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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

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AZ CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

NOV 10 2009

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IN THE MATTER OF THE APPLICATION OF BELLA VISTA WATER CO., INC. AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.

DOCKET NO. W-02465A-09-0411

IN THE MATTER OF THE APPLICATION OF NORTHERN SUNRISE WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.

DOCKET NO. W-20453A-09-0412

IN THE MATTER OF THE APPLICATION OF SOUTHERN SUNRISE WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.

DOCKET NO. W-20454A-09-0413

IN THE MATTER OF THE JOINT APPLICATION OF BELLA VISTA WATER CO., INC., NORTHERN SUNRISE WATER COMPANY, INC. AND SOUTHERN SUNRISE WATER COMPANY, INC. FOR APPROVAL OF AUTHORITY TO CONSOLIDATE OPERATIONS, AND FOR THE TRANSFER OF UTILITY ASSETS TO BELLA VISTA WATER CO., INC, PURSUANT TO ARIZONA REVISED STATUTES 40-285.

DOCKET NO. W-02465A-09-0414
DOCKET NO. W-20453A-09-0414
DOCKET NO. W-20454A-09-0414

RATE CASE
PROCEDURAL ORDER
(Consolidates Dockets)

BY THE COMMISSION:

1 On August 31, 2009, Northern Sunrise Water Company, Inc. ("NSWC"), Southern Sunrise
2 Water Company, Inc. ("SSWC") and the Bella Vista Water Company, Inc. ("BVWC") filed with the
3 Arizona Corporation Commission ("Commission") applications for an increase in their rates.
4

5 On August 31, 2009, BVWC, NSWC and SSWC (collectively the "Joint Applicants") filed a
6 Joint Application for Approval of Authority to Transfer Utility Assets from NSWC and SSWC to
7 BVWC, pursuant to A.R.S. § 40-285 ("Joint Application").

8 On September 1, 2009, the Joint Applicants filed Motions to Consolidate the rate applications
9 and the Joint Application.

10 On September 30, 2009, the Commission's Utilities Division ("Staff") notified the Joint
11 Applicants that their rate applications were sufficient. NSWC and SSWC were classified a Class C
12 utilities and BVWC was classified as a Class B utility.

13 By Procedural Order dated October 5, 2009, a Procedural Conference was set to discuss
14 consolidation and the procedures for processing these applications.

15 On October 19, 2009, Staff filed a Notice indicating it has no objection to the consolidation of
16 these dockets.

17 During the October 23, 2009, Procedural Conference, Staff, the Joint Applicants and the
18 Residential Utility Consumer Office ("RUCO") appeared through counsel. All parties agreed that the
19 matters should be consolidated for judicial efficiency and that they would confer and jointly propose
20 a schedule for filing testimony and the hearing in these matters.

21 On October 27, 2009, RUCO filed an Application to Intervene.

22 No party apposed RUCO's Application.

23 On October 29, 2009, the parties proposed a schedule for the filing of testimony and the Joint
24 Applicants agreed that the time clock for these consolidated matters should be extended by 30 days to
25 accommodate the proposed procedural schedule.

26 The consolidation of the three rate applications with the Joint Application warrants extending
27 the time clock deadline.

28 Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern

1 the preparation and conduct of this proceeding.

2 IT IS THEREFORE ORDERED that the above-captioned dockets are consolidated.

3 IT IS FURTHER ORDERED that RUCO's Application to Intervene is granted.

4 IT IS FURTHER ORDERED that the **deadline for a final Commission Order is extended**
5 **thirty days until October 25, 2010.**

6 IT IS FURTHER ORDERED that a **hearing in this matter shall commence on June 28,**
7 **2010, at 10:00 a.m.,** at the Commission's offices, 400 West Congress, Room 222, Tucson, Arizona
8 85701.

9 IT IS FURTHER ORDERED that a **pre-hearing conference shall be held on June 24, 2010,**
10 **at 10:00 a.m.,** at the Commission's Tucson Offices, Room 218, 400 West Congress, Tucson,
11 Arizona, for the purpose of scheduling witnesses and the conduct of the hearing.

12 IT IS FURTHER ORDERED that **direct testimony** and associated exhibits to be presented at
13 hearing on behalf of Staff (except that related to rate design and consolidation of operations) shall be
14 reduced to writing and filed on or before **April 12, 2010.**

15 IT IS FURTHER ORDERED that any **direct testimony** and associated exhibits (except that
16 related to rate design and consolidation of operations) to be presented at hearing on behalf of
17 intervenors shall be reduced to writing and filed on or before **April 12, 2010.**

18 IT IS FURTHER ORDERED that any **direct testimony** and associated exhibits relating to
19 rate design and consolidation of operations to be presented at hearing on behalf of Staff and
20 intervenors shall be reduced to writing and filed on or before **April 23, 2010.**

21 IT IS FURTHER ORDERED that any **rebuttal testimony** and associated exhibits to be
22 presented at hearing by the Joint Applicants related to the revenue requirement shall be reduced to
23 writing and filed on or before **May 7, 2010.**

24 IT IS FURTHER ORDERED that any **rebuttal testimony** and associated exhibits to be
25 presented at hearing by the Joint Applicants related to rate design and consolidation of operations
26 shall be reduced to writing and filed on or before **May 14, 2010.**

1 IT IS FURTHER ORDERED that any **surrebuttal testimony** and associated exhibits to be
2 presented by Staff or intervenors related to revenue requirement shall be reduced to writing and filed
3 on or before **May 28, 2010**.

4 IT IS FURTHER ORDERED that any **surrebuttal testimony** and associated exhibits to be
5 presented by Staff or intervenors related to rate design and consolidation of operations shall be
6 reduced to writing and filed on or before **June 4, 2010**.

7 IT IS FURTHER ORDERED that any **rejoinder testimony and associated exhibits** to be
8 presented at hearing by the Joint Applicants shall be reduced to writing and filed **on or before June**
9 **21, 2010**.

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 June 21, 2010, shall be made before or at the June 24, 2010, pre-hearing**
14 **conference.**

15 IT IS FURTHER ORDERED that **each party shall individually prepare, and bring to the**
16 **June 24, 2010, 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.

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

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

7 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
8 except that **all motions to intervene must be filed on or before March 15, 2010.**

9 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
10 regulations of the Commission, except that until May 28, 2010, any objection to discovery requests
11 shall be made within 7 calendar days of receipt¹ and responses to discovery requests shall be made
12 within 10 calendar days of receipt. Thereafter, objections to discovery requests shall be made within
13 5 calendar days and responses shall be made within 7 calendar days. The response time may be
14 extended by mutual agreement of the parties involved if the request requires an extensive compilation
15 effort.

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

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

26 _____
27 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.

28 ² 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 Joint Applicants shall provide public notice of the
9 hearing in this matter, in the following form and style with the heading in no less than 14-point bold
10 type and the body in no less than 10-point regular type:

11 **PUBLIC NOTICE OF HEARING ON THE APPLICATIONS OF**
12 **BELLA VISTA WATER COMPANY, INC.;**
13 **NORTHERN SUNRISE WATER COMPANY, INC.; AND**
14 **SOUTHERN SUNRISE WATER COMPANY, INC.**
15 **FOR RATE INCREASES AND FOR**
16 **THE TRANSFER OF ASSETS AND**
17 **CONSOLIDATION OF OPERATIONS**

18 **DOCKET NO. W-02465A-09-0411**
19 **DOCKET NO. W-20453A-09-0412**
20 **DOCKET NO. W-20454A-09-0413**
21 **DOCKET NO. W-02465A-09-0414**
22 **DOCKET NO. W-20453A-09-0414**
23 **DOCKET NO. W-20454A-09-0414**

24 **Summary**

25 On August 31, 2009, Bella Vista Water Company, Inc. ("BVWC"), Northern Sunrise
26 Water Company, Inc. ("NSWC"), and Southern Sunrise Water Company, Inc.
27 ("SSWC") filed with the Arizona Corporation Commission ("Commission")
28 applications for an increase in their rates. On the same date, BVWC, NSWC and
SSWC filed a Joint Application for Approval of Authority to Transfer Utility Assets
from NSWC and SSWC to BVWC, pursuant to A.R.S. § 40-285, and to consolidate
operations of the three companies. The applications have been consolidated for the
purpose of the hearing.

Consolidation (Docket Nos. W-02465A-09-0414; W-20453A-09-0414; W-20454A-09-0414)

If the application to transfer assets and consolidate operations is granted, the
operations and rates of BVWC, NSWC and SSWC would be consolidated. If the
consolidated rates as proposed are adopted, the current NSWC and SSWC customers
would receive a rate reduction as described below, while the current BVWC customers
would experience an increase as described below. In addition, with consolidation, the
BVWC and SSWC systems would be interconnected. If consolidation is not

1 approved, the Companies have requested rate increases based on stand alone
operations as described below.

2 **Bella Vista Water Co. Rate Request (Docket No. W-02465A-09-0411)**

3 On a stand alone basis, BVWC is requesting a revenue increase equal to \$958,701, a
4 27.19 percent increase over its revenues for the twelve month period ended March 31,
2009. Under BVWC's proposal in its rate application, the average BVWC residential
5 customer with a 5/8 inch meter using 6,612 gallons of water a month, would
experience an increase in the monthly bill of \$7.51, from \$22.90 to \$30.40, an increase
6 of 32.79 percent. A commercial customer with a 5/8 inch meter, and the average
consumption of 7,365 gallons a month, would see a monthly increase of \$6.33, or
7 26.04 percent, from \$24.32 to \$30.65.

8 If the request to transfer assets from NSWC and SSWC to BVWC is approved, under
9 the Company's proposal, current BVWC residential customers with a 5/8 inch meter
would see a monthly increase of \$10.70, or 46.72 percent, from \$22.90 to \$33.59.
10 Current commercial BVWC customers with 5/8 inch meters would see a monthly
increase of \$9.97, or 40.99 percent, from \$24.32 to \$34.29.

11 **Customers using less or more than the average per month will experience a lower
12 or higher percent increase depending on their usage.** Under the Company's
13 proposal, different classes of customers would experience varying percentage
14 increases depending on their class and usage.

15 **Northern Sunrise Water Company (Docket No. W-20453A-09-0412)**

16 In its rate application, on a stand alone basis, NSWC is requesting an increase in
revenues equal to \$256,044, an increase of 133.38 percent over its revenues for the
17 twelve months ended March 31, 2009. Under NSWC's proposal, and if consolidation
of operations is not approved, the average residential customer with a 5/8 inch meter
18 using 5,755 gallons a month, would see an increase of \$62.04, or 144.02 percent, from
\$43.08 to \$105.12.

19 Under the request to transfer assets and consolidate operations, the companies propose
rates under which the average NSWC residential customer with a 5/8 inch meter
20 would experience a monthly decrease of \$12.03, or 27.9 percent, from \$43.08 to
\$31.05.

21 **Customers using less or more than the average per month will experience a lower
22 or higher percent increase depending on their usage.**

23 **Southern Sunrise Water Company (Docket No. W-20454A-09-0413)**

24 In its rate application, on a stand alone basis, SSWC is requesting an increase in
revenues of \$309,090, an increase of 69.59 percent, over its adjusted gross revenues in
25 the twelve months ended March 31, 2009. Under SSWC's proposal, and if
consolidation of operations is not approved, the average residential customer with a
26 5/8 inch meter using 5,581 gallons a month, would see an increase of \$32.55, or 76.4
percent, from \$42.60 to \$75.15.

1 Under the request to transfer assets and consolidate operations, the companies propose
 2 rates under which the average SSWC residential customer with a 5/8 inch meter would
 experience a monthly decrease of \$12.07, or 28.34 percent, from \$42.60 to \$30.53.

3 **The Commission's Utilities Division Staff has not yet made a recommendation**
 4 **regarding the Applicants' rate proposals or the request to consolidate operations,**
 5 **and the Commission will determine the appropriate relief to be granted based on**
 6 **the evidence of record in this proceeding. The Commission is not bound by the**
 7 **proposals made by the Companies, Staff, or any intervenors and, therefore, the**
 8 **final rates approved in this docket may be lower or higher than the rates**
 9 **described above.**

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

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

11 Copies of the application and proposed rates are available from BVWC, NNSC and
 12 SSWC **[COMPANY INSERT HOW AND WHERE AVAILABLE]** and at the
 13 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.

14 **Arizona Corporation Commission Public Hearing Information**

15 **The Commission will hold a hearing on this matter beginning June 28, 2010, at**
 16 **10:00 a.m.,** at the Commission's Tucson offices, Hearing Room 222, 400 West
 17 Congress Street, Tucson, Arizona 85701. Public comments will be taken at the
 18 beginning of the first day of the hearing. Written public comments may also be
 19 submitted by mailing a letter referencing the relevant Docket Number(s), 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
 20 comments to the Commission, go to
 21 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.

22 **About Intervention**

23 The law provides for an open public hearing at which, under appropriate
 24 circumstances, interested parties may intervene. Any person or entity entitled by law
 25 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 **March 15, 2010**, and
 send a copy of the motion to the Companies or their counsel and to all parties of
 record. Your motion to intervene must contain the following:

- 26 1. Your name, address, and telephone number, and the name, address, and
 27 telephone number of any party upon whom service of documents is to
 be made, if not yourself;

- 1 2. A short statement of your interest in the proceeding (e.g., a customer of
Coronado, a shareholder of Coronado, etc.); and
- 2 3. A statement certifying that you have mailed a copy of the motion to
3 intervene to Coronado or its counsel and to all parties of record in the
4 case.

4 The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except
5 that all motions to intervene must be filed on or before March 15, 2010. If
6 representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme
7 Court, intervention will be conditioned upon the intervenor obtaining counsel to
8 represent the intervenor. For information about requesting intervention, visit the
9 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.

10 **ADA/Equal Access Information**

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

15 IT IS FURTHER ORDERED that the Joint Applicants shall **mail** to each of their customers a
16 copy of the above notice as a bill insert **beginning no later than the first billing cycle in December,**
17 **2009,³** and shall cause a copy of such notice to be published at least once in a newspaper of local
18 circulation in their service territories, with **publication to be completed no later than December 31,**
19 **2009.**

20 IT IS FURTHER ORDERED that the Joint Applicants shall file certification of
21 mailing/publication as soon as practicable after the mailing/publication has been completed.

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

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

27 _____
28 ³ If a bill insert is not possible, the Applicants may mail the notice separately, with mailing to be complete by December 31, 2009.

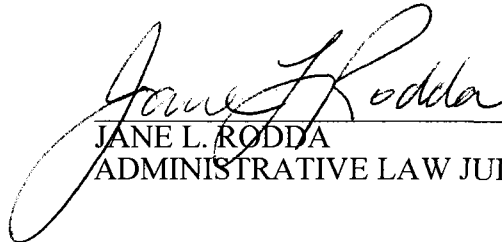
1 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
2 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
3 Rules of the Arizona Supreme Court). Representation before the Commission includes appearances
4 at all hearings and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

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

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

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

15 DATED this 9th day of November, 2009.

16
17
18 
19 JANE L. RODDA
ADMINISTRATIVE LAW JUDGE

20 Copies of the foregoing mailed/delivered
21 This 9th day of November, 2009 to:

22 Mr. Jay Shapiro
23 Stephanie Johnson
24 Fennemore Craig, PC
25 3003 North Central Avenue
26 Phoenix, Arizona 85012
27 Attorneys for Joint Applicants

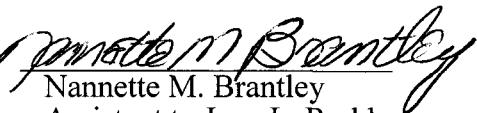
28 Daniel W. Pozefsky
Chief Counsel
Residential Utility Consumer Office
1110 west Washington, Suite 220
Phoenix, Arizona 85007

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Janice Alward, Chief Counsel
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By: 
Nannette M. Brantley
Assistant to Jane L. Rodda