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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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AZ CORP 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 WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR ADJUSTMENTS TO ITS RATES AND CHARGES FOR UTILITY SERVICE FURNISHED BY ITS EASTERN GROUP AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01445A-11-0310

PROCEDURAL ORDER

**BY THE COMMISSION:**

On August 5, 2011, Arizona Water Company ("AWC") filed with the Arizona Corporation Commission ("Commission") an application requesting adjustments to its rates and charges for utility service provided by its Eastern Group water systems, including its Superstition (Apache Junction, Superior, and Miami); Cochise (Bisbee and Sierra Vista); San Manuel; Oracle; SaddleBrooke Ranch; and Winkelman water systems. AWC's rate application uses a test year ending December 31, 2010. In addition to requesting an overall increase in revenue, AWC's application proposes consolidation of the Bisbee and Sierra Vista water systems into the Cochise water system; consolidation of the San Manuel, Oracle, and SaddleBrooke Ranch water systems into the Falcon Valley water system; authorization of an arsenic cost recovery mechanism ("ACRM") for the Eastern Group water systems such as the ACRM authorized in Decision No. 71845 (August 25, 2010) for the Sedona and Superstition water systems; authorization to implement a Distribution System Improvement Charge ("DSIC"); authorization to implement Off-Site Facilities Fees of \$3,500 and up for new service connections in the service area; and continuation of a Monitoring Assistance Program ("MAP") surcharge previously authorized for the Eastern Group water systems.

On September 6, 2011, the Commission's Utilities Division ("Staff") filed a Letter of Sufficiency stating that AWC's rate application has met the sufficiency requirements as outlined in

1 Arizona Administrative Code (“A.A.C.”) R14-2-103 and that AWC has been classified as a Class A  
2 Utility.

3 AWC’s Western Group water systems currently have a permanent rate case application  
4 pending in Docket No. W-01445A-10-0517 (“Western Group rate case”), for which an evidentiary  
5 hearing is scheduled to commence on February 21, 2012. In the Western Group rate case, AWC  
6 revealed that it would be filing a rate application for the Eastern Group water systems in mid-to-late  
7 2011, and Staff agreed to use its best efforts to process both rate applications within the timeline  
8 required by A.A.C. R14-2-103.

9 It is now reasonable and appropriate to schedule a procedural conference to discuss the  
10 scheduling for this matter.

11 IT IS THEREFORE ORDERED that a **procedural conference** shall be held in this matter on  
12 **September 19, 2011, at 10:00 a.m.**, in Room 100 at the Commission’s offices at 1200 West  
13 Washington Street, Phoenix, Arizona 85007, for the purpose of discussing the scheduling for this  
14 matter.

15 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules  
16 31 and 38 and A.R.S. § 40-243 with respect to the practice of law and admission *pro hac vice*.

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

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

26 ...  
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 8<sup>th</sup> day of September, 2011.

6   
7 SARAH N. HARPRING  
8 ADMINISTRATIVE LAW JUDGE

9 Copies of the foregoing mailed/delivered  
this 8<sup>th</sup> day of September, 2011, to:

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25 Secretary to Sarah N. Harpring  
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27  
28