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BEFORE THE ARIZONA CORPORATION COMMISSION

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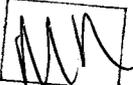
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AZ CORP COMMISSION
DOCKET CONTROL

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.

DOCKET NO. WS-01303A-06-0491

Arizona Corporation Commission
DOCKETED

JUL 30 2007

DOCKETED BY 

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.

By Procedural Order issued February 15, 2007, the hearing in this matter was scheduled to commence on August 23, 2007, and associated procedural deadlines were set, including a date by which the Company was required to publish notice of the application and the hearing.

On March 14, 2007, the Company filed an Affidavit of Publication indicating that it had published notice as required by the February 15, 2007 Procedural Order.

On May 7, 2007, the Commission issued a Procedural Order setting public comment sessions on the application, and requiring publication of notice of the public comment sessions. The notice required by the May 7, 2007 Procedural Order indicated that 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).

On June 26, 2007, the Company filed Affidavits of Publication, indicating that it had

1 published notice of the application and the hearing, as required by the May 7, 2007 Procedural Order,
2 in the Arizona Business Gazette on May 10, 2007, and in the Daily News-Sun on May 12, 2007.

3 On July 17, 2007, the Commission's Utilities Division ("Staff") filed a Request for a
4 Procedural Conference ("Request"). In the Request, Staff stated that recently filed testimony of the
5 parties includes changes to rate design that would have an impact on certain customer rates far
6 greater than the average increase projected earlier in the case, and subsequently provided in the
7 customer notice. Staff stated that it had therefore requested that the Company prepare a letter to
8 notify those of its customers who could potentially be subject to the greater-than-originally-projected
9 rate impact. Staff stated that both the Company and Staff would like the Company to send such a
10 notice to the potentially affected customers as soon as possible so that the customers will have a
11 meaningful opportunity to participate in any proceedings before the Commission. Staff requested
12 that a Procedural Conference be set on an expedited basis to allow the parties to discuss the requested
13 additional customer notice.

14 By Procedural Order issued July 18, 2007, a Telephonic Procedural Conference was set for
15 July 20, 2007.

16 On July 19, 2007, the Residential Utility Consumer Office ("RUCO") filed its Response to
17 Staff's Request for Procedural Conference.

18 The Telephonic Procedural Conference was held as scheduled. The Company, RUCO, and
19 Staff appeared through counsel, and intervenors Sun City Taxpayers Association and Philip Jansen
20 appeared. During the Telephonic Procedural Conference, there was general agreement that some
21 customers should be notified that their rates could be impacted to a much greater degree than
22 originally noticed, if changes to rate design appearing in recently filed testimony were to be adopted
23 by the Commission. It was unclear during the Telephonic Procedural Conference which customers
24 should receive the requested additional notice. Staff and the Company were therefore directed to
25 make a filing indicating which customers they believe should receive additional notice.

26 On July 23, 2007, the Company docketed a Response, and on July 25, 2005, filed a Revised
27 Response. The July 25, 2007 Response included spreadsheets listing individual customers' account
28 numbers. No explanation of the spreadsheet was included. The filing did not include sufficient detail

1 to allow the issuance of a Procedural Order specifying which classes of customers should receive
2 additional notice. Further explanation is required prior to ordering the Company to provide
3 additional notice.

4 IT IS THEREFORE ORDERED that Arizona-American Water Company shall file, no later
5 than August 3, 2007, a detailed explanation of which of its customers Arizona-American Water
6 Company believes should receive additional notice of a possibly larger rate increase than originally
7 noticed. The filing shall include 1) a listing of the classes of customers who should receive the
8 notice, and 2) the criteria by which Arizona-American Water Company chose those classes of
9 customers, and 3) any other information that would assist in a determination of which classes of
10 customers should receive additional notice.

11 IT IS FURTHER ORDERED that the other parties to this proceeding, including the
12 Commission's Utilities Division Staff, shall file, within three calendar days of the Arizona-American
13 Water Company filing ordered above, their response, if any, to Arizona-American Water Company's
14 filing ordered herein.

15 IT IS FURTHER ORDERED that all remaining procedural deadlines remain unchanged.

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

18 Dated this 30th day of July, 2007

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TEENA WOLFE
ADMINISTRATIVE LAW JUDGE

23 Copies of the foregoing **FAXED**
this 30th day of July, 2007 to:

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7 Copies of the foregoing mailed/delivered
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27 By: 
Debra Broyles
28 Secretary to Teena Wolfe