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8 Attorneys for Far West Water  
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10 **BEFORE THE ARIZONA CORPORATION COMMISSION**

11 IN THE MATTER OF THE APPLICATION  
12 OF FAR WEST WATER & SEWER  
13 COMPANY, AN ARIZONA  
14 CORPORATION, FOR A DETERMINATION  
15 OF THE FAIR VALUE OF ITS SEWER  
16 UTILITY PLANT AND PROPERTY AND  
17 FOR INCREASES IN ITS RATES.

DOCKET NO: WS-03478A-08-0454  
Arizona Corporation Commission

DOCKETED

JAN 20 2009

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18 IN THE MATTER OF THE APPLICATION  
19 OF FAR WEST WATER & SEWER  
20 COMPANY, AN ARIZONA  
21 CORPORATION, FOR APPROVAL OF  
22 INTERIM RATES AND CHARGES.

~~DOCKET NO: WS-03478A-08-0608~~

**MOTION TO CONSOLIDATE;  
COMBINED RESPONSE TO STAFF'S  
MOTION TO SUSPEND TIME AND  
REQUEST FOR SCHEDULING  
ORDER**

23 On December 19, 2008, Far West Water & Sewer Company ("FWWS" or the  
24 "Company") filed an emergency application for interim rates and charges in Docket No.  
25 WS-03478A-08-0608 ("Emergency Case"). As a result, Staff filed its Motion to Suspend  
26 Time Clock filed on January 12, 2009 in this docket. FWWS recognizes that other parties  
might need additional time to review both a request for emergency rate relief and a  
permanent rate case, but Staff's request for a blanket stay is unnecessary, excessive and  
unfair to the Company given its severe financial condition and the threat of insolvency. A

1 far better remedy is to consolidate the two dockets and implement a reasonable procedural  
2 schedule that recognizes the rights and needs of all of the parties.

3 **Consolidation is Warranted.**

4 Consolidation is clearly appropriate. The emergency and permanent rate  
5 applications are made by the same utility, serving the same customers. The financial and  
6 other information relevant to both applications will overlap. In fact, the emergency rate  
7 increase is based on a small subset of the permanent rate increase—the increased cost to  
8 pay debt service on some \$20 million of Commission-approved financing associated with  
9 construction of massive sewer plant improvements required by ADEQ under two separate  
10 consent orders. In short, the two cases involve the same subject matter.

11 **Staff's Total Stay Is Overkill.**

12 We get it—Staff's resources are strained, and it is having a difficult time keeping up  
13 with its case load. But all the sympathy in the world won't change the needs of the  
14 utilities regulated by the Commission. Here, FWWS's resources are severely strained.  
15 The Company is struggling to stay afloat and meet its debt service coverage of nearly  
16 \$2 million a year, which is not reflected in current rates. Besides, Staff's request for an  
17 open-ended stay of the permanent rate case ignores the relationship between the interim  
18 and permanent rate filings.

19 As discussed, the interim rate proceeding involve the same financial and other  
20 relevant information. Further, the Company's emergency rates are based solely on  
21 required debt service coverage. The Company is not asking for any additional operating  
22 income. This means that the interim proceeding will have a narrow focus, avoiding  
23 disputes over rate base adjustments and expense levels. The Company would earn a zero  
24 return under the proposed emergency rates. It follows that both cases can and should be  
25 prosecuted under the same regulatory umbrella with a schedule that allows some  
26 additional time to accommodate Staff. The Company proposes such a schedule below.

1           **Proposed Procedural Schedule for Consolidated Emergency and Permanent**  
2           **Rate Cases.**

3           Although the Company believes the current schedule is workable given the overlap  
4 between the two applications, FWWS proposes the following procedural schedule for  
5 prosecuting its emergency and general rate applications pending before the Commission:

6                   **Emergency Application: Filing Dates and Hearing Date.**

7           Company Direct Testimony	December 19, 2008 (filed)
8           Staff/RUCO/Intervenor Response Testimony	February 19, 2009
9           Company Reply Testimony	March 9, 2009
10          Proposed Hearing Dates	Two days between March 16-27, 2009

11  
12                   **Permanent Application: Filing Dates and Hearing Date.**

13          Staff/RUCO/Intervenor Direct Testimony <sup>1</sup>	July 17, 2009 <sup>2</sup>
14          Company Rebuttal Testimony	August 24, 2009 <sup>3</sup>
15          Staff/RUCO/Intervenor Surrebuttal Testimony	September 18, 2009
16          Company Rejoinder Testimony	October 5, 2009
17          Proposed Hearing Dates	Week of October 12, 2009

18  
19          The Company also suggests that discovery continue in both cases. Discovery requests in  
20 the interim rate case should be subject to a 7-calendar day response time, with the  
21 discovery timelines already in place remaining in the general rate case.

22                   **Conclusion.**

23  
24                   

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<sup>1</sup> Because this is a sewer utility case, it is unlikely there will be significant evidence or dispute  
25 over rate design and cost of service. Therefore, the Company recommends one date for direct  
testimony by the other parties, as opposed to the two dates previously scheduled.

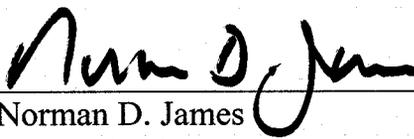
<sup>2</sup> This is an 80-day extension of the current filing date.

26                   <sup>3</sup> This is less time for rebuttal than FWWS has under the current procedural schedule.

1 FWWS sympathizes with the "severe resource constraints" being experienced by  
2 Staff. FWWS is experiencing the same constraints, however, and is entitled to relief  
3 within a reasonable time. The proposed consolidation and procedural schedule set forth in  
4 this request takes these constraints into account while balancing the needs of the utility for  
5 timely rate relief, both emergency and permanent. Given the facts, and the narrow scope  
6 of the interim proceeding, there is simply no need for a total stay of the Company's  
7 pending rate application in order to address the request for emergency rate relief. All  
8 parties' needs and the public interest can still be served by reasonable modification of the  
9 existing procedural schedule. In light of the Company's current financial situation, any  
10 other result would threaten the Company's long-term financial health and stability.  
11 Therefore, FWWS asks for consolidation of the two dockets and approval of a reasonable  
12 procedural schedule as proposed herein.

13 RESPECTFULLY SUBMITTED this 20th day of January, 2009.

14 FENNEMORE CRAIG, P.C.

15  
16 By:   
17 Norman D. James  
18 Jay L. Shapiro  
19 Attorneys for Far West Water &  
Sewer Company

20 ORIGINAL and 13 copies delivered  
21 this 20<sup>th</sup> day of January, 2009 to:

22 Docket Control  
23 Arizona Corporation Commission  
24 1200 West Washington Street  
Phoenix, Arizona 85007

25  
26

1 **COPY** of the foregoing mailed and emailed  
2 this 20<sup>th</sup> day of January, 2009 to:

3 Jane L. Rodda  
4 Administrative Law Judge  
5 Arizona Corporation Commission  
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8 **COPY** hand-delivered  
9 this 20<sup>th</sup> day of January, 2009 to:

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