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BEFORE THE ARIZONA CORPORATION COMMISSION

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2 COMMISSIONERS

- 3 KRISTIN K. MAYES, Chairman
- 4 GARY PIERCE
- 5 PAUL NEWMAN
- 6 SANDRA D. KENNEDY
- 7 BOB STUMP

2009 MAY 28 P 2:17

Arizona Corporation Commission

DOCKETED

AZ CORP COMMISSION
DOCKET CONTROL

MAY 28 2009

DOCKETED BY	<i>[Signature]</i>
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7 IN THE MATTER OF THE APPLICATION OF
8 GLOBAL WATER – PALO VERDE UTILITIES
9 COMPANY FOR THE ESTABLISHMENT OF
10 JUST AND REASONABLE RATES AND
11 CHARGES FOR UTILITY SERVICE DESIGNED
TO REALIZE A REASONABLE RATE OF
RETURN ON THE FAIR VALUE OF ITS
PROPERTY THROUGHOUT THE STATE OF
ARIZONA.

DOCKET NO. SW-20445A-09-0077

12 IN THE MATTER OF THE APPLICATION OF
13 VALENCIA WATER COMPANY – GREATER
14 BUCKEYE DIVISION FOR THE
15 ESTABLISHMENT OF JUST AND REASONABLE
16 RATES AND CHARGES FOR UTILITY SERVICE
DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE OF
ITS PROPERTY THROUGHOUT THE STATE OF
ARIZONA.

DOCKET NO. W-02451A-09-0078

17 IN THE MATTER OF THE APPLICATION OF
18 WILLOW VALLEY WATER COMPANY FOR
19 THE ESTABLISHMENT OF JUST AND
20 REASONABLE RATES AND CHARGES FOR
21 UTILITY SERVICE DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON THE
FAIR VALUE OF ITS PROPERTY
THROUGHOUT THE STATE OF ARIZONA.

DOCKET NO. W-01732A-09-0079

22 IN THE MATTER OF THE APPLICATION OF
23 GLOBAL WATER – SANTA CRUZ WATER
24 COMPANY FOR THE ESTABLISHMENT OF
25 JUST AND REASONABLE RATES AND
26 CHARGES FOR UTILITY SERVICE DESIGNED
TO REALIZE A REASONABLE RATE OF
RETURN ON THE FAIR VALUE OF ITS
PROPERTY THROUGHOUT THE STATE OF
ARIZONA.

DOCKET NO. W-20446A-09-0080

27 IN THE MATTER OF THE APPLICATION OF
28 WATER UTILITY OF GREATER TONOPAH FOR
THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES FOR

DOCKET NO. W-02450A-09-0081

1 UTILITY SERVICE DESIGNED TO REALIZE A
2 REASONABLE RATE OF RETURN ON THE
3 FAIR VALUE OF ITS PROPERTY
4 THROUGHOUT THE STATE OF ARIZONA.

3 IN THE MATTER OF THE APPLICATION OF
4 VALENCIA WATER COMPANY – TOWN
5 DIVISION FOR THE ESTABLISHMENT OF JUST
6 AND REASONABLE RATES AND CHARGES
7 FOR UTILITY SERVICE DESIGNED TO
8 REALIZE A REASONABLE RATE OF RETURN
9 ON THE FAIR VALUE OF ITS PROPERTY
10 THROUGHOUT THE STATE OF ARIZONA.

DOCKET NO. W-01212A-09-0082

PROCEDURAL ORDER

BY THE COMMISSION:

8 On February 20, 2009, Global Water – Palo Verde Utilities Company; Valencia Water
9 Company – Greater Buckeye Division; Willow Valley Water Company, Inc.; Global Water – Santa
10 Cruz Water Company; Water Utility of Greater Tonopah, Inc.; and Valencia Water Company – Town
11 Division (“Valencia - Town Division”) (collectively “Global Utilities” or “Company”) filed with the
12 Arizona Corporation Commission (“Commission”) applications in the above-captioned dockets
13 seeking increases in their respective permanent base rates and other associated charges.
14

15 On February 24, 2009, Global Utilities filed Motions to Consolidate in each of the above-
16 captioned matters.

17 On February 27, 2009, Global Utilities filed Notices of Errata in each of the dockets.

18 On March 23, 2009, the Commission’s Utilities Division Staff (“Staff”) filed Letters of
19 Deficiency in each of the dockets, indicating that the applications did not meet the sufficiency
20 requirements of Arizona Administrative Code (“A.A.C.”) R14-2-103.

21 On April 7, 13, and 20, 2009, the Global Utilities filed various responses to Staff’s Deficiency
22 Letters, and certain updated schedules for the applications.

23 On April 13, 2009, Valencia – Town Division filed a Motion for Approval of Arsenic
24 Surcharge (“Motion”). However, on April 20, 2009, Valencia – Town Division filed a Notice of
25 Filing Withdrawal of Motion, stating that it re-filed the arsenic surcharge request as a separate
26 application.¹

27 ¹ On April 17, 2009, Valencia –Town Division filed an application for approval of an arsenic surcharge (Docket No. W-
28 01212A-09-0186). On May 8, 2009, Valencia – Town Division filed in that same docket a Notice of Filing Withdrawal
of Application “in order for Staff to focus on the pending rate cases for the Global Utilities.”

1 On April 30, 2009, Staff filed Letters of Sufficiency stating that each of the above-captioned
2 Global Utilities applications, as supplemented by the subsequent filings, met the sufficiency
3 requirements of A.A.C. R14-2-103.

4 On May 8, 2009, Global Utilities filed compliance reports from the Arizona Department of
5 Water Resources (“ADWR”) for each of the Global Utilities water companies in the above-captioned
6 dockets.²

7 On May 12, 2009, Staff filed Motions to Consolidate in each of the above-captioned dockets.

8 On May 19, 2009, the Residential Utility Consumer Office (“RUCO”) filed an Application to
9 Intervene in Docket No. SW-20445A-09-0077.

10 Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern
11 the preparation and conduct of this proceeding.

12 IT IS THEREFORE ORDERED that **the above-captioned dockets shall be consolidated.**

13 IT IS FURTHER ORDERED that **RUCO shall be granted intervention in this**
14 **consolidated proceeding.**

15 IT IS FURTHER ORDERED that a **hearing in the consolidated dockets shall be scheduled**
16 **to commence on December 14, 2009, at 10:00 a.m.,** at the Commission’s offices, 1200 West
17 Washington Street, Hearing Room #1, Phoenix, Arizona 85007.

18 IT IS FURTHER ORDERED that a **pre-hearing conference shall be held on December 10,**
19 **2009, at 10:00 a.m.,** for the purpose of scheduling witnesses and the conduct of the hearing.

20 IT IS FURTHER ORDERED that the **Staff Report and/or any testimony** and associated
21 exhibits to be presented at hearing on behalf of Staff shall be reduced to writing and filed on or before
22 **October 26, 2009.**

23 IT IS FURTHER ORDERED that any **testimony and associated exhibits to be presented at**
24 **hearing on behalf of intervenors** shall be reduced to writing and filed on or before **October 26, 2009.**

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28 ² No ADWR compliance report was filed in Docket No. SW-20445A-09-0077 because Global Water – Palo Verde Utilities Company is a provider of wastewater services only.

1 IT IS FURTHER ORDERED that any **rebuttal testimony and associated exhibits to be**
2 **presented at hearing by Global Utilities** shall be reduced to writing and filed on or before
3 **November 20, 2009.**

4 IT IS FURTHER ORDERED that any **surrebuttal testimony and associated exhibits to be**
5 **presented by Staff or intervenors** shall be reduced to writing and filed on or before **December 7,**
6 **2009.**

7 IT IS FURTHER ORDERED that any **rejoinder testimony and associated exhibits to be**
8 **presented at the hearing on behalf of Global Utilities** shall be reduced to writing and filed on or
9 before **December 10, 2009.**

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

12 IT IS FURTHER ORDERED that any **objections to testimony or exhibits that have been**
13 **prefiled as of December 10, 2009, shall be made before or at the December 10, 2009, pre-**
14 **hearing conference.**

15 IT IS FURTHER ORDERED that **each party shall individually prepare, and bring to the**
16 **December 10, 2009, pre-hearing conference, copies of an issues matrix setting forth all disputed**
17 **issues in the case. Each party's matrix shall indicate the position of each party on each**
18 **disputed issue and shall indicate whether the disputed issue remains in dispute or has been**
19 **resolved, in prefiled testimony or otherwise.**

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

22 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to
23 prefiled testimony, with the exception of rejoinder testimony, shall be reduced to writing and filed no
24 later than five calendar days before the witness is scheduled to testify. Substantive corrections,
25 revisions, or supplements to prefiled rejoinder testimony shall be reduced to writing and presented on
26 the first day of hearing.

27 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the
28 prefiled testimony of each of their witnesses and **shall file each summary at least two working**

1 **days before the witness is scheduled to testify.**

2 IT IS FURTHER ORDERED that copies of summaries shall be served upon the
3 Administrative Law Judge, the Commissioners, and the Commissioners' aides as well as the parties
4 of record.

5 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
6 except that **all motions to intervene must be filed on or before October 12, 2009.**

7 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
8 regulations of the Commission, except that until **November 20, 2009**, any objection to discovery
9 requests shall be made within 7 calendar days of receipt³ and responses to discovery requests shall be
10 made within 10 calendar days of receipt. Thereafter, objections to discovery requests shall be made
11 within 5 calendar days and responses shall be made within 7 calendar days. The response time may
12 be extended by mutual agreement of the parties involved if the request requires an extensive
13 compilation effort.

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

17 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
18 discovery, any party seeking resolution of a discovery dispute may telephonically contact the
19 Commission's Hearing Division to request a date for a procedural hearing to resolve the discovery
20 dispute; that upon such a request, a procedural hearing will be convened as soon as practicable; and
21 that the party making such a request shall forthwith contact all other parties to advise them of the
22 hearing date and shall at the hearing provide a statement confirming that the other parties were
23 contacted.⁴

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27 ³ The date of receipt of discovery requests is not counted as a calendar day, and requests received after 4:00 p.m. MST
will be considered as received the next business day.

28 ⁴ The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before
seeking Commission resolution of the controversy.

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

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

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

8 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in
9 this matter, in the following form and style with the heading in no less than 18-point bold type and
10 the body in no less than 10-point regular type:

11 **PUBLIC NOTICE OF HEARING ON THE APPLICATIONS OF GLOBAL WATER –**
12 **PALO VERDE UTILITIES COMPANY; VALENCIA WATER COMPANY – GREATER**
13 **BUCKEYE DIVISION; WILLOW VALLEY WATER COMPANY; GLOBAL WATER -**
14 **SANTA CRUZ WATER COMPANY; WATER UTILITY OF GREATER TONOPAH,**
15 **INC.; AND VALENCIA WATER COMPANY – TOWN DIVISION FOR PERMANENT**
16 **BASE RATE INCREASES FOR WATER SERVICE.**
17 **(DOCKET NOS. SW-20445A-09-0077; W-02451A-09-0078; W-01732A-09-0079;**
18 **W-20446A-09-0080; W-02450A-09-0081 AND W-01212A-09-0082)**

19 **Summary of Application**

20 On February 20, 2009, Global Water – Palo Verde Utilities Company (“Palo Verde”);
21 Valencia Water Company – Greater Buckeye Division (“Valencia – Buckeye”);
22 Willow Valley Water Company, Inc. (“Willow Valley”); Global Water – Santa Cruz
23 Water Company (“Santa Cruz”); Water Utility of Greater Tonopah, Inc. (“Tonopah”);
24 and Valencia Water Company – Town Division (“Valencia – Town”) (collectively
25 “Global Utilities” or “Company”) filed with the Arizona Corporation Commission
26 (“Commission”) applications in the above-captioned dockets seeking increases in their
27 respective permanent base rates and other associated charges. These dockets have
28 been consolidated for purposes of hearing and consideration by the Commission.

[COMPANY INCLUDE APPROPRIATE PARAGRAPH(S) FROM THE FOLLOWING PARAGRAPHS]

For its **Palo Verde wastewater system**, Global Utilities is seeking an overall gross revenue increase of \$8,493,379 (130 percent) over current operating revenues. Under the Company’s proposal, a residential customer served by a 5/8-inch water meter would experience an increase from the current monthly rate of \$33.00 to a rate of \$71.11 per month (\$38.11 monthly increase or 115 percent). **The actual percentage rate increase for individual customers would vary depending on the type of service provided.**

For its **Valencia – Buckeye water system** (which includes a proposed rate consolidation for the Valencia – Buckeye, Valencia – Town and Tonopah water systems), Global Utilities is seeking an overall gross revenue increase of \$2,519,705

1 (72 percent) over current operating revenues. Under the Company's rate consolidation
 2 proposal, a Valencia – Buckeye residential water customer served by a 5/8-inch water
 3 meter, with average usage of 9,068 gallons per month, would experience an increase
 from current monthly charges of \$40.94 to charges of \$63.28 per month (\$22.34
 monthly increase or 55 percent). **The actual percentage rate increase for individual
 customers would vary depending on the type and quantity of service provided.**

4 For its **Valencia – Town water system** (which includes a proposed rate consolidation
 5 for the Valencia – Buckeye, Valencia – Town and Tonopah water systems), Global
 6 Utilities is seeking an overall gross revenue increase of \$2,519,705 (72 percent) over
 current operating revenues. Under the Company's rate consolidation proposal, a
 7 Valencia – Town residential water customer served by a 5/8-inch water meter, with
 average usage of 5,817 gallons per month, would experience an increase from current
 8 monthly charges of \$29.64 to charges of \$48.13 per month (\$18.49 monthly increase
 or 62 percent). **The actual percentage rate increase for individual customers
 would vary depending on the type and quantity of service provided.**

9 For its **Tonopah water system** (which includes a proposed rate consolidation for the
 10 Valencia – Buckeye, Valencia – Town and Tonopah water systems), Global Utilities is
 seeking an overall gross revenue increase of \$2,519,705 (72 percent) over current
 11 operating revenues. Under the Company's rate consolidation proposal, a Tonopah
 residential water customer served by a 5/8-inch water meter, with average usage of
 12 7,346 gallons per month, would experience an increase from current monthly charges
 of \$47.62 to charges of \$58.63 per month (\$11.01 monthly increase or 23 percent).
 13 **The actual percentage rate increase for individual customers would vary
 depending on the type and quantity of service provided.**

14 For its **Willow Valley water system**, Global Utilities is seeking an overall gross
 15 revenue increase of \$499,228 (105 percent) over current operating revenues. Under
 the Company's proposal, a Willow Valley residential water customer served by a 5/8-
 16 inch water meter, with average usage of 5,142 gallons per month, would experience an
 increase from current monthly charges of \$21.91 to charges of \$37.64 per month
 17 (\$15.73 monthly increase or 72 percent). **The actual percentage rate increase for
 individual customers would vary depending on the type and quantity of service
 18 provided.**

19 For its **Santa Cruz water system**, Global Utilities is seeking an overall gross revenue
 20 increase of \$3,081,292 (34 percent) over current operating revenues. Under the
 Company's proposal, a Santa Cruz residential water customer served by a 5/8-inch
 21 water meter, with average usage of 7,827 gallons per month, would experience an
 increase from current monthly charges of \$42.75 to charges of \$49.75 per month
 22 (\$7.00 monthly increase or 16 percent). **The actual percentage rate increase for
 individual customers would vary depending on the type and quantity of service
 provided.**

23 **These examples are for illustrative purposes only, and the actual dollar and
 24 percentage increases for individual customers would vary depending on the type
 of customer served, and the quantity consumed for water service.**

25 The Commission's Utilities Division Staff ("Staff") is in the process of auditing and
 26 analyzing the application, and has not yet made any recommendations regarding
 Global Utilities' proposed rate increase. The Residential Utility Consumer Office is
 27 also a party to this proceeding and will analyze the application and make
 recommendations to the Commission. The Commission will determine the
 28 appropriate relief to be granted based on the evidence presented by the parties. **The
 Commission is not bound by the proposals made by Global Utilities, Staff, or any**

1 **other intervenors; therefore, the final rates approved by the Commission may**
 2 **differ from the rates requested by the Company.**

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

4 Copies of the application and proposed rates are available from Global Utilities
 5 [COMPANY INSERT HOW AND WHERE AVAILABLE] and at the
 6 Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona, for
 7 public inspection during regular business hours and on the Internet via the
 8 Commission's website (www.azcc.gov) using the e-Docket function.

9 **Arizona Corporation Commission Public Hearing Information**

10 **The Commission will hold a hearing on this matter beginning on December 14,**
 11 **2009, at 10:00 a.m.,** at the Commission's offices, Hearing Room #1, 1200 West
 12 Washington Street, Phoenix, Arizona. Public comments will be taken on the first day
 13 of the hearing. Written public comments may be submitted by mailing a letter
 14 referencing Docket Nos. SW-20445A-09-0077; W-02451A-09-0078; W-01732A-09-
 15 0079; W-20446A-09-0080; W-02450A-09-0081; and W-01212A-09-0082 to Arizona
 16 Corporation Commission, Consumer Services Section, 1200 West Washington,
 17 Phoenix, AZ 85007, or by e-mail. For a form to use and instructions on how to e-mail
 18 comments to the Commission, go to http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf.
 19 If you require assistance, you may contact the Consumer Services Section at
 20 602-542-4251 or 1-800-222-7000.

21 **About Intervention**

22 The law provides for an open public hearing at which, under appropriate
 23 circumstances, interested parties may intervene. Any person or entity entitled by law
 24 to intervene and having a direct and substantial interest in the matter will be permitted
 25 to intervene. If you wish to intervene, you must file an original and 13 copies of a
 26 written motion to intervene with the Commission no later than **October 12, 2009**, and
 27 send a copy of the motion to Global Utilities or its counsel and to all parties of record.
 28 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 Global Utilities, a shareholder of Global Utilities, etc.); and
3. A statement certifying that you have mailed a copy of the motion to intervene to Global Utilities 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 October 12, 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 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.

1 **ADA/Equal Access Information**

2 The Commission does not discriminate on the basis of disability in admission to its
3 public meetings. Persons with a disability may request a reasonable accommodation
4 such as a sign language interpreter, as well as request this document in an alternative
5 format, by contacting the ADA Coordinator, Shaylin Bernal, E-mail
6 Sbernal@azcc.gov, voice phone number 602/542-3931. Requests should be made as
7 early as possible to allow time to arrange the accommodation.

8 IT IS FURTHER ORDERED that Global Utilities shall mail to each of its customers a copy
9 of the above notice as a bill insert beginning no later than the first billing cycle in **August 2009**, and
10 shall cause a copy of such notice to be published at least once in a newspaper of general circulation in
11 the Company's service territory, with publication to be completed no later than **August 31, 2009**.

12 IT IS FURTHER ORDERED that Global Utilities shall file certification of
13 mailing/publication as soon as practicable after the mailing/publication has been completed.

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

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

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

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

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

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

4 DATED this 28th day of May, 2009.

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DWIGHT D. NODES
ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

9
10 Copies of the foregoing mailed/delivered
this 28th day of May, 2009 to:

11 Michael W. Patten
12 Timothy Sabo
ROSKHA, DEWULF & PATTEN, PLC
13 One Arizona Center
400 East Van Buren Street, Suite 800
14 Phoenix, AZ 85004

15 Jodi Jerich, Director
RESIDENTIAL UTILITY CONSUMER OFFICE
16 1110 West Washington Street, Suite 220
Phoenix, AZ 85007

17 Janice Alward, Chief Counsel
18 Legal Division
ARIZONA CORPORATION COMMISSION
19 1200 West Washington Street
Phoenix, AZ 85007

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

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

25
26 By: 
27 *you* Debbi Person
Assistant to Dwight D. Nodes