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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

DOCKETED BY

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF INDIADA WATER COMPANY, INC., FOR APPROVAL OF A PERMANENT INCREASE IN ITS WATER RATES.

DOCKET NO. W-02031A-10-0168

IN THE MATTER OF THE APPLICATION OF ANTELOPE RUN WATER COMPANY FOR APPROVAL OF A PERMANENT INCREASE IN ITS WATER RATES.

DOCKET NO. W-02327A-10-0169

IN THE MATTER OF THE APPLICATION OF BOB B. WATKINS DBA EAST SLOPE WATER COMPANY FOR APPROVAL OF A PERMANENT INCREASE IN ITS WATER RATES.

DOCKET NO. W-01906A-10-0170

IN THE MATTER OF THE APPLICATIONS OF BOB B. WATKINS DBA EAST SLOPE WATER COMPANY, INDIADA WATER COMPANY, INC., AND ANTELOPE RUN WATER COMPANY FOR APPROVAL OF A TRANSFER OF ASSETS AND CERTIFICATES OF CONVENIENCE AND NECESSITY.

DOCKET NO. W-01906A-10-0171  
DOCKET NO. W-02031A-10-0171  
DOCKET NO. W-02327A-10-0171

IN THE MATTER OF THE APPLICATION OF BOB B. WATKINS DBA EAST SLOPE WATER COMPANY FOR AUTHORITY TO INCUR LONG-TERM DEBT.

DOCKET NO. W-01906A-10-0183

IN THE MATTER OF THE APPLICATION OF INDIADA WATER COMPANY, INC., FOR AUTHORITY TO INCUR LONG-TERM DEBT.

DOCKET NO. W-02031A-10-0184

IN THE MATTER OF THE APPLICATION OF ANTELOPE RUN WATER COMPANY FOR AUTHORITY TO INCUR LONG-TERM DEBT.

DOCKET NO. W-02327A-10-0185

PROCEDURAL ORDER

**BY THE COMMISSION:**

On April 30, 2010, Indiada Water Company ("IWC") filed with the Arizona Corporation Commission ("Commission") an application for a permanent rate increase, under Docket No. W-02031A-10-0168.

1 On April 30, 2010, Antelope Run Water Company ("ARWC") filed with the Commission an  
2 application for a permanent rate increase, under Docket No. W-2327A-10-0169.

3 On April 30, 2010, East Slope Water Company ("ESWC") filed with the Commission its  
4 application for a permanent rate increase, under Docket No. W-01906A-10-0170.

5 On April 30, 2010, ESWC, IWC and ARWC and filed with the Commission a joint  
6 application for the transfer of IWC's and ARWC's assets and Certificates of Convenience and  
7 Necessity to ESWC and for consolidation of rates under Docket Nos. W-01906A-10-0171, W-  
8 02031A-10-0171 and W-02327A-10-0171.

9 On May 7, 2010, ESWC filed with the Commission an application for authority to incur long-  
10 term debt, under Docket No. W-01906A-10-0183.

11 On May 7, 2010, IWC filed with the Commission an application for authority to incur long-  
12 term debt, under Docket No. W-02031A-10-0184.

13 On May 7, 2010, ARWC filed with the Commission an application for authority to incur  
14 long-term debt, under Docket No. W-02327A-10-0185.

15 On March 4, 2011, the Commission's Utilities Division Staff ("Staff") filed Motions to  
16 Consolidate in the above-listed dockets, requesting that all the matters be consolidated and stating  
17 that ESWC, ARWC and IWC do not object to consolidation of the dockets.

18 The matters are substantially related and no party will be prejudiced by their consolidation.  
19 Accordingly, Docket Nos. W-02031A-10-0168, W-2327A-10-0169, W-01906A-10-0170, W-  
20 01906A-10-0171, W-02031A-10-0171, W-02327A-10-0171, W-01906A-10-0183, W-02031A-10-  
21 0184 and W-02327A-10-0185 should be consolidated.

22 On March 3, 2011, Staff filed Sufficiency Letters Docket Nos. W-02031A-10-0168, W-  
23 2327A-10-0169, W-01906A-10-0170, W-01906A-10-0171, W-02031A-10-0171, and W-02327A-10-  
24 0171, indicating that the rate applications and the consolidation application are sufficient under the  
25 Arizona Administrative Code ("A.A.C."), and, because of the proposed consolidation of the  
26 companies, Staff classified the consolidated company as a Class C utility.

27 Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern  
28 the preparation and conduct of this proceeding.

1 IT IS THEREFORE ORDERED that **Docket Nos. W-02031A-10-0168, W-2327A-10-0169,**  
2 **W-01906A-10-0170, W-01906A-10-0171, W-02031A-10-0171, W-02327A-10-0171, W-01906A-**  
3 **10-0183, W-02031A-10-0184 and W-02327A-10-0185 are hereby consolidated.**

4 IT IS FURTHER ORDERED that the **hearing** in the above-captioned matter shall commence  
5 on **September 14, 2011, at 10:00 a.m.**, or as soon thereafter as is practical, at the Commission's  
6 offices, **Room 222, 400 West Congress, Tucson, Arizona 85701, and shall continue on**  
7 **September 15, 2011, if necessary.**

8 IT IS FURTHER ORDERED that a **telephonic Pre-Hearing Conference** shall commence on  
9 **September 8, 2011, at 10:00 a.m.**, for the purpose of scheduling witnesses and the conduct of the  
10 hearing. The parties shall contact the Hearing Division on **September 1, 2011, at 602-542-4250 for**  
11 **further information regarding the call-in phone number.** Parties may also attend in person at the  
12 Commission's Tucson offices, Room 218, 400 West Congress Street, Tucson, Arizona 85701.

13 IT IS FURTHER ORDERED that the **Staff Report** and/or any testimony and associated  
14 exhibits to be presented at hearing on behalf of Staff shall be reduced to writing and filed on or before  
15 **July 13, 2011.**

16 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-  
17 **105, except that all Motions to Intervene must be filed on or before July 15, 2011.**

18 IT IS FURTHER ORDERED that any **testimony** and associated exhibits to be presented at  
19 hearing on behalf of **intervenors** shall be reduced to writing and filed on or before **July 22, 2011.**

20 IT IS FURTHER ORDERED that any **rebuttal testimony** and associated exhibits to be  
21 presented at hearing by ESWC, ARWC and IWC shall be reduced to writing and filed on or before  
22 **August 3, 2011.**

23 IT IS FURTHER ORDERED that any **surrebuttal testimony** and associated exhibits to be  
24 presented by the Staff or intervenors shall be reduced to writing and filed on or before **August 17,**  
25 **2011.**

26 IT IS FURTHER ORDERED that any **rejoinder testimony** and any associated exhibits to be  
27 presented at hearing by ESWC, ARWC and IWC shall be reduced to writing and filed on or before  
28 **August 31, 2011.**

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

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

5 IT IS FURTHER ORDERED that any objections to any testimony or exhibits which have  
6 been pre-filed as of September 1, 2011, shall be made before or at the **September 8, 2011**, pre-  
7 hearing conference.

8 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to  
9 pre-filed testimony shall be reduced to writing and filed no later than five days before the witness is  
10 scheduled to testify.

11 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the  
12 pre-filed testimony of each of their witnesses and **shall file each summary at least two working**  
13 **days before the witness is scheduled to testify.**

14 IT IS FURTHER ORDERED that copies of summaries should be served upon the  
15 Administrative Law Judge, the Commissioners, and the Commissioners' aides as well as the parties  
16 of record.

17 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and  
18 regulations of the Commission, except that until August 19, 2011, any objection to discovery requests  
19 shall be made within 7 days<sup>1</sup> of receipt and responses to discovery requests shall be made within 10  
20 days of receipt; thereafter, objections to discovery requests shall be made within 5 days and responses  
21 shall be made in 7 days; the response time may be extended by mutual agreement of the parties  
22 involved if the request requires an extensive compilation effort.

23 IT IS FURTHER ORDERED that in the alternative to filing a written motion to compel  
24 discovery, any party seeking discovery may telephonically contact the Commission's Hearing  
25 Division to request a date for a procedural hearing to resolve the discovery dispute; that upon such a  
26 request, a procedural hearing will be convened as soon as practicable; and that the party making such  
27

28 <sup>1</sup> "Days" means calendar days.

1 a request shall forthwith contact all other parties to advise them of the hearing date and shall at the  
2 hearing provide a statement confirming that the other parties were contacted.<sup>2</sup>

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

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

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

10 IT IS FURTHER ORDERED that ESWC, ARWC and IWC shall provide public notice of the  
11 hearing in this matter in the following form and style with the heading in no less than 14-point bold  
12 type and the body in no less than 10-point regular type:

13 **PUBLIC NOTICE OF HEARING ON THE APPLICATIONS OF**  
14 **BOB B. WATKINS, D/B/A EAST SLOPE WATER COMPANY;**  
15 **ANTELOPE RUN WATER COMPANY; AND**  
16 **INDIADA WATER COMPANY, INC.,**  
17 **FOR RATE INCREASES, FOR THE TRANSFER OF ASSETS**  
18 **AND CERTIFICATES OF CONVENIENCE AND NECESSITY,**  
19 **AND AUTHORIZATION OF LONG-TERM DEBT.**

17 DOCKET NO. W-02031A-10-0168  
18 DOCKET NO. W-02327A-10-0169  
19 DOCKET NO. W-01906A-10-0170  
20 DOCKET NO. W-01906A-10-0171  
21 DOCKET NO. W-02031A-10-0171  
22 DOCKET NO. W-02327A-10-0171  
23 DOCKET NO. W-01906A-10-0183  
24 DOCKET NO. W-02031A-10-0184  
25 DOCKET NO. W-02327A-10-0185

22 **Summary**

23 On April 30, 2010, Bob B. Watkins d/b/a East Slope Water Company (“ESWC”),  
24 Antelope Run Water Company (“ARWC”) and Indiada Water Company, Inc.  
25 (“IWC”), filed with the Arizona Corporation Commission (“Commission”) applications for an increase in their rates. On the same date, ESWC, ARWC and IWC filed a joint application for transfer of assets and certificates of convenience and necessity in order to consolidate operations of the three companies. On May 7, 2010, ESWC, ARWC and IWC each filed applications for authority to incur long-term debt. The applications have been consolidated for purpose of the hearing.

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

1 **Consolidation (Docket Nos. W-01906A-10-0171; W-02031A-10-0171; W-02327A-**  
 2 **10-0171)**

3 If the application to transfer assets and certificates of convenience and necessity is  
 4 granted, the operations and rates of ESWC, ARWC and IWC would be consolidated.  
 5 If the consolidated rates as proposed are adopted, ESWC and ARWC customers would  
 receive a rate increase as described below, while the current IWC customers would  
 experience a decrease as described below. If consolidation is not approved, each  
 company has requested rate increases based on stand alone operations as described  
 below.

6 **Bob B. Watkins d/b/a East Slope Water Company (Rate Application: Docket No.**  
 7 **W-01906A-10-0170)**

8 On a stand-alone basis, ESWC is requesting a revenue increase equal to \$331,372, a  
 9 160.33 percent increase over its revenues for the twelve month period ended  
 10 December 31, 2009. Under ESWC's proposal in its rate application, and if  
consolidation of operations is not approved, the median ESWC residential customer  
 with at 5/8 x 3/4-inch meter using 5,330 gallons of water a month, would experience  
 an increase in the monthly bill of \$10.78, from \$22.29 to \$33.07, an increase of 48.35  
 percent.

11 If the request to transfer assets from ARWC and IWC to ESWC is approved, under the  
 12 companies' proposal, current ESWC residential customers with a 5/8 x 3/4-inch meter  
 would see a monthly increase of \$12.98, or 58.21 percent, from \$22.29 to \$35.27

13 **Customers using less or more water than the median usage per month will**  
 14 **experience a lower or higher percent increase depending on their usage.**

15 **Antelope Run Water Company (Rate Application: Docket No. W-02327A-10-**  
 16 **0169)**

17 On a stand-alone basis, ARWC is requesting a revenue increase equal to \$90,065, a  
 18 182.85 percent increase over its revenues for the twelve month period ended  
 19 December 31, 2009. Under ARWC's proposal in its rate application, and if  
consolidation of operations is not approved, the median ARWC residential customer  
 with a 5/8 x 3/4-inch meter using 6,900 gallons of water a month, would experience an  
 increase in the monthly bill of \$19.47, from \$23.98 to \$43.45, an increase of 81.19  
 percent.

20 Under the request to transfer assets and consolidate operations, the companies propose  
 21 rates under which current ARWC residential customers with a 5/8 x 3/4-inch meter  
 would see a monthly increase of \$17.30, or 72.14 percent, from \$23.98 to \$41.28.

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

24 **Indiada Water Company (Rate Application: Docket No. W-02031A-10-0168)**

25 On a stand-alone basis, IWC is requesting a revenue increase equal to \$29,922, a  
 26 106.82 percent increase over its revenues for the twelve month period ended  
 27 December 31, 2009. Under IWC's proposal in its rate application, and if consolidation  
of operations is not approved, the median IWC residential customer with a 5/8 x 3/4-  
 inch meter using 5,260 gallons of water a month, would experience an increase in the  
 monthly bill of \$24.07, from \$37.74 to \$61.81, an increase of 63.79 percent.

28 Under the request to transfer assets and consolidate operations, the companies propose  
 rates under which current IWC residential customers with at 5/8 x 3/4-inch meter  
 would see a monthly decrease of \$2.75, or (7.25) percent, from \$37.74 to \$35.00.

1 **Finance Applications (Docket Nos. W-01906A-10-0183, W-02031A-10-0184, W-**  
2 **02327A-10-0185**

3 ESWC, ARWC and IWC have applied to the Commission for authorization to incur a  
4 combined total of not more than \$3,000,000 in long-term debt to finance repairs and  
5 improvements to each companies' water system.

6 **The Commission's Utilities Division Staff has not yet made recommendations**  
7 **regarding the rate proposals, the consolidation request and the financing**  
8 **proposals and the Commission will determine the appropriate relief to be**  
9 **granted based on the evidence of record in this proceeding. The Commission is**  
10 **not bound by the proposals made by the ESWC, ARWC, IWC, Staff, or any**  
11 **intervenor and, therefore, the final rates approved in this docket may be lower**  
12 **or higher than the rates described above.**

13 If you have any questions concerning how ESWC's, ARWC's and IWC's rate  
14 proposals, consolidation request and/or finance proposals will affect your bill or have  
15 other substantive questions about these applications, you may contact them at:  
16 **[COMPANIES SHOULD INSERT NAMES, ADDRESSES, TELEPHONE**  
17 **NUMBERS, AND E-MAIL ADDRESSES FOR CUSTOMER CONTACTS**  
18 **CONCERNING THE APPLICATIONS].**

19 **How You Can View or Obtain a Copy of the Applications**

20 Copies of the applications and proposed tariffs are available at the ESWC's, ARWC's  
21 and IWC's offices **[INSERT ADDRESSES]** and at the Commission's Docket Control  
22 Center at 1200 West Washington, Phoenix, Arizona and its Tucson offices, 400 West  
23 Congress, Suite 218, Tucson, Arizona and on the internet via the Commission website  
24 ([/www.azcc.gov/](http://www.azcc.gov/)) using the e-docket function.

25 **Public Hearing Information**

26 The Commission will hold a **hearing** on this matter beginning **September 14, 2011,**  
27 **at 10:00 a.m.,** at the Commission's offices, Room 222, 400 West Congress, Tucson,  
28 Arizona.

Public comments will be taken at the beginning of the first day of the hearing. Written  
public comments may be submitted by mailing a letter referencing Docket Nos. W-  
02031A-10-0168, W-2327A-10-0169, W-01906A-10-0170, W-01906A-10-0171, W-  
02031A-10-0171, W-02327A-10-0171, W-01906A-10-0183, W-02031A-10-0184 and  
W-02327A-10-0185 to Arizona Corporation Commission, Consumer Services  
Section, 1200 West Washington, Phoenix, AZ 85007, or by email. 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/publiccomment.pdf>. If you require  
assistance, you may contact the Consumer Services Section at 1-800-222-7000 or  
(520) 628-6550.

**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 **July 15, 2011,** and a  
copy of the motion to ESWC, ARWC and IWC or its counsel and to all parties of  
record. Your motion must contain the following:

- 1           1.     Your name, address, and telephone number and the name, address and  
2           telephone number of any party upon whom service of documents is to  
3           be made, if not yourself.
- 4           2.     A short statement of your interest in the proceeding (e.g., a customer of  
5           the companies, a shareholder of the companies, etc.).
- 6           3.     A statement certifying that you have mailed a copy of the motion to  
7           intervene to the companies or its counsel and to all parties of record in  
8           the case.

9           The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except  
10          that all motions to intervene must be filed on or before July 15, 2011. If  
11          representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme  
12          Court, intervention will be conditioned upon the intervenor obtaining counsel to  
13          represent the intervenor. For information about requesting intervention, visit the  
14          Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>.  
15          The granting of intervention, among other things, entitles a party to present sworn  
16          evidence at the hearing and to cross-examine other witnesses. However, failure to  
17          intervene will not preclude any interested person or entity from appearing at the  
18          hearing and providing public comment on the application or from filing written  
19          comments in the record of the case.

20          **ADA/Equal Access Information**

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

27          IT IS FURTHER ORDERED that ESWC, ARWC and IWC shall **mail** to each of its  
28          customers a copy of the above notice by **April 22, 2011**, and shall cause a copy of such notice to be  
29          published at least once in newspaper of general circulation in its service territory, with **publication** to  
30          be completed no later than **April 22, 2011**.

31          IT IS FURTHER ORDERED that ESWC, ARWC and IWC shall file certification of mailing  
32          and publication no later than **May 13, 2011**.

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

35          IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized  
36          Communications) applies to this proceeding as the matter is now set for public hearing, and shall  
37          remain in effect until the Commission's Decision in this matter is final and non-appealable.

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

1 pro had vice.

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

8 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended  
9 pursuant to Rule 6(a) or (3) of the Rules of Civil Procedure.

10 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive  
11 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

12 DATED this 23<sup>rd</sup> day of March, 2011.

13  
14   
15 BELINDA A. MARTIN  
ADMINISTRATIVE LAW JUDGE

16 Copies of the foregoing mailed/delivered  
17 this 23<sup>rd</sup> day of March, 2011, to:

18 Steve Wene, Esq.  
19 MOYES STOREY, LTD  
1850 North Central Avenue, Suite 1100  
Phoenix, AZ 85004

Steven M. Olea, Director  
Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
Phoenix, AZ 85007

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

ARIZONA REPORTING SERVICE, INC.  
2200 N. Central Ave., Suite 502  
Phoenix, AZ 85004

23  
24 By:   
25 Belinda A. Martin