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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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COMMISSIONERS

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

DOCKET NO. W-01445A-08-0440

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.

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**  
**(Docket No. W-01445A-08-0440)**

17 **Summary of Application**

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

22 The Commission's Utilities Division Staff ("Staff") is in the process of auditing and  
23 analyzing AWC's application and Staff has not yet made any recommendations  
24 regarding the Company's proposed rate increase. The Residential Utility Consumer  
25 Office is a party to this proceeding and will also analyze the application and make  
26 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

27  
28 <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.

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

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

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

#### **Arizona Corporation Commission Public Hearing Information**

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

#### **About Intervention**

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. Persons desiring to intervene must file a written motion to intervene with the Commission, which motion should be sent to AWC or its counsel and to all parties 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.

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 June 1, 2009**. 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 Commission's website 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 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


20 Norman D. James  
21 Jay L. Shapiro  
22 FENNEMORE CRAIG  
23 3003 N. Central Ave., Suite 2600  
24 Phoenix, AZ 85012  
25 Attorneys for Arizona Water Company

26 Janice Alward, Chief Counsel  
27 Legal Division  
28 ARIZONA CORPORATION COMMISSION  
1200 W. Washington Street  
Phoenix, Arizona 85007

Ernest Johnson, Director  
Utilities Division  
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Daniel Pozefsky  
RUCO  
1110 W. Washington St. Suite 220  
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ARIZONA REPORTING SERVICE, INC.  
2200 North Central Avenue, Suite 502  
Phoenix, Arizona 85004-1481

By:   
Debbi Person  
Secretary to Dwight D. Nodes