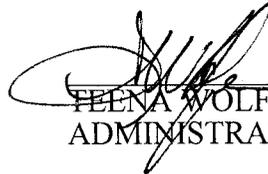
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1 IT IS THEREFORE ORDERED that the intervention of the City of Casa Grande in this
2 proceeding, granted by the December 9, 2002 Notice of Intervention, is affirmed, and is hereby
3 limited to the narrow issues of an arsenic treatment cost recovery mechanism and any related rate
4 consolidation issues.

5 DATED this 10th day of December, 2002.

6
7
8 
TEENA WOLFE
ADMINISTRATIVE LAW JUDGE

9
10 Copies of the foregoing mailed/delivered
this 10 day of December, 2002 to:

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