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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

- KRISTIN K. MAYES - Chairman
- GARY PIERCE
- PAUL NEWMAN
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- BOB STUMP

Arizona Corporation Commission
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 AZ CORP COMMISSION
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 SEP 24 2009

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS ANTHEM WATER DISTRICT AND ITS SUN CITY WATER DISTRICT.

DOCKET NO. W-01303A-09-0343

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS ANTHEM/AGUA FRIA WASTEWATER DISTRICT, ITS SUN CITY WASTEWATER DISTRICT AND ITS SUN CITY WEST WASTEWATER DISTRICT.

DOCKET NO. SW-01303A-09-0343

RATE CASE
PROCEDURAL ORDER

BY THE COMMISSION:

On July 2, 2009, Arizona-American Water Company ("Arizona-American" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for rate increases for its Anthem Water District, Sun City Water District, Anthem/Agua Fria Wastewater District, Sun City Wastewater District and Sun City West Wastewater District.

On July 13, 2009, Arizona-American filed a supplement to its application.

On August 21, 2009, Arizona-American filed an additional supplement to its application.

On August 24, 2009, the Commission's Utilities Division ("Staff") filed a Letter of Sufficiency indicating that Arizona-American has satisfied the requirements of Arizona Administrative Code R14-2-103 and classifying the Company as a Class A utility.

1 On August 26, 2009, a procedural order was issued setting a procedural conference to provide
2 an opportunity for discussion of a hearing schedule, public notice, and other procedural issues prior to
3 the issuance of a rate case procedural order.

4 On August 27, 2009, the Residential Utility Consumer Office ("RUCO") filed an Application
5 to Intervene, which was granted at the procedural conference held on September 3, 2009.

6 A procedural conference commenced on September 2 2009, was recessed to allow the parties
7 to discuss procedural issues prior to reconvening. The procedural conference reconvened and
8 concluded on September 3, 2009. Counsel for Arizona-American, RUCO and Staff appeared through
9 counsel and discussed the hearing schedule, public notice, and other procedural issues. RUCO and
10 Staff were in general agreement with the Company's proposed hearing schedule, which does not
11 include the pre-filing of rejoinder testimony by the Company. The Company agreed to prepare a
12 form of public notice of the application in cooperation with RUCO and Staff, and to file it for
13 consideration.

14 On September 14, 2009, Arizona-American filed a proposed form of notice as was discussed
15 at the September 2 and 3, 2009 procedural conference.

16 Pursuant to A.A.C. R14-3-101, the Commission now issues this procedural order to govern
17 the preparation and conduct of this proceeding.

18 IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matter is hereby
19 scheduled to commence on **April 19, 2010, at 10:00 a.m.**, or as soon thereafter as is practicable, at
20 the Commission's offices, 1200 West Washington Street, Hearing Room #1 Phoenix, Arizona 85007.

21 IT IS FURTHER ORDERED that a pre-hearing conference shall be held on **April 16, 2010,**
22 **commencing at 1:30 p.m.**, at the Commission's Phoenix offices, for the purpose of scheduling
23 witnesses and the conduct of the hearing.

24 IT IS FURTHER ORDERED that the **Staff Report and/or any testimony** and associated
25 exhibits to be presented at hearing on behalf of Staff on **issues other than rate design** shall be
26 reduced to writing and filed on or before **February 22, 2010.**

27 IT IS FURTHER ORDERED that any **testimony and associated exhibits to be presented at**
28

1 **hearing on behalf of intervenors on issues other than rate design** shall be reduced to writing and
2 **filed on or before February 22, 2010.**

3 IT IS FURTHER ORDERED that the **Staff Report and/or any testimony** and associated
4 exhibits to be presented at hearing on behalf of Staff **on rate design issues** shall be reduced to
5 writing and filed on or before **March 8, 2010.**

6 IT IS FURTHER ORDERED that any **testimony and associated exhibits to be presented at**
7 **hearing on behalf of intervenors on rate design issues** shall be reduced to writing and filed on or
8 before **March 8, 2010.**

9 IT IS FURTHER ORDERED that any **rebuttal testimony and associated exhibits to be**
10 **presented at hearing by Arizona-American** shall be reduced to writing and filed on or before
11 **March 22, 2010.**

12 IT IS FURTHER ORDERED that any **surrebuttal testimony and associated exhibits to be**
13 **presented by Staff or intervenors** shall be reduced to writing and filed on or before **April 12, 2010.**

14 IT IS FURTHER ORDERED that the Company's witnesses may provide rejoinder testimony
15 orally at the hearing.

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

18 IT IS FURTHER ORDERED that any **objections to testimony or exhibits that have been**
19 **prefiled as of April 12, 2010, shall be made before or at the April 16, 2010, pre-hearing**
20 **conference.**

21 IT IS FURTHER ORDERED that **each party shall individually prepare, and bring to the**
22 **pre-hearing conference, copies of an issues matrix setting forth all disputed issues in the case.**
23 **Each party's matrix shall indicate the position of each party on each disputed issue and shall**
24 **indicate whether the disputed issue remains in dispute or has been resolved, in prefiled**
25 **testimony or otherwise.**

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

28 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to

1 prefiled testimony, with the exception of rejoinder testimony, shall be reduced to writing and filed no
2 later than five calendar days before the witness is scheduled to testify. Substantive corrections,
3 revisions, or supplements to prefiled rejoinder testimony shall be reduced to writing and presented on
4 the first day of hearing.

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

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

11 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
12 except that **all motions to intervene must be filed on or before January 8, 2010.**

13 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
14 regulations of the Commission, except that until **February 26, 2010**, any objection to discovery
15 requests shall be made within 7 calendar days of receipt¹ and responses to discovery requests shall be
16 made within 10 calendar days of receipt. Thereafter, objections to discovery requests shall be made
17 within 5 calendar days and responses shall be made within 7 calendar days. The response time may
18 be extended by mutual agreement of the parties involved if the request requires an extensive
19 compilation effort.

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

23 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
24 discovery, any party seeking resolution of a discovery dispute may telephonically contact the
25 Commission's Hearing Division to request a date for a procedural hearing to resolve the discovery
26 dispute; that upon such a request, a procedural hearing will be convened as soon as practicable; and

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 that the party making such a request shall forthwith contact all other parties to advise them of the
2 hearing date and shall at the hearing provide a statement confirming that the other parties were
3 contacted.²

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

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

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

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

14 **PUBLIC NOTICE OF HEARING ON THE APPLICATION OF ARIZONA-AMERICAN**
15 **WATER COMPANY FOR RATE INCREASES FOR UTILITY SERVICE IN ITS**
16 **ANTHEM WATER DISTRICT, SUN CITY WATER DISTRICT, ANTHEM/AGUA FRIA**
17 **WASTEWATER DISTRICT, SUN CITY WASTEWATER DISTRICT, AND SUN CITY**
WEST WASTEWATER DISTRICT.
(DOCKET NOS. W-01303A-09-0343 AND SW-01303A-09-0343)

18 **Summary**

19 On July 2, 2009, Arizona-American Water Company, Inc. (“Arizona-American” or
20 “Company”) filed an application with the Arizona Corporation Commission
21 (“Commission”) for permanent revenue increases for its following Districts: Anthem
22 Water District, Sun City Water District, Anthem/Agua Fria Wastewater District, Sun
23 City Wastewater District and Sun City West Wastewater District.

24 **[COMPANY INCLUDE APPROPRIATE PARAGRAPH(S) FROM THE**
25 **FOLLOWING FIVE PARAGRAPHS:]**

26 For its **Anthem Water District**, Arizona-American’s application requests an increase
27 of approximately \$7,268,177, or 100.4 percent over current revenues. For average
28 consumption (9,616 gallons per month) 5/8 x 3/4-inch meter residential customers of
the Anthem Water District, Arizona-American’s request would increase monthly rates
by 100.4 percent or \$37.37. If you would like the Company to calculate the impact of
its proposal on your account based on your consumption, please **contact its local
office at azrates@amwater.com**.

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

1 For its **Sun City Water District**, Arizona-American's application requests an annual
 2 revenue increase of approximately \$2,531,127, or 27.7 percent over current revenues.
 3 For average consumption (7,954 gallons per month) 5/8 x 3/4-inch meter residential
 4 customers of the Sun City Water District, Arizona-American's request would increase
 monthly rates by 27.7 percent or by \$4.64. If you would like the Company to
 calculate the impact of its proposal on your account based on your consumption,
 please **contact its local office at azrates@amwater.com**.

5 For its **Anthem/Agua Fria Wastewater District**, Arizona-American's application
 6 requests an annual revenue increase of approximately \$7,060,837, or 81.8 percent over
 7 current revenues. For average usage (5,814 gallons per month) residential customers
 8 of the Anthem/Agua Fria Wastewater District, Arizona-American's request would
 increase monthly rates by 81.8 percent or by \$39.26. If you would like the Company
 to calculate the impact of its proposal on your account based on your usage, please
contact its local office at azrates@amwater.com.

9 For its **Sun City Wastewater District**, Arizona-American's application requests an
 10 annual revenue increase of approximately \$2,156,882, or 40.8 percent over current
 11 revenues. For residential customers of the Sun City Wastewater District, Arizona-
 American's request would increase monthly rates by 40.8 percent or by \$5.58. If you
 would like the Company to calculate the impact of its proposal on your account based
 on your usage, please **contact its local office at azrates@amwater.com**.

12 For its **Sun City West Wastewater District**, Arizona-American's application requests
 13 an annual revenue increase of approximately \$1,480,756, or 26.2 percent over current
 14 revenues. For residential customers of the Sun City West Wastewater District,
 15 Arizona-American's request would increase monthly rates by 26.2 percent or by
 \$6.54. If you would like the Company to calculate the impact of its proposal on your
 account based on your usage, please **contact its local office at
azrates@amwater.com**.

16 The Commission's Utilities Division Staff ("Staff") is in the process of auditing and
 17 analyzing the application, and has not yet made any recommendations regarding
 18 Arizona-American's proposed rate increase. The Residential Utility Consumer Office
 ("RUCO") is also a party to this proceeding and will also analyze the application and
 19 make recommendations to the Commission. The Commission is not bound by the
 20 parties' proposals, but will determine the appropriate relief to be granted based on its
 consideration of all the evidence presented. The rates approved by the Commission
 may be higher or lower than the rates requested by Arizona-American.

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

22 Copies of the application and proposed rates are available from Arizona-American
 23 [COMPANY INSERT HOW AND WHERE AVAILABLE FOR EACH DISTRICT AS APPROPRIATE FOR EACH MAILING/PUBLICATION] and at
 the Commission's Docket Control Center at 1200 West Washington, Phoenix,
 24 Arizona, for public inspection during regular business hours and on the Internet using
 the Commission's e-Docket function, which is located in the lower right hand corner
 on the Commission's website homepage, www.azcc.gov.

25 **Arizona Corporation Commission Public Hearing Information**

26 The Commission will hold a hearing on this matter beginning **April 19, 2010, at 10:00**
 27 **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.
 28 Written public comments may be submitted by mailing a letter referencing Docket No.
 W-01303A-09-0343 et al. to Arizona Corporation Commission, Consumer Services

1 Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail. For a form to use
 2 and instructions on how to e-mail comments to the Commission, go to
 3 http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf. If you require
 4 assistance, you may contact the Consumer Services Section at 1-800-222-7000.

5 **If you do not intervene in this proceeding, you will receive no further notice of**
 6 **the proceedings in this docket. However, all documents filed in this docket are**
 7 **available online** (usually within 24 hours after docketing) using the Commission's e-
 8 Docket function, which is located in the lower right hand corner of the Commission's
 9 website homepage, www.azcc.gov. RSS feeds are also available using the
 10 Commission's e-Docket function.

11 About Intervention

12 The law provides for an open public hearing at which, under appropriate
 13 circumstances, interested parties may intervene. Any person or entity entitled by law
 14 to intervene and having a direct and substantial interest in the matter will be permitted
 15 to intervene.

16 If you wish to intervene, you must file an original and 13 copies of a written motion to
 17 intervene with the Commission no later than **January 8, 2010**, and send a copy of the
 18 motion to Arizona-American or its counsel and to all parties of record. Your motion
 19 to intervene must contain the following:

- 20 1. Your name, address, and telephone number, and the name, address, and
 21 telephone number of any party upon whom service of documents is to
 22 be made, if not yourself;
- 23 2. A short statement of your interest in the proceeding (e.g., a customer of
 24 Arizona-American, a shareholder of Arizona-American, etc.); and
- 25 3. A statement certifying that you have mailed a copy of the motion to
 26 intervene to Arizona-American or its counsel and to all parties of
 27 record in the case.

28 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 January 8, 2010. 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, go to
<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, Shaylin Bernal, E-mail
SABernal@azcc.gov, voice phone number 602/542-3931. Requests should be made
 as early as possible to allow time to arrange the accommodation.

1 IT IS FURTHER ORDERED that Arizona-American shall mail to each of its customers in
2 each affected District a copy of the above notice that includes the appropriate paragraph(s) regarding
3 the effect of Arizona-American's proposed rate increase for the District(s), as a bill insert beginning
4 with the first billing cycle in **November, 2009**, and shall cause a copy of such notice to be published
5 at least once in a newspaper of general circulation in the service territory of each of the affected
6 Districts, with publication to be completed no later than **November 13, 2009**.

7 IT IS FURTHER ORDERED that Arizona-American shall file certification of
8 mailing/publication as soon as practicable after the mailing/publication has been completed.

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

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

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

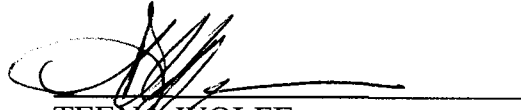
20 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
21 Communications) continues to apply to this proceeding and shall remain in effect until the
22 Commission's Decision in this matter is final and non-appealable.

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

25 ...
26 ...
27 ...
28 ...

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 24th day of September, 2009.

5 

6 TEENA WOLFE
7 ADMINISTRATIVE LAW JUDGE

8 Copies of the foregoing mailed/delivered
9 This 24th day of September, 2009 to:

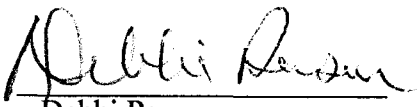
10 Thomas H. Campbell
11 Michael T. Hallam
12 LEWIS AND ROCA LLP
13 40 N. Central Avenue
14 Phoenix, AZ 85004
15 Attorneys for Arizona-American Water Co.

16 Daniel Pozefsky
17 RUCO
18 1110 W. Washington St., Suite 220
19 Phoenix, AZ 85007

20 Janice Alward, Chief Counsel
21 Legal Division
22 ARIZONA CORPORATION COMMISSION
23 1200 West Washington Street
24 Phoenix, AZ 85007

25 Steve Olea, Director
26 Utilities Division
27 ARIZONA CORPORATION COMMISSION
28 1200 West Washington Street
Phoenix, AZ 85007

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

By: 
Debbi Person
Assistant to Teena Wolfe