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BEFORE THE ARIZONA CORPORATION COMMISSION

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ARIZONA CORPORATION COMMISSION
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COMMISSIONERS

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

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

DOCKET NO. W-02113A-07-0551

**PROCEDURAL ORDER SETTING
 SCHEDULE FOR REHEARING OF
 DECISION NO. 71308 AS AMENDED
 NUNC PRO TUNC BY DECISION NO.
 71424.**

BY THE COMMISSION:

On October 21, 2009, the Arizona Corporation Commission ("Commission") issued Decision No. 71308 in the above-captioned matter.

On November 3, 2009, Chaparral City Water Company, Inc. ("Company") filed a Motion for Order Amending Decision No. 71308 *nunc pro tunc* in regard to a computational error in the rates approved by Decision No. 71308.

On November 10, 2009, the Company filed an Application for Rehearing pursuant to A.R.S. § 40-253, requesting rehearing on five issues in Decision No. 71308, including the issue of a computational error in the rates approved by Decision No. 71308 ("Application for Rehearing").

On November 24, 2009, the Commission voted to grant the Company's Application for Rehearing in order to allow time for further consideration. The Commission also directed the Hearing Division to prepare a Recommended Order or Procedural Order for Commission consideration regarding the alleged computational error in the approved rates, and regarding whether corrections should date back to the date of Decision No. 71308. The Commission withheld making any determinations as to any other issues raised in the Application for Rehearing, until after Commission consideration of an Order addressing correction of alleged errors in rates.

On December 8, 2009, the Commission issued Decision No. 71424, which amended Decision No. 71308 *nunc pro tunc* to correct the computational error in rates approved in Decision No. 71308.

1 Decision No. 71424 also approved a temporary surcharge to allow recovery of the revenue shortfall
2 produced by the erroneous rates.

3 On January 19, 2010, the Commission voted again to grant the Company's rehearing request
4 of Decision No. 71308, amended *nunc pro tunc* by Decision No. 71424, for purposes of further
5 Commission consideration on the matters of the Company's rehearing request for additional rate case
6 expense associated with the appeal and remand of Commission Decision No. 68176 (September 30,
7 2005) and treatment of the Fountain Hills Sanitation District ("FHSD") settlement proceeds. The
8 Commission also voted on that date to deny rehearing of any remaining matters raised in the
9 Application for Rehearing. The Commission directed the Hearing Division to establish procedures
10 for further proceedings concerning rehearing on the issues of approving additional rate case expense
11 and treatment of the FHSD settlement proceeds, and to prepare a Recommended Opinion and Order
12 on Rehearing for Commission consideration.

13 On January 19, 2010, a procedural order was issued setting a procedural conference for the
14 purpose of providing an opportunity for the parties to discuss an appropriate procedural schedule for
15 rehearing of the following two issues: (1) Decision No. 71308's treatment of the FHSD settlement
16 proceeds; and (2) Decision No. 71308's treatment of the Company's request for recovery of rate case
17 expense associated with the appeal and remand of Commission Decision No. 68176.

18 On January 27, 2010, the procedural conference was convened as scheduled. Appearances
19 were entered by counsel for the Company, the Residential Utility Consumer Office ("RUCO"), and
20 the Commission's Utilities Division ("Staff"). Intervenor Pacific Life Insurance Company dba Eagle
21 Mountain Golf Club did not appear.

22 During the January 27, 2010 procedural conference, the parties discussed a procedural
23 schedule. Staff stated that it wished to pre-file testimony, and that it anticipates a need for one day of
24 hearing. RUCO stated that it agreed with Staff, and suggested that testimony be filed on March 30,
25 2010. The Company stated that it did not plan to file any additional testimony, but wished to address
26 any new pre-filed testimony by cross examination of witnesses at the hearing.

27 During the procedural conference, after the parties had reached agreement on the procedural
28 schedule proposed by RUCO, RUCO stated that it reserved the right to contest, at a future time,

1 whether the Application for Rehearing had been timely granted, as RUCO had not yet determined its
2 position on this issue. RUCO was informed that if it wished to contest the issue of whether the
3 Application for Rehearing had been timely granted, it should make a filing in this docket no later than
4 February 4, 2010, and that if no such filing were made, a procedural order would be issued after that
5 date setting the procedural schedule for the rehearing granted by the Commission.

6 On February 1, 2010, the Company filed a Motion to Proceed Jointly Under A.R.S. §§ 40-252
7 and 40-253 ("Motion"). To date, the Commission has not yet made a determination regarding the
8 relief requested in the Motion.

9 No further filings have been made. The procedural schedule proposed by the parties for the
10 rehearing ordered by the Commission is reasonable, and should be adopted.

11 IT IS THEREFORE ORDERED that a **hearing** shall be held on **April 2, 2010**, commencing
12 at 10:00 a.m., or as soon thereafter as practicable, at the Commission's offices, 1200 West
13 Washington Street, **Room 100**, Phoenix, Arizona, for rehearing of the following two issues: (1)
14 Decision No. 71308's treatment of the Fountain Hills Sanitation District settlement proceeds; and (2)
15 Decision No. 71308's treatment of Chaparral City Water Company's request for recovery of rate case
16 expense associated with the appeal and remand of Commission Decision No. 68176 (September 30,
17 2005).

18 IT IS FURTHER ORDERED that **testimony** and associated exhibits to be presented at
19 hearing on behalf of any party on the two issues to be reheard shall be reduced to writing and filed on
20 or before **March 30, 2010**.

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 practice of law and admission *pro*
23 *hac vice*.

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

1 Administrative Law Judge or the Commission.

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

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

8 DATED this 9th day of February, 2010.

10 
11 _____
12 TEENA WOLFE
ADMINISTRATIVE LAW JUDGE

13 Copies of the foregoing mailed/delivered
14 this 9th day of February, 2010, to:

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By: 

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Secretary to Teena Wolfe