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BEFORE THE ARIZONA CORPORATION COMMISSION

25H

COMMISSIONERS

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

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AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY, AND FOR ADJUSTMENTS TO ITS RATES AND CHARGES FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS BASED THEREON.

DOCKET NO. W-01445A-08-0440

RATE CASE  
PROCEDURAL ORDER

**BY THE COMMISSION:**

On August 22, 2008, Arizona Water Company ("AWC" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for a rate increase for all of its operating groups (Northern, Eastern, and Western), comprising 18 separate water systems.

On September 22, 2008, the Commission's Utilities Division ("Staff") issued an Insufficiency Letter.

On September 29, 2008, AWC filed a response to the Insufficiency Letter.

On October 15, 2008, Staff filed a letter indicating the Company's rate application was sufficient. Although the letter did not state the class of the utility pursuant to A.A.C. R14-2-103, based on the revenues set forth in the application AWC is classified as a Class A utility.

On October 17, 2008, Staff filed a Request for a Procedural Conference to discuss a procedural schedule, due to the complexity of the application and Staff resources.

On October 23, 2008, a Procedural Order was issued scheduling a procedural conference for November 3, 2008.

On October 24, 2008, the Residential Utility Consumer Office ("RUCO") filed an Application to Intervene.

On November 3, 2009, the procedural conference was held as scheduled. During the

1 conference, Staff proposed a 90-day extension of the normal time clock deadlines for processing the  
2 application, based on the large number of separate water systems included in the application and the  
3 limited Staff resources available. Although the Company opposed any extension of the deadline, the  
4 parties ultimately agreed to extend the normal time clock deadline by 60 days.

5 IT IS THEREFORE ORDERED that the **hearing in the above-captioned matter shall**  
6 **commence on August 31, 2009, at 9:30 a.m.**, or as soon thereafter as is practical, at the  
7 Commission's offices, 1200 West Washington Street, Hearing Room 1, Phoenix, Arizona.

8 IT IS FURTHER ORDERED that a **pre-hearing conference** shall be held on **August 28,**  
9 **2009, at 10:00 a.m.**, at the Commission's Phoenix offices, for the purpose of scheduling witnesses  
10 and the conduct of the hearing.

11 IT IS FURTHER ORDERED that the **Staff Report and/or any direct testimony and**  
12 **associated exhibits** to be presented at hearing **on behalf of Staff** shall be reduced to writing and filed  
13 on or before **June 12, 2009**.

14 IT IS FURTHER ORDERED that any **direct testimony and associated exhibits** to be  
15 presented at hearing **on behalf of intervenors** shall be reduced to writing and filed on or before **June**  
16 **12, 2009**.

17 IT IS FURTHER ORDERED that any **rebuttal testimony and associated exhibits to be**  
18 **presented at the hearing by AWC** shall be filed on or before **July 10, 2009**.

19 IT IS FURTHER ORDERED that any **surrebuttal testimony and associated exhibits to be**  
20 **presented by the Staff or intervenors** shall be reduced to writing and filed on or before **August 7,**  
21 **2009**.

22 IT IS FURTHER ORDERED that any **rejoinder testimony and associated exhibits to be**  
23 **presented at the hearing on behalf of AWC** shall be reduced to writing and filed on or before  
24 **August 21, 2009**.

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

27 IT IS FURTHER ORDERED that any **objections to testimony or exhibits that have been**  
28 **pre-filed as of August 28, 2009, shall be made before or at the August 28, 2009, pre-hearing**

1 conference. In addition, each of the parties shall individually prepare, and bring to the pre-  
2 hearing conference, copies of a matrix setting forth what each party believes are the remaining  
3 disputed issues and what issues have been resolved.

4 IT IS FURTHER ORDERED that all testimony filed shall include a table of contents which  
5 lists the issues discussed.

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

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

12 IT IS FURTHER ORDERED that copies of summaries should be served upon the  
13 Administrative Law Judge, the Commissioners, and the Commissioners' aides as well as the parties  
14 of record.

15 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-  
16 105, except that all motions to intervene must be filed on or before **June 1, 2009**.

17 IT IS FURTHER ORDERED that RUCO's Application to Intervene shall be granted.

18 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and  
19 regulations of the Commission, except that for discovery requests made through July 31, 2009, any  
20 objection to discovery requests shall be made within 7 calendar days of receipt, and responses to  
21 discovery requests shall be made within 10 calendar days of receipt. Thereafter, objections to  
22 discovery requests shall be made within 5 calendar days, and responses shall be made within 7  
23 calendar days of receipt. The response time may be extended by mutual agreement of the parties  
24 involved if the request requires an extensive compilation effort.

25 IT IS FURTHER ORDERED that for discovery requests, objections, and answers, if a  
26 receiving party requests service to be made electronically, and the sending party has the technical  
27 capability to provide service electronically, service to that party shall be made electronically.

28 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel

1 discovery, any party seeking discovery may contact the Commission's Hearing Division by telephone  
 2 to request a date for a procedural hearing to resolve the discovery dispute; that upon such a request, a  
 3 procedural hearing will be convened as soon as practical; and that the party making such a request  
 4 shall contact all other parties to advise them of the procedural hearing date and shall at the procedural  
 5 hearing provide a statement confirming that the other parties were contacted.<sup>1</sup>

6 IT IS FURTHER ORDERED that any motions filed in this matter that are not ruled upon  
 7 within 15 calendar days of the filing date of the motion shall be deemed denied.

8 IT IS FURTHER ORDERED that any responses to motions shall be filed within 5 calendar  
 9 days of the filing date of the motion.

10 IT IS FURTHER ORDERED that any replies shall be filed within 5 calendar days of the  
 11 filing date of the response.

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

15 **PUBLIC NOTICE OF HEARING ON THE APPLICATION OF ARIZONA**  
 16 **WATER COMPANY FOR AN INCREASE IN ITS RATES**  
 17 **(Docket No. W-01445A-08-0440)**

18 **Summary of Application**

19 On August 22, 2008, Arizona Water Company ("AWC" or "Company") filed with the  
 20 Arizona Corporation Commission ("Commission") an application for a rate increase  
 21 for all of its operating groups (Northern, Eastern, and Western), comprising 18  
 22 separate water systems. **With this rate application, AWC requests an overall  
 23 company-wide increase in revenues of \$15,441,290, or 35.61 percent. However,  
 24 the requested increase in rates is different for each of AWC's 18 water systems.**  
 25 In addition, the rate effect for individual customers within each system would vary  
 26 depending on usage under AWC's proposed rate increase.

27 The Commission's Utilities Division Staff ("Staff") is in the process of auditing and  
 28 analyzing AWC's application and Staff has not yet made any recommendations  
 regarding the Company's proposed rate increase. The Residential Utility Consumer  
 Office is a party to this proceeding and will also analyze the application and make  
 recommendations to the Commission. The Commission will determine the  
 appropriate rate adjustment to be granted based on its consideration of the evidence  
 presented by the parties. However, the Commission is not bound by the proposals  
 made by the Company, Staff, or any intervenors and, therefore, the final rates

<sup>1</sup> The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before seeking Commission resolution of the dispute.

1 approved by the Commission may be higher or lower than the rates proposed by  
2 AWC.

### 3 How You Can View or Obtain a Copy of the Rate Proposal

4 Copies of the application and proposed rates are available at AWC's offices  
5 [COMPANY SHOULD INSERT NAME, ADDRESS, TELEPHONE NUMBER,  
6 AND E-MAIL ADDRESS FOR CUSTOMER CONTACTS REGARDING THE  
7 APPLICATION] and at the Commission's Docket Control Center at 1200 West  
8 Washington, Phoenix, Arizona, for public inspection during regular business hours and  
9 on the Internet via the Commission's website (www.azcc.gov) using the e-Docket  
10 function.

### 11 Arizona Corporation Commission Public Hearing Information

12 **The Commission will hold a hearing on this matter beginning August 31, 2009, at  
13 9:30 a.m., at the Commission's offices, Hearing Room #1, 1200 West Washington  
14 Street, Phoenix, Arizona. Public comments will be taken on the first day of the  
15 hearing. Written public comments may be submitted by mailing a letter referencing  
16 Docket No. W-01445A-08-0440 to Arizona Corporation Commission, Consumer  
17 Services Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail. For a  
18 form to use and instructions on how to e-mail comments to the Commission, go to  
19 <http://www.azcc.gov/divisions/utilities/forms/publiccomment.pdf>. If you require  
20 assistance, you may contact the Consumer Services Section at 1-800-222-7000 or 602-  
21 542-4251.**

### 22 About Intervention

23 The law provides for an open public hearing at which, under appropriate  
24 circumstances, interested parties may intervene. Any person or entity entitled by law  
25 to intervene and having a direct and substantial interest in the matter will be permitted  
26 to intervene. Persons desiring to intervene must file a written motion to intervene with  
27 the Commission, which motion should be sent to AWC or its counsel and to all parties  
28 of record, and which, at the minimum, shall 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 AWC,  
a shareholder of AWC, etc.); and
3. A statement certifying that you have mailed a copy of the motion to intervene  
to AWC or its counsel and to all parties of record in the case.

21 The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except  
22 that **all motions to intervene must be filed on or before June 1, 2009.** If  
23 representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme  
24 Court, intervention will be conditioned upon the intervenor obtaining counsel to  
25 represent the intervenor. For information about requesting intervention, visit the  
26 Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>.  
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.**

### 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

1 such as a sign language interpreter, as well as request this document in an alternative  
2 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.

3 IT IS FURTHER ORDERED that AWC **shall mail to each of its customers** a copy of the  
4 above notice either by a bill insert beginning with the first billing cycle in **March 2009**, or by special  
5 mailing concluding no later than **March 31, 2009**, and shall cause the above notice to be **published**  
6 **at least twice in a newspaper of general circulation** in its service territory, with publication to be  
7 completed **no later than March 31, 2009**.

8 IT IS FURTHER ORDERED that AWC shall file **certification of mailing and publication**  
9 as soon as practical after the mailing and publication has been completed, but **no later than June 1,**  
10 **2009**.

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

13 IT IS FURTHER ORDERED that the **Commission's time period to issue a final order in**  
14 **this matter is hereby extended by 60 calendar days pursuant to A.A.C. R14-2-103(B)(11)(e)**.

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

18 IT IS FURTHER ORDERED that the intervention granted herein is conditioned upon the  
19 intervenor obtaining counsel to represent the intervenor, if required by Rule 31 of the Rules of the  
20 Arizona Supreme Court, and such counsel filing a notice of appearance with the Commission, within  
21 30 days of the date of this Procedural Order. This condition will also apply to any persons or entities  
22 that are subsequently granted intervention.

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

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

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

6 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,  
7 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at  
8 hearing.

9 DATED this 4<sup>th</sup> day of November, 2008.

10 

11  
12 DWIGHT D. NODES  
13 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

14 Copies of the foregoing mailed/delivered  
15 This 4<sup>th</sup> day of November, 2008 to:


16 Robert W. Geake  
17 ARIZONA WATER COMPANY  
18 P.O. Box 29006  
19 Phoenix, AZ 85038-9006

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22 Janice Alward, Chief Counsel  
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25 1200 W. Washington Street  
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By:   
Debbi Person  
Secretary to Dwight D. Nodes

25 Ernest Johnson, Director  
26 Utilities Division  
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