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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

COMMISSIONERS

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MIKE GLEASON, Chairman
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AZ CORP COMMISSION
DOCKET CONTROL

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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 PARADISE VALLEY WATER DISTRICT.

DOCKET NO. W-01303A-05-0405

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY FOR APPROVAL OF AN AGREEMENT WITH THE PARADISE VALLEY COUNTRY CLUB.

DOCKET NO. W-01303A-05-0910

PROCEDURAL ORDER
MODIFYING NOTICE
REQUIREMENTS FOR HEARING
ON PROPOSED RATE DESIGN
AGREEMENT

BY THE COMMISSION:

On June 3, 2005, Arizona-American Water Company filed with the Arizona Corporation Commission ("Commission") an application for a rate increase for its Paradise Valley Water District ("District"). The application requested approval for the District of a public safety surcharge for investments by the Company related to improvement of fire flow facilities; an Arsenic Cost Recovery Mechanism for investments required by the Company to comply with federal water arsenic reduction requirements; and approval of a conservation surcharge that would be imposed for usage in the highest consumption block.

On July 28, 2006, the Commission issued Decision No. 68858 in these dockets, approving the Company's requests, including a public safety surcharge and a high block surcharge. Since that time, there have been numerous filings in these dockets regarding the surcharges.

1 On, January 16, 2008, the Town of Paradise Valley ("Town"), through its Town Manager,
2 filed in these dockets a letter and an agreement dated January 4, 2008 ("proposed Rate Design
3 Agreement").

4 At a Commission Staff Meeting noticed for and held on February 27, 2008, the Commission
5 voted to reconsider Decision No. 68858 pursuant to A.R.S. § 40-252 for the limited purpose of
6 reviewing the Rate Design Agreement.

7
8 At a procedural conference held on March 10, 2008, intervention was granted to the Town,
9 Sanctuary on Camelback Mountain, the Camelback Inn, and the Scottsdale Renaissance. Those
10 parties and the parties to Decision No. 68858 discussed procedural issues related to the
11 reconsideration of Decision No. 68858 for the limited purpose of reviewing the proposed Rate Design
12 Agreement.

13 On March 14, 2008, a procedural order was issued to govern the preparation and conduct of
14 the hearing on the proposed Rate Design Agreement.

15
16 On March 17, 2008, the Commission's Utilities Division Staff ("Staff") filed a Motion to
17 Modify Public Notice. Therein, Staff requests that the telephone number listed on page 6, line 13 of
18 the March 17, 2008 Procedural order in the form of public notice for the Commission's Consumer
19 Services Section be changed from the Commission's toll-free number to the local telephone number,
20 because the toll-free number will not work for customers calling from the District's service area.
21 Staff further requests, in accord with a request by the Company to Staff, that the Company's call
22 center phone number, 1-800-383-0834, be included in the form of public notice on page 5, line 26 of
23 the March 17, 2008, Procedural Order.

24
25 Staff's requests are reasonable and should be granted.

26 IT IS THEREFORE ORDERED that the Motion to Modify Public Notice filed by the
27 Commission's Utilities Division Staff on March 17, 2008 is hereby granted.
28

1 IT IS FURTHER ORDERED that the **Company shall provide public notice** of the hearing
 2 in this matter, in the following form and style with the **heading in no less than 14 point bold type**
 3 **and the body in no less than 12 point regular type:**

4 **PUBLIC NOTICE OF REOPENING ARIZONA CORPORATION COMMISSION**
 5 **DECISION NO. 68858 (JULY 28, 2006), CONCERNING ARIZONA AMERICAN WATER**
 6 **COMPANY'S RATE REQUEST FOR ITS PARADISE VALLEY WATER DISTRICT,**
 7 **PURSUANT TO A.R.S. § 40-252, FOR THE LIMITED PURPOSE OF REVIEWING THE**
 8 **RATE DESIGN AGREEMENT FILED ON JANUARY 16, 2008, BY THE TOWN OF**
 9 **PARADISE VALLEY, AND NOTICE OF HEARING FOR THAT LIMITED PURPOSE.**
 10 **(Docket No. W-01303A-05-0405 et al.)**

11 **Summary:**

12 On July 28, 2006, the Arizona Corporation Commission ("Commission") issued
 13 Decision No. 68858 in these dockets, approving a rate increase requested by
 14 Arizona-American Water Company ("Company") for its Paradise Valley Water
 15 District. The rate design approved in that case includes a public safety surcharge
 16 and a high block surcharge. On January 16, 2008, the Town of Paradise Valley
 17 ("Town") filed with the Commission a letter and a proposed Rate Design
 18 Agreement dated January 4, 2008, signed by representatives of Sanctuary on
 19 Camelback Mountain, Camelback Inn, and Scottsdale Renaissance (collectively,
 20 "Resorts") and of the Town. The proposed Rate Design Agreement appears also
 21 to be signed by representatives of Clearwater Hills Improvement Association,
 22 Camelhead Estates II HOA, and Finisterre HOA. At a Commission Staff
 23 Meeting noticed for and held on February 27, 2008, the Commission voted to
 24 reconsider Decision No. 68858 pursuant to A.R.S. § 40-252 for the limited
 25 purpose of reviewing the proposed Rate Design Agreement. The parties to
 26 Decision No. 68858 are the Company, the Paradise Valley Country Club, the
 27 Residential Utility Consumer Office, and the Commission's Utilities Division
 28 Staff. Intervention has recently been granted to the Town and the Resorts. The
 Town and the Resorts will be filing testimony in support of the Rate Design
 Agreement, and all parties to the proceeding will have an opportunity to file
 responsive testimony. **The effect of the proposed Rate Design Agreement, if
 adopted, for individual customers would vary depending upon the type and
 quantity of service provided. Customers may contact the Company at 1-
 800-383-0834 to inquire about the effect of the proposed Rate Design
 Agreement on their individual bill.**

21 **How You Can View or Obtain a Copy of the Proposed Rate Design**
 22 **Agreement:**

23 The parties to Decision No. 68858 will file their recommendations to the
 24 Commission on the proposed Rate Design Agreement on April 25, 2008, and
 25 copies of those filings will be available at the Commission's offices in the
 26 Docket Control Center for public inspection after that date. The Commission
 27 will determine the appropriate relief to be granted based on the evidence of
 28 record in the proceeding. The Commission is not bound by the proposals made
 by any parties, and therefore, the final rate design approved may differ from the
 proposed Rate Design Agreement. Copies of the proposed Rate Design
 Agreement are available at the Commission's offices at 1200 West Washington,
 Phoenix, Arizona, for public inspection during regular business hours and on the
 internet via the Commission website (www.azcc.gov) using the e-docket
 function.

Arizona Corporation Commission Public Hearing Information:

The Commission will hold a hearing on this matter beginning **May 15, 2008**, at the Commission's offices, 1200 West Washington, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may be submitted via email, or by mailing a letter referencing Docket Number **W-01303A-05-0405 et al.** to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007 (visit <http://www.azcc.gov/divisions/utilities/forms/publiccomment.pdf> for a form and instructions). If you require assistance, you may contact the Consumer Services Section of the Commission at 602-542-4251.

About Intervenor Status:

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you desire to intervene, you must file a written motion to intervene with the Commission. You must send a copy of the motion to intervene to the Company or its counsel and to all parties of record. Your motion to intervene must contain the following:

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

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that **all motions to intervene must be filed on or before May 2, 2008.** If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Arizona Corporation Commission's webpage at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any customer from appearing at the hearing and making a statement on such customer's own behalf.

ADA/Equal Access Information:

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.

IT IS FURTHER ORDERED that the Company shall **mail to each of its customers** a copy of the above notice as a bill insert beginning no later than the first billing cycle in **April, 2008, or by special mailing concluding no later than April 15, 2008**, and shall cause the above notice to be

1 **published at least once in a newspaper of general circulation** in the District's service territory,
2 with publication to be completed **no later than April 15, 2008.**

3 IT IS FURTHER ORDERED that the Company shall file **certification of mailing and**
4 **publication** as soon as practicable, but **not later than May 1, 2008.**

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

8 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules
9 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission *pro*
10 *hac vice.*

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

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

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

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

24 Dated this 19th day of March, 2008.

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TEENA WOLFE
ADMINISTRATIVE LAW JUDGE

1 Copies of the foregoing mailed/delivered
this 19th day of March, 2008 to:

2 Craig A. Marks
3 CRAIG A. MARKS, PLC
3420 East Shea Boulevard, Suite 200
4 Phoenix, Arizona 85024
Attorney for Arizona-American Water Company

5 Paul M. Li
6 ARIZONA-AMERICAN WATER COMPANY
19820 North 7th Street, Suite 201
7 Phoenix, Arizona 85024

8 Robert J. Metli
SNELL & WILMER, LLP
9 One Arizona Center
400 East Van Buren Street
10 Phoenix, Arizona 85004
Attorneys for Paradise Valley Country Club,
11 Sanctuary on Camelback Mountain, the
Camelback Inn, and the Scottsdale Renaissance

12 Timothy J. Casey
SCHMITT, SCHNECK, SMYTH & HERROD, PC
13 1221 East Osborne Road, Suite 105
Phoenix, Arizona 85014

14 Scott Wakefield, Chief Counsel
15 Daniel W. Pozefsky, Attorney
RESIDENTIAL UTILITY
16 CONSUMER OFFICE
1110 West Washington Street, Suite 220
17 Phoenix, Arizona 85007

18 Christopher Kempley, Chief Counsel
Maureen Scott, Senior Staff Counsel
19 Legal Division
ARIZONA CORPORATION COMMISSION
20 1200 West Washington Street
Phoenix, AZ 85007

21 Ernest G. Johnson, Director
Utilities Division
22 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
23 Phoenix, AZ 85007

24
25 By: 
Debra Broyles
26 Secretary to Teena Wolfe
27
28