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FOR THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

- KRISTIN K. MAYES, Chairman
- GARY PIERCE
- PAUL NEWMAN
- SANDRA D. KENNEDY
- BOB STUMP

DOCKET NO. WS-02676A-09-0257

IN THE MATTER OF THE APPLICATION OF
RIO RICO UTILITIES, INC. FOR A
DETERMINATION OF THE FAIR VALUE OF ITS
UTILITY PLANT AND PROPERTY AND FOR
INCREASES IN ITS WATER AND
WASTEWATER RATES AND CHARGES FOR
UTILITY SERVICE THEREON.

RATE CASE
PROCEDURAL ORDER

BY THE COMMISSION:

On May 22, 2009, Rio Rico Utilities, Inc. ("Rio Rico" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for a rate increases for water and wastewater service in the above-captioned docket.

On June 22, 2009, the Commission's Utilities Division ("Staff") notified the Company that its application did not meet the sufficiency requirements outlined in Arizona Administrative Code ("A.A.C.") R14-2-103.

On June 26, 2009, Rio Rico filed a Response to the Letter of Insufficiency.

On June 30, 2009, Staff filed a Letter of Sufficiency in the docket indicating that Rio Rico's application had meet the sufficiency requirements of A.A.C. R14-2-103. Staff classified the Company as a Class A utility.

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

IT IS THEREFORE ORDERED that a **hearing in this matter shall commence on March 10, 2010, at 10:00 a.m.**, at the Commission's offices, 400 West Congress, Room 222, Tucson, Arizona 85701.

IT IS FURTHER ORDERED that a **telephonic pre-hearing conference shall be held on**

1 **March 8, 2010, at 10:00 a.m.**, at the Commission's Tucson Offices, Room 218, 400 West Congress,
2 Tucson, Arizona, for the purpose of scheduling witnesses and the conduct of the hearing. **Parties**
3 **wishing to participate shall contact the Hearing Division at (602) 542-4250 prior to the Pre-**
4 **hearing Conference date to obtain instructions for telephonic participation.**

5 IT IS FURTHER ORDERED that **direct testimony** and associated exhibits (except that
6 related to rate design and cost of service) to be presented at hearing on behalf of Staff shall be
7 reduced to writing and filed on or before **December 15, 2009**.

8 IT IS FURTHER ORDERED that any **direct testimony** and associated exhibits (except that
9 related to rate design and cost of service) to be presented at hearing on behalf of intervenors shall be
10 reduced to writing and filed on or before **December 15, 2009**.

11 IT IS FURTHER ORDERED that **direct testimony** and associated exhibits **related to rate**
12 **design and cost of service** to be presented at hearing on behalf of Staff and intervenors shall be
13 reduced to writing and filed on or before **January 4, 2010**.

14 IT IS FURTHER ORDERED that any **rebuttal testimony** and associated exhibits to be
15 presented at hearing by the Company shall be reduced to writing and filed on or before **February 1,**
16 **2010**.

17 IT IS FURTHER ORDERED that any **surrebuttal testimony** and associated exhibits to be
18 presented by the Staff or intervenors shall be reduced to writing and filed on or before **February 22,**
19 **2010**.

20 IT IS FURTHER ORDERED that any **rejoinder testimony** and associated exhibits to be
21 presented at hearing by the Company shall be reduced to writing and filed on or before noon **March**
22 **5, 2010**.

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

25 IT IS FURTHER ORDERED that any **objections to testimony or exhibits that have been**
26 **prefiled as of March 5, 2010, shall be made before or at the March 8, 2010, pre-hearing**
27 **conference.**

28 IT IS FURTHER ORDERED that **each party shall individually prepare, and bring to the**

1 **March 8, 2010, pre-hearing conference, copies of an issues matrix setting forth all disputed**
2 **issues in the case. Each party's matrix shall indicate the position of each party on each**
3 **disputed issue and shall indicate whether the disputed issue remains in dispute or has been**
4 **resolved, in prefiled testimony or otherwise.**

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

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

12 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the
13 prefiled testimony of each of their witnesses and shall file each summary at least two working
14 days before the witness is scheduled to testify.

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

18 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
19 except that all motions to intervene must be filed on or before November 30, 2009.

20 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
21 regulations of the Commission, except that until February 1, 2010, any objection to discovery
22 requests shall be made within 7 calendar days of receipt¹ and responses to discovery requests shall be
23 made within 10 calendar days of receipt. Thereafter, objections to discovery requests shall be made
24 within 5 calendar days and responses shall be made within 7 calendar days. The response time may
25 be extended by mutual agreement of the parties involved if the request requires an extensive
26 compilation effort.

27 _____
28 ¹ 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.

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

4 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
5 discovery, any party seeking resolution of a discovery dispute may telephonically contact the
6 Commission's Hearing Division to request a date for a procedural hearing to resolve the discovery
7 dispute; that upon such a request, a procedural hearing will be convened as soon as practicable; and
8 that the party making such a request shall forthwith contact all other parties to advise them of the
9 hearing date and shall at the hearing provide a statement confirming that the other parties were
10 contacted.²

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

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

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

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

21 **PUBLIC NOTICE OF HEARING ON THE APPLICATION OF**
22 **RIO RICO UTILITIES, INC.**
23 **FOR A RATE INCREASE FOR**
WATER AND WASTEWATER SERVICE
24 **(DOCKET NO. WS-02676A-09-0257)**

25 **Summary**

26 On May 22, 2009, Rio Rico Utilities, Inc. ("RRUI" or "Company") filed with the
27 Arizona Corporation Commission ("Commission") an application for an increase in
28 revenues for water and wastewater service in the above-captioned docket.

² The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before seeking Commission resolution of the controversy.

Water Service

RRUI is requesting an increase in its water utility revenues of \$2,057,112, an increase of 111.36 percent. If its proposal for its rates were to be adopted by the Commission in its entirety, the Company estimates that for a residential customer using an average 8,548 gallons per month would experience an increase of \$22.23, from \$19.94 under current rates, to \$42.17 under the proposed rates. This example is for illustrative purposes only, and the actual dollar and percentage changes for individual customers would vary depending on the type of customer served, and the quantity consumed for water service.

Wastewater Service

RRUI is requesting a decrease in wastewater utility revenues of \$89,058, a decrease of 4.87 percent. RRUI is proposing to decrease the single family residential flat rat by \$2.71, from \$56.36 to \$53.65. RRUI also seeks to decrease its commercial and multi-family tenant rates.

If you have any questions concerning how the Company's rate proposal will affect your bill or have other substantive questions about this application, you may contact the Company at: [COMPANY SHOULD INSERT NAME, ADDRESS, TELEPHONE NUMBER, AND E-MAIL ADDRESS FOR CUSTOMER CONTACTS CONCERNING THE APPLICATION].

The Commission's Utilities Division Staff has not yet made a recommendation regarding the Company's rate increase proposal, and the Commission will determine the appropriate rate relief to be granted based on the evidence of record in this proceeding. The Commission is not bound by the proposals made by the Company, Staff, or any intervenors and, therefore, the final rates approved in this docket may be lower or higher than the rates described above.

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

Copies of the application and proposed rates are available from RRUI [COMPANY INSERT HOW AND WHERE AVAILABLE] and at the Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona, and in its Tucson office, 400 West Congress, Room 218, Tucson, Arizona for public inspection during regular business hours and on the Internet via the Commission's website (www.azcc.gov) using the e-Docket function.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning March 10, 2010, at 10:00 a.m., at the Commission's offices, Hearing Room 222, 400 West Congress Street, Tucson, Arizona. Public comments will be taken at the beginning of the first day of the hearing. Written public comments may also be submitted by mailing a letter referencing Docket No. WS-02676A-09-0257 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/public_comment.pdf. If you require assistance, you may contact the Consumer Services Section at 1-800-222-7000, or 520 628-6550.

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. If you wish to intervene, you must file an original and 13 copies of a written motion to intervene with the Commission no later than **November 30, 2009**, and send a copy of the motion to RRUI or its counsel and to all parties of record. 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 RRUI, a shareholder of RRUI, etc.); and
- 3. A statement certifying that you have mailed a copy of the motion to intervene to RRUI 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 November 30, 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.

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 such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Guadalupe Ortiz, E-mail gnortiz@azcc.gov, voice phone number 602/542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

IT IS FURTHER ORDERED that Rio Rico shall **mail** to each of its customers a copy of the above notice as a bill insert **beginning no later than the first billing cycle in August 2009³** and shall cause a copy of such notice to be published at least once in a newspaper of local circulation in the Company's service territory, with **publication to be completed no later than August 31, 2009**.

IT IS FURTHER ORDERED that Rio Rico shall file certification of mailing/publication as soon as practicable after the mailing/publication has been completed.

³ If a bill insert is not possible, Rio Rico may mail the notice separately, with mailing to be complete by August 31, 2009.

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

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

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

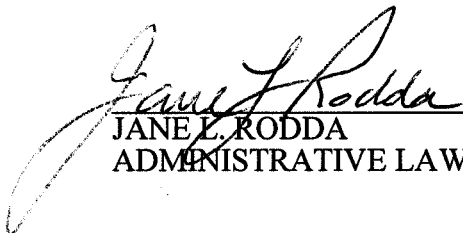
12 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
13 Communications) applies to this proceeding and shall remain in effect until the Commission's
14 Decision in this matter is final and non-appealable.

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

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

20 DATED this 10th day of July, 2009.

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JANE L. RODDA
ADMINISTRATIVE LAW JUDGE


1 Copies of the foregoing mailed/delivered
2 This 10th day of July, 2009 to:

3 Mr. Jay Shapiro
4 Fennemore Craig, PC
5 3003 North Central Avenue
6 Phoenix, Arizona 85012
7 Attorneys for Rio Rico Utilities, Inc.

8 Janice Alward, Chief Counsel
9 Legal Division
10 ARIZONA CORPORATION COMMISSION
11 1200 West Washington Street
12 Phoenix, AZ 85007

13 Ernest G. Johnson, Director
14 Utilities Division
15 ARIZONA CORPORATION COMMISSION
16 1200 West Washington Street
17 Phoenix, AZ 85007

18 ARIZONA REPORTING SERVICE, INC.
19 2200 North Central Avenue, Suite 502
20 Phoenix, AZ 85004

21 By: 
22 Julio Ibarra
23 Secretary to Jane L. Rodda
24
25
26
27
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