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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

DOCKETED

MAY 19 2010

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COMMISSIONERS

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

2010 MAY 19 A 10: 54

AZ CORP COMMISSION DOCKET CONTROL

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.

DOCKET NO. WS-02676A-09-0257

PROCEDURAL ORDER

BY THE COMMISSION:

The Arizona Corporation Commission ("Commission") held a hearing on the above-captioned rate application at its offices in Tucson, commencing on March 10, 2010.

At an Open Meeting on May 13, 2010, the Commission voted to conduct a Public Comment meeting on the application in, or near, the local service area.

IT IS THEREFORE ORDERED that Rio Rico Utilities, Inc. shall provide public notice of the public comment meeting in this matter, in the following form and style with the heading in no less than 16-point bold type and the body in no less than 10-point regular type:

**PUBLIC NOTICE OF
PUBLIC COMMENT MEETING ON THE APPLICATION OF
RIO RICO UTILITIES, INC.
FOR A RATE INCREASE FOR WATER SERVICE
AND RATE DECREASE FOR WASTEWATER SERVICE
(DOCKET NO. WS-02676A-09-0257)**

Summary

On May 22, 2009, Rio Rico Utilities, Inc. ("RRUI" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for an increase in revenues for its water service and a decrease for its wastewater service in the above-captioned docket. The Commission held an evidentiary hearing in this matter on March 10, 2010, at its offices in Tucson, Arizona.

Water Service

RRUI is requesting an increase in its water utility revenues of \$1,805,628, an increase of 97.7 percent. If its proposal for its rates were to be adopted by the Commission in its entirety, the Company estimates that 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

1 for illustrative purposes only, and the actual dollar and percentage changes for
 2 individual customers would vary depending on the type of customer served, and the
 quantity consumed for water service.

3 The Residential Utility Consumer Office ("RUCO") is recommending an increase of
 4 water division revenues of \$957,929, or a 51.7 percent increase. RUCO's proposed
 water division rates would increase the average residential bill by \$14.49, or 72.7
 percent, from \$19.94 to \$34.94.

5 The Commission's Utilities Division Staff is recommending an increase in water
 6 division revenues of \$1,345,120, or 72.8 percent. Staff's proposal would result in a
 7 monthly increase of \$13.39, or 67.2 percent, from \$19.94 to \$33.33, for the average
 residential customer.

8 Wastewater Service

9 RRUI is requesting a decrease in wastewater utility revenues of \$139,208, a decrease
 10 of 7.61 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.

11 RUCO is recommending a decrease in wastewater rates of \$493,946, or 26.9 percent.
 12 Under RUCO's proposal the single family monthly residential rate would decline from
 \$53.36 to \$40.84, or \$12.81.

13 The Commission's Utilities Division Staff is recommending a decrease in the
 14 wastewater division revenues of \$302,902, or 16.5 percent. Under Staff's proposal the
 monthly residential wastewater bill would decline by \$6.62, from \$53.65 to \$47.03.

15 The Commission will determine the appropriate rate relief to be granted based on the
 16 evidence of record in this proceeding, and is not bound by the proposals made by the
 Company, Staff, or RUCO. Therefore, the final rates approved in this docket may be
 17 lower or higher than the rates described above.

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

19 Copies of the application and proposed rates are available from RRUI [COMPANY
 20 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
 21 business hours and on the Internet via the Commission's website (www.azcc.gov)
 using the e-Docket function.

22 Arizona Corporation Commission Public Comment Information

23 The Commission will hold a **Public Comment meeting on June 2, 2010,**
 24 **commencing at 6:00 p.m.,** or as soon thereafter as is practical, at the **Santa Cruz
 County Board of Supervisors, Conference Room, 2150 N. Congress Drive,
 Nogales, Arizona 85621.**

25 ADA/Equal Access Information

26 The Commission does not discriminate on the basis of disability in admission to its
 27 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
 28 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.

1 IT IS FURTHER ORDERED that Rio Rico shall as soon as possible have the public notice
2 published in a newspaper of local circulation in its service territory.

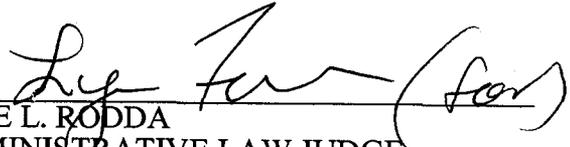
3 IT IS FURTHER ORDERED that Rio Rico shall file certification of publication as soon as
4 practicable after the publication has been completed.

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

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 Administrative Law Judge may rescind, alter, amend,
11 or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at
12 hearing.

13 DATED this 19th day of May, 2010.

14
15 
16 JANE L. RODDA
17 ADMINISTRATIVE LAW JUDGE

18 Copies of the foregoing mailed/delivered
this 19th day of May, 2010 to:

19 Mr. Jay Shapiro
20 FENNEMORE CRAIG, PC
21 3003 North Central Avenue
Phoenix, Arizona 85012
Attorneys for Rio Rico Utilities, Inc.

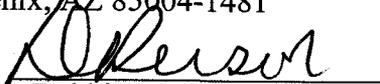
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Phoenix, AZ 85007

22 Daniel W. Pozefsky, Chief Counsel
23 RUCO
1110 West Washington, Suite 220
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Utilities Division
ARIZONA CORPORATION COMMISSION
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Phoenix, AZ 85007

24 Michael W. Patten
25 ROSHKA DEWULF & PATTEN, PLC
26 One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004
27 Attorneys for Rio Rico Properties, Inc.

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

28 By: 
Debbi Person
Assistant to Jane L. Rodda