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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

- KRISTIN K. MAYES, Chairman
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Arizona Corporation Commission

DOCKETED

AZ CORP COMMISSION  
DOCKET CONTROL

JAN 23 2009

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF  
BEAVER DAM COMPANY, INC. FOR  
FINANCING AUTHORIZATION.

DOCKET NO. W-03067A-08-0266

IN THE MATTER OF THE APPLICATION OF  
BEAVER DAM COMPANY, INC. FOR A RATE  
INCREASE.

DOCKET NO. W-03067A-08-0380

RATE CASE  
PROCEDURAL ORDER

BY THE COMMISSION:

On May 27, 2008, Beaver Dam Water Company, Inc. ("Beaver Dam" or "Company") filed with the Arizona Corporation Commission ("Commission") an application in Docket No. W-03067A-08-0266 for emergency authorization to obtain a loan from the Water Infrastructure Finance Authority ("WIFA") in the amount of \$104,284, for the purpose of constructing water storage improvements ("Finance Case").

On July 23, 2008, the Company filed an application for a rate increase in Docket No. W-03067A-08-0266 ("Rate Case").

On August 22, 2008, the Commission's Utilities Division ("Staff") filed a Letter of Insufficiency in the Rate Case docket.

On September 3, 2008, Staff separately filed in both the Finance and Rate Cases a Motion to Consolidate the dockets.

By Procedural Order issued September 5, 2008, the Rate and Finance Cases were consolidated.

On September 8, 2008, the Company filed additional information in response to the August 22, 2008 Deficiency Letter.

On October 8, 2008, Staff filed a Second Letter of Deficiency setting forth the additional information required by Staff in order to find the rate application sufficient.

1 On October 23, 2008, Beaver Dam filed additional information in response to the Second  
2 Letter of Deficiency.

3 On November 21, 2008, Staff filed a Letter of Sufficiency stating that the Company was  
4 classified as a Class D utility.

5 On January 12, 2009, Staff issued a Revised Letter of Sufficiency which supersedes the Letter  
6 of Sufficiency filed on November 21, 2008. Staff's Letter of Sufficiency states that Beaver Dam's  
7 rate application had met the sufficiency requirements as outlined in A.A.C. R14-2-103, but that  
8 Beaver Dam has been reclassified as a Class C utility.

9 On January 20, 2009, Beaver Dam filed a Response to Staff's reclassification of the  
10 Company, stating, among other things, that Beaver Dam sought a waiver of the Class C filing  
11 requirements and the Company needs a Decision prior to the date indicated in the Revised Letter of  
12 Sufficiency in order to obtain the WIFA loan needed to construct a water storage tank.

13 IT IS THEREFORE ORDERED that the **hearing on the consolidated dockets shall be held**  
14 **on April 27, 2009, at 9:30 a.m.**, at the Commission's offices, 1200 West Washington, 2<sup>nd</sup> Floor  
15 Conference Room, Phoenix, Arizona 85007.

16 IT IS FURTHER ORDERED that **the Staff Report in this matter shall be filed on or**  
17 **before April 6, 2009.** The Staff Report shall include copies of any documents that Staff intends to  
18 submit as exhibits during the evidentiary hearing.

19 IT IS FURTHER ORDERED that the Staff Report shall include a discussion on Beaver  
20 Dam's compliance with the Arizona Department of Environmental Quality and the Arizona  
21 Department of Water Resources, and any health or safety concerns related to the water system.

22 IT IS FURTHER ORDERED that **any direct testimony and associated exhibits to be**  
23 **presented at the hearing on behalf of intervenors shall be reduced to writing and filed on or**  
24 **before April 6, 2009.**

25 IT IS FURTHER ORDERED that **Beaver Dam shall file a written response to the Staff**  
26 **Report and any intervenor's testimony on or before April 17, 2009.** The response shall include  
27 copies of any documents that Beaver Dam intends to submit as exhibits during the evidentiary  
28 hearing.

1 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements  
2 to pre-filed testimony, the Staff Report or Beaver Dam's response shall be reduced to writing  
3 and filed on or before April 20, 2009.

4 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,  
5 except that all motions to intervene must be filed on or before March 23, 2009.

6 IT IS FURTHER ORDERED that any objections to intervention shall be filed on or before  
7 March 30, 2009.

8 IT IS FURTHER ORDERED that any motions filed in this matter that are not ruled upon by  
9 the Commission within 20 calendar days of the filing date of the motion shall be deemed denied.

10 IT IS FURTHER ORDERED that any responses to motions shall be filed within five calendar  
11 days of the filing date of the motion.

12 IT IS FURTHER ORDERED that any replies shall be filed within five calendar days of the  
13 filing date of the response.

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

17 **PUBLIC NOTICE OF HEARING ON THE APPLICATION OF BEAVER DAM**  
18 **WATER COMPANY FOR AN INCREASE IN ITS RATES AND**  
19 **AUTHORIZATION FOR FINANCING**  
**(Docket Nos. W-03067A-08-0266 and W-03067A-08-0380)**

20 **Summary**

21 On May 27, 2008 and July 23, 2008, respectively, Beaver Dam Water Company, Inc.,  
22 ("Beaver Dam" or "Company") filed with the Arizona Corporation Commission  
23 ("Commission") applications for financing authority and for an increase in its rates for  
24 water service. In its finance application, Beaver Dam seeks authorization to obtain a  
25 \$104,283 loan from the Water Infrastructure Finance Authority ("WIFA") for  
26 constructing facilities to increase the Company's storage capacity. In its rate  
27 application, Beaver Dam is seeking an increase in its rates to generate an  
28 additional \$259,617 in revenues, based on a test year ending December 31, 2007.  
For residential (5/8 x 3/4 inch meters) customers served by Beaver Dam System  
No. 1, the Company's proposal would increase the fixed monthly charge from  
\$15.00 to \$30.00 and would increase the water usage rate from the current \$1.50  
per 1,000 gallons to a graduated scale of \$3.00/\$3.75/\$4.75 for usage each month  
from 0 to 4,000 gallons/4,001 to 7,000 gallons/over 7,001 gallons, respectively. For  
residential (5/8 x 3/4 inch meters) customers served by Beaver Dam on its Virgin  
Valley Water District System, the Company's proposal would increase the fixed  
monthly charge from \$13.30 to \$30.00 and would increase the water usage rate to  
a graduated scale of \$3.00/\$3.75/\$4.75 for usage each month from 0 to 4,000

1 gallons/4,001 to 7,000 gallons/over 7,001 gallons, respectively. For residential (5/8  
 2 x 3/4 inch meters) customers served by Beaver Dam on its Littlefield System, the  
 3 Company's proposal would increase the fixed monthly charge from \$17.00 to  
 4 \$30.00 and would increase the water usage rate to a graduated scale of  
 5 \$3.00/\$3.75/\$4.75 for usage each month from 0 to 4,000 gallons/4,001 to 7,000  
 6 gallons/over 7,001 gallons, respectively. If the Company's proposal were to be  
 7 adopted by the Commission, customers served on all three systems would have  
 8 uniform rates consisting of a \$30.00 per month fixed customer charge plus usage  
 9 rates of \$3.00/\$3.75/\$4.75 for usage each month from 0 to 4,000 gallons/4,001 to  
 10 7,000 gallons/over 7,001 gallons, respectively.

11 The Commission's Utilities Division Staff ("Staff") is in the process of auditing and  
 12 analyzing Beaver Dam's records and has not yet made a recommendation regarding  
 13 the rate or financing applications. The Commission will determine the appropriate  
 14 relief to be granted based on the evidence presented during the proceeding. **The  
 15 Commission is not bound by the proposals made by Beaver Dam, Staff, or any  
 16 intervenors;** therefore, the final rates and amount of financing approved may differ  
 17 from the rates and amounts requested by Beaver Dam in its applications.

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

19 Copies of the rate and finance applications are available at Beaver Dam's offices  
 20 [COMPANY INSERT ADDRESS HERE] and at the Commission's Docket Control  
 21 Center at 1200 West Washington, Phoenix, Arizona, for public inspection during  
 22 regular business hours and on the Internet via the Commission's website  
 23 (www.azcc.gov) using the e-Docket function.

#### 24 Arizona Corporation Commission Public Hearing Information

25 The Commission will hold a hearing on this matter beginning **April 27, 2009, at 9:30  
 26 a.m.**, at the Commission's offices, 1200 West Washington Street, 2<sup>nd</sup> Floor  
 27 Conference Room, Phoenix, Arizona. Public comments will be taken on the first day  
 28 of the hearing. Written public comments may be submitted by mailing a letter  
 referencing Docket No. W-03067A-08-0266 et al., 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.

#### 29 About Intervention

30 The law provides for an open public hearing at which, under appropriate  
 31 circumstances, interested parties may intervene. Any person or entity entitled by law  
 32 to intervene and having a direct and substantial interest in the matter will be permitted  
 33 to intervene. If you desire to intervene, you must file a written motion to intervene  
 34 with the Commission no later than **March 23, 2009**. You must send a copy of the  
 35 motion to intervene to Beaver Dam or its counsel and to all parties of record. Your  
 36 motion to intervene must contain the following:

- 37 1. Your name, address, and telephone number and the name, address, and  
 38 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 Beaver  
 Dam, a shareholder of Beaver Dam, etc.); and
3. A statement certifying that you have mailed a copy of the motion to intervene  
 to Beaver Dam or its counsel and to all parties of record in the case.

1 The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except  
 2 that all motions to intervene must be filed on or before March 23, 2009. If  
 3 representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme  
 4 Court, intervention will be conditioned upon the intervenor obtaining counsel to  
 5 represent the intervenor. For information about requesting intervention, visit the  
 6 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**

7 The Commission does not discriminate on the basis of disability in admission to its  
 8 public meetings. Persons with a disability may request a reasonable accommodation  
 9 such as a sign language interpreter, as well as request this document in an alternative  
 10 format, by contacting the ADA Coordinator, Linda Hogan, at LHogan@azcc.gov,  
 11 voice phone number (602) 542-3931. Requests should be made as early as possible to  
 12 allow time to arrange the accommodation.

13 IT IS FURTHER ORDERED that by **the first billing cycle in February 2009**, Beaver Dam  
 14 shall **mail to each current customer or water user** a copy of the above notice and shall cause the  
 15 above notice to be published at least once in a newspaper of general circulation in its service territory.

16 IT IS FURTHER ORDERED that Beaver Dam shall file **certification of mailing and**  
 17 **publication** as soon as possible after the mailing and publication has been completed, but **no later**  
 18 **than March 15, 2009**.

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

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

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

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

...

...

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

3 DATED this 23<sup>rd</sup> day of January, 2009.

4  
5 

6 DWIGHT D. NODES  
7 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

8 Copies of the foregoing mailed/delivered  
9 This 23<sup>rd</sup> day of January, 2009 to:

10 Bob Frisby  
11 BEAVER DAM WATER COMPANY, INC.  
12 P.O. Box 550  
13 Littlefield, Arizona 86432-0550

14 Janice Alward, Chief Counsel  
15 ARIZONA CORPORATION COMMISSION  
16 1200 W. Washington Street  
17 Phoenix, Arizona 85007

18 Ernest Johnson, Director  
19 Utilities Division  
20 ARIZONA CORPORATION COMMISSION  
21 1200 W. Washington Street  
22 Phoenix, Arizona 85007

23 ARIZONA REPORTING SERVICE, INC.  
24 2200 North Central Avenue, Suite 502  
25 Phoenix, Arizona 85004-1481

26 By:   
27 Debbi Person  
28 Secretary to Dwight D. Nodes