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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION
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COMMISSIONERS

- GARY PIERCE - Chairman
- BOB STUMP
- SANDRA D. KENNEDY
- PAUL NEWMAN
- BRENDA BURNS

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 AGUA FRIA WATER DISTRICT, HAVASU WATER DISTRICT, AND MOHAVE WATER DISTRICT.

DOCKET NO. W-01303A-10-0448

RATE CASE PROCEDURAL ORDER

BY THE COMMISSION:

On November 13, 2010, Arizona-American Water Company ("Arizona-American" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for rate increases for its Agua Fria Water District, Havasu Water District and Mohave Water District.

On November 30, 2010, the Company filed a supplement to its application.

On December 2, 2010, the Company filed a letter indicating that an extension of the sufficiency deadline from December 3, 2010 to December 17, 2010 was appropriate.

On December 22, 2010, 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.

On December 23, 2010, the Company filed a second supplement to its application making revisions to certain schedules. The revisions did not result in changes to its revenue increase requests.

On January 4, 2011, a procedural order was issued setting a procedural conference to provide an opportunity for discussion of a hearing schedule, public notice, and other procedural issues prior to the issuance of a rate case procedural order.

1 On January 6, 2011, the Residential Utility Consumer Office ("RUCO") filed an Application
2 to Intervene.

3 On January 11, 2011, Staff filed a Proposed Hearing Schedule.

4 A procedural conference was held on January 18, 2011. Counsel for Arizona-American,
5 RUCO and Staff appeared through counsel and discussed the hearing schedule, public notice, and
6 other procedural issues. Arizona-American provided a proposed form of public notice, with which
7 RUCO and Staff indicated agreement. In regard to an appropriate procedural schedule, three
8 proposals were discussed.

9 Staff's Proposal 1, filed on January 11, 2011, included the filing of Staff/Intervenor
10 surrebuttal, Staff/Intervenor rate design surrebuttal, and Company rejoinder testimony to follow the
11 Company's rebuttal prefiled testimony, with a hearing to commence after August 29, 2011. The
12 Company did not support Staff's Proposal 1.

13 Staff's Proposal 2 included the filing of Staff/Intervenor surrebuttal and Company rejoinder
14 prefiled testimony to follow the Company's rebuttal prefiled testimony, with a hearing to commence
15 after August 1, 2011. Staff's Proposal 2 was supported by the Company and RUCO.

16 Staff's Proposal 3 did not include any prefilings of surrebuttal and rejoinder testimony to
17 follow the Company's rebuttal prefiled testimony, with a hearing to commence after July 8, 2011.
18 RUCO did not support Staff's Proposal 3, based on its concern that the lack of prefiled surrebuttal
19 and rejoinder testimony would serve to extend the hearing process instead of shortening it, due to the
20 need for prolonged cross-examination testimony at hearing.

21 Of the three proposed alternative procedural schedules discussed, only Staff's Proposal 2 was
22 agreed to by all the parties. Staff's Proposal 2 provides a reasonable and workable procedural
23 schedule, and will be adopted. A request was also made by RUCO that the hearing commence no
24 earlier than August 15, 2011, due to staffing availability.

25 The hearing will commence on August 17, 2011 at 1:00 p.m., at which time the parties may
26 provide opening statements and public comments will be taken.

27 Due to the existing procedural schedule for another pending Class A Utility rate case, the next
28 day of hearing available for this proceeding after the August 17, 2011 commencement is currently

1 August 25, 2011. However, in the other pending rate case, the hearing schedule is subject to change
2 on July 17, 2011. If the schedule change in that pending rate case takes place, the next available
3 hearing day for this proceeding will be August 18, 2011, instead of August 25, 2011. A procedural
4 order will therefore be issued on Monday, July 18, 2011, or as soon thereafter as possible, in order to
5 inform the parties whether the August 18, 2011 date has become available for the second day of
6 hearing in this proceeding, or whether the hearing will recommence on August 25, 2011, as currently
7 scheduled.

8 There was no objection to RUCO's Application to Intervene.

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

11 IT IS THEREFORE ORDERED that RUCO is hereby granted intervention.

12 IT IS FURTHER ORDERED that the **hearing** in the above-captioned matter is hereby
13 scheduled to commence on **August 17, 2011, at 1:00 p.m.**, or as soon thereafter as is practicable, at
14 the Commission's offices, 1200 West Washington Street, **Hearing Room #1**, Phoenix, Arizona
15 85007.

16 IT IS FURTHER ORDERED that a pre-hearing conference shall be held on **August 15, 2011,**
17 **commencing at 2:00 p.m.**, at the Commission's Phoenix offices, for the purpose of scheduling
18 witnesses and the conduct of the hearing.

19 IT IS FURTHER ORDERED that the **direct testimony** and associated exhibits to be
20 presented at hearing **on behalf of Staff and intervenors on issues other than rate design** shall be
21 reduced to writing and filed on or before **June 20, 2011.**

22 IT IS FURTHER ORDERED that the **direct testimony** and associated exhibits to be
23 presented at hearing **on behalf of Staff and intervenors on rate design issues** shall be reduced to
24 writing and filed on or before **June 27, 2011.**

25 IT IS FURTHER ORDERED that any **rebuttal testimony and associated exhibits to be**
26 **presented at hearing by Arizona-American** shall be reduced to writing and filed on or before **July**
27 **8, 2011.**

1 IT IS FURTHER ORDERED that any **surrebuttal testimony and associated exhibits to be**
2 **presented by Staff and intervenors** shall be reduced to writing and filed on or before **July 26, 2011.**

3 IT IS FURTHER ORDERED that any **rejoinder testimony and associated exhibits to be**
4 **presented at hearing by Arizona-American** shall be reduced to writing and filed on or before
5 **August 1, 2011.**

6 IT IS FURTHER ORDERED that **all filings shall be made by 4:00 p.m. on the date the**
7 **filing is due.**

8 IT IS FURTHER ORDERED that any **objections to testimony or exhibits that have been**
9 **prefiled as of August 1, 2011, shall be made before or at the August 15, 2011, pre-hearing**
10 **conference.**

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

13 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to
14 prefiled testimony shall be reduced to writing and filed no later than five calendar days before the
15 witness is scheduled to testify.

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

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

22 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
23 except that **all motions to intervene must be filed on or before April 1, 2011.**

24 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
25 regulations of the Commission, except that until **July 12, 2011**, any objection to discovery requests
26 shall be made within 7 calendar days of receipt¹ and responses to discovery requests shall be made
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 within 10 calendar days of receipt. Thereafter, objections to discovery requests shall be made within
2 5 calendar days and responses shall be made within 7 calendar days. The response time may be
3 extended by mutual agreement of the parties involved if the request requires an extensive compilation
4 effort.

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

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

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

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

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

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

25
26 ...

27
28 ² The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before seeking Commission resolution of the controversy.

PUBLIC NOTICE OF HEARING ON THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY FOR RATE INCREASES FOR UTILITY SERVICE IN ITS AGUA FRIA WATER DISTRICT, HAVASU WATER DISTRICT, AND MOHAVE WATER DISTRICT.
(DOCKET NO. W-01303A-10-0448)

Summary

On November 3, 2010, Arizona-American Water Company, Inc. ("Arizona-American" or "Company") filed an application with the Arizona Corporation Commission ("Commission") for permanent revenue increases for its following Districts: Agua Fria Water district, Havasu Water district, and Mohave Water district.

[COMPANY INCLUDE RESPECTIVE PARAGRAPH(S) FROM THE FOLLOWING THREE PARAGRAPHS.]

For its **Agua Fria Water district**, Arizona-American's application requests an annual revenue increase of approximately \$17,879,283 or 73.1 percent over current revenues. For average consumption (7,362 gallons per month) 5/8 x 3/4-inch meter residential customers of the Agua Fria Water district, Arizona-American's request would increase monthly rates by 82.89 percent or \$25.13. If you would like the Company to calculate the bill impact of its proposal based on your consumption, please contact its Customer Service at 1.800.383.0834 or e-mail at infoaz@amwater.com.

For its **Havasu Water district**, Arizona-American's application requests an annual revenue increase of approximately \$634,247 or 49.1 percent over current revenues. For average consumption (8,334 gallons per month) 5/8 x 3/4-inch meter residential customers of the Havasu Water district, Arizona-American's request would increase monthly rates by 50.26 percent or by \$23.09. If you would like the Company to calculate the bill impact of its proposal based on your consumption, please contact its Customer Service at 1.800.383.0834 or e-mail at infoaz@amwater.com.

For its **Mohave Water district**, Arizona-American's application requests an annual revenue increase of approximately \$2,243,206 or 45.8 percent over current revenues. For average usage (7,251 gallons per month) 5/8 x 3/4-inch meter residential customers of the Mohave Water district, Arizona-American's request would increase monthly rates by 50.29 percent or by \$8.50. If you would like the Company to calculate the bill impact of its proposal based on your consumption, please contact its Customer Service at 1.800.383.0834 or e-mail at infoaz@amwater.com.

The Commission's Utilities Division ("Staff") is in the process of auditing and analyzing the application, and has not yet made any recommendations regarding 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 make recommendations to the Commission. The Commission will determine the appropriate relief to be granted based on the evidence presented by the parties. The rates approved by the Commission may be higher or lower than the rates requested by Arizona-American.

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

Copies of the application and proposed rates are available from Arizona-American, 2355 W. Pinnacle Peak Rd., Phoenix, AZ 85027; at www.arizonaamwater.com; at the Commission's Docket Control Center, 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours; and at the Commission's website www.azcc.gov using the e-Docket function, located at the bottom of the website homepage.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning **August 17, 2011, at 1:00 p.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. Written public comments may be submitted by mailing a letter referencing Docket No. W-01303A-10-0448 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/PublicCommentForm.pdf>. If you require assistance, you may contact the Consumer Services Section at 1.800.222.7000.

If you do not intervene in this proceeding, you will receive no further notice of the proceedings in this docket. However, all documents filed in this docket are available online (usually within 24 hours after docketing) at the Commission's website www.azcc.gov using the e-Docket function, located at the bottom of the website homepage. RSS feeds are also available through e-Docket.

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 **April 1, 2011**, and send a copy of the motion to Arizona-American 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 Arizona-American, a shareholder of Arizona-American, etc.); and
3. A statement certifying that you have mailed a copy of the motion to intervene to Arizona-American 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 April 1, 2011. All parties must comply with Rules 31 and 38 of the Rules of the Arizona Supreme Court and A.R.S. § 40-243 with respect to the practice of law. For information about requesting intervention, go to <http://www.azcc.gov/divisions/utilities/FORMS/interven.pdf>. The granting of intervention 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

1 sabernal@azcc.gov, voice phone number 602.542.3931. Requests should be made as
2 early as possible to allow time to arrange the accommodation.

3 IT IS FURTHER ORDERED that Arizona-American shall mail to each of its customers in
4 each affected water district a copy of the above notice as a bill insert beginning with the first billing
5 cycle in **February 2011**, and shall cause a copy of such notice to be published at least once in a
6 newspaper of general circulation in the service territory of each of the affected water districts, with
7 publication to be completed no later than **February 28, 2011**.

8 IT IS FURTHER ORDERED that Arizona-American shall file certification of mailing and
9 publication as soon as practicable after the mailing and publication have been completed.

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

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


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

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

25 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended
26 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.
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 20th day of January, 2011.

5 
6 TEENA JIBILIAN
7 ADMINISTRATIVE LAW JUDGE

8 Copies of the foregoing mailed/delivered
9 This 20th day of January, 2011 to:

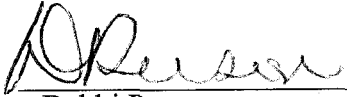
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