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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

2007 MAY -7 P 2: 27

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission

DOCKETED

MAY -7 2007

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.

PROCEDURAL ORDER

BY THE COMMISSION:

On July 28, 2006, Arizona-American Water Company ("Arizona-American" or "Company") filed an application with the Commission for an increase in its rates for utility service by its Sun City Wastewater and Sun City West Wastewater Districts. An evidentiary hearing is set to commence in that docket on August 23, 2007. In preparation for the August 23, 2007 evidentiary hearing, the Commission is scheduling a public comment session for Arizona-American's Sun City Wastewater and Sun City West Wastewater District customers.

On April 2, 2007, Arizona-American filed an application for a rate increase for its Sun City Water District (Docket No. W-01303A-07-0209). On April 30, 2007, the Commission's Utilities Division Staff filed a letter stating that the application met the sufficiency requirements outlined in A.A.C. R14-2-103, and classifying the company as a Class A utility. A hearing date has not yet been set on the Sun City Water District rate application.

Some members of the public who are present at the public comment session for Arizona-American's Sun City Wastewater and Sun City West Wastewater District customers may wish to comment on the Sun City Water District rate application, and should be allowed to do so. Therefore, the public notice of the public comment session for Arizona-American's Sun City Wastewater and Sun City West Wastewater District customers should indicate that public comment may also be taken

1 on the Sun City Water District rate application.

2 IT IS THEREFORE ORDERED that a **public comment session** shall be held on Wednesday,
3 **May 16, 2007, commencing at 10:30 a.m.**, or as soon thereafter as practicable, in the **Fairway**
4 **Recreation Center, located at 10600 West Peoria Avenue, Sun City, Arizona, 85351** in order to
5 allow customers of Arizona American Water Company to provide public comment for the record in
6 this case.

7 IT IS FURTHER ORDERED that a **public comment session** shall be held on Wednesday,
8 **May 16, 2007, commencing at 2:00 p.m.**, or as soon thereafter as practicable, in the **Palm Ridge**
9 **Recreation Center, Summit Room, Hall A, located at 13800 West Deer Valley Drive, Sun City**
10 **West, Arizona, 85375** in order to allow customers of Arizona American Water Company to provide
11 public comment for the record in this case.

12 IT IS FURTHER ORDERED that the Company shall provide public notice of the public
13 comment sessions on this matter, in the following form and style, with the heading in no less than 24
14 point bold type and the body in no less than 10 point regular type:

15 **PUBLIC NOTICE OF PUBLIC COMMENT SESSIONS ON THE APPLICATIONS OF**
16 **ARIZONA-AMERICAN WATER COMPANY FOR A DETERMINATION OF THE**
17 **CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR**
18 **INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE**
19 **BY ITS SUN CITY WASTEWATER DISTRICT, SUN CITY WEST WASTEWATER**
20 **DISTRICT, AND SUN CITY WATER DISTRICT.**
21 **DOCKET NUMBERS WS-01303A-06-0491 AND W-01303A-07-0209**

22 On July 28, 2006, Arizona-American Water Company ("Company") filed an
23 application with the Arizona Corporation Commission ("Commission") for an increase
24 in operating income for its **Sun City Wastewater District** of approximately 35.84
25 percent (\$1,606,636), and for its **Sun City West Wastewater District** of
26 approximately 51.50 percent (\$2,337,140). Under the Company's proposal, a
27 residential customer's bill for wastewater service in the Sun City Wastewater District
28 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 Company is proposing a volumetric rate design,
so the actual percentage Company-proposed rate increase for individual customers
would vary depending upon the 8565 quantity of service provided. Customers may
contact the Company to inquire about the effect of the Company's request on their
individual bill. The Commission's Utilities Division Staff is in the process of auditing
and analyzing the Company's records but has not yet made a recommendation
regarding the Company's rate increase proposals. The Commission will determine

1 the appropriate relief to be granted based on the evidence of record in the proceeding.
2 The Commission is not bound by the proposals made by the Company, Staff, or any
3 intervenors and therefore, the final rates approved in this docket may differ from the
4 rates requested by the Company. Copies of the application and proposed tariffs are
5 available at the Company's offices [insert address] and the Commission's offices at
6 1200 West Washington, Phoenix, Arizona, for public inspection during regular
7 business hours and on the internet via the Commission website (www.azcc.gov) using
8 the e-docket function.

9 On April 2, 2007, the Company filed an application with the Arizona Corporation
10 Commission for an increase in revenues for its **Sun City Water District** of
11 approximately 29.53 percent (\$2,239,681). Under the Company's proposal, an
12 average residential customer's bill water service, based on usage of 8,269 gallons per
13 month, would increase from the current rate of \$13.91 per month to \$18.04 per month
14 (approximately 29.70 percent). The actual percentage Company-proposed rate
15 increase for individual customers would vary depending upon the type and quantity of
16 service provided. Customers may contact the Company to inquire about the effect of
17 the Company's request on their individual bill. The Commission's Utilities Division
18 Staff is in the process of auditing and analyzing the Company's records but has not yet
19 made a recommendation regarding the Company's rate increase proposals. The
20 Commission will determine the appropriate relief to be granted based on the evidence
21 of record in the proceeding. The Commission is not bound by the proposals made by
22 the Company, Staff, or any intervenors and therefore, the final rates approved may
23 differ from the rates requested by the Company. Copies of the application and
24 proposed tariffs are available at the Company's offices [insert address] and the
25 Commission's offices at 1200 West Washington, Phoenix, Arizona, for public
26 inspection during regular business hours and on the internet via the Commission
27 website (www.azcc.gov) using the e-docket function.

28 The Commission will hold **two public comment sessions** on these matters on
Wednesday, May 16, 2007. The first public comment session will commence on
Wednesday, May 16, 2007 at 10:30 a.m. at the Fairway Recreation Center
Auditorium, 10600 West Peoria Ave., Sun City, Arizona. The second public
comment session will commence on Wednesday, May 16, 2007 at the Palm Ridge
Recreation Center, Summit Room, Hall A, 13800 West Deer Valley Drive, Sun
City West, Arizona. Public comments will also be taken on the first day of the
hearings in these matters. Written public comments may be submitted via email, or by
mailing a letter referencing Docket Number WS-01303A-06-0491 (Sun City
Wastewater and Sun City West Wastewater District case) or W-01303A-07-0209 (Sun
City Water District case) to: Arizona Corporation Commission, Consumer Services
Section, 1200 West Washington, Phoenix, AZ 85007 (visit
http://www.azcc.gov/divisions/util/forms/public_comment.pdf for a form and
instructions). If you require assistance, you may contact the Consumer Services
Section of the Commission at 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, E-mail Lhogan@azcc.gov,

1 voice phone number 602/542-3931. Requests should be made as early as possible to
allow time to arrange the accommodation.

2 IT IS FURTHER ORDERED that Arizona-American Water Company shall cause the above
3 notice to be published at least twice in a newspaper of general circulation in all its service territories,
4 with publication to be completed no later than **May 14, 2007**.

5 IT IS FURTHER ORDERED that Arizona-American Water Company shall file certification
6 of mailing/publication as soon as practicable after the publication has been completed.

7 IT IS FURTHER ORDERED that notice shall be deemed complete upon publication of same,
8 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 as the matter is set for public hearing.

11 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended
12 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

13 IT IS FURTHER ORDERED that all parties must comply with Rule 33(c) and 38(a) of the
14 Rules of the Arizona Supreme Court with respect to practice of law and admission *pro hac vice*.

15 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
16 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
17 Rules of Arizona Supreme Court). Representation before the Commission includes the obligation to
18 appear at all hearings and procedural conferences, as well as all Open Meetings for which the matter
19 is scheduled for discussion, unless counsel has previously been granted permission to withdraw by
20 the Administrative Law Judge or the Commission.

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

23
24 Dated this 7th day of May, 2007.

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27 
TEENA WOLFE
28 ADMINISTRATIVE LAW JUDGE

1 Copies of the foregoing mailed/delivered
this 7th day of May, 2007 to:

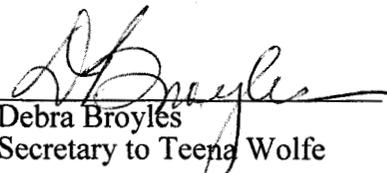
2
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8 Ernest G. Johnson, Director
Utilities Division
9 ARIZONA CORPORATION COMMISSION
1200 West Washington
10 Phoenix, AZ 85007

11
12 Copies of the foregoing faxed to:

13 Craig A. Marks, Esq.
CRAIG A. MARKS, PLC
14 3420 Ease Shea Blvd., Suite 200
Phoenix, AZ 85028
15 Attorney for Arizona American Water Company

16
17
18 By: 
Debra Broyles
19 Secretary to Teena Wolfe