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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

GARY PIERCE - Chairman  
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BRENDA BURNS

2012 APR 25 A 9:12

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APR 25 2012

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY



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.

Since that time, the Commission's Utilities Division ("Staff") has filed a Letter of Sufficiency for AWC's rate application; intervention has been granted to the Residential Utility Consumer Office

(“RUCO”) and to Kathie Wyatt; a procedural conference has been held to discuss scheduling; a Procedural Order has been issued establishing a procedural schedule that includes an evidentiary hearing to commence on May 14, 2012; a Procedural Order has been issued modifying the procedural schedule to extend filing dates and the pre-hearing date, but retaining the evidentiary hearing dates; and direct testimony and rebuttal testimony have been filed. The current procedural schedule includes the following remaining dates:

<u>Item/Event</u>	<u>Date</u>
Surrebuttal Testimony:	April 27, 2012
Rejoinder Testimony:	May 9, 2012
Pre-Hearing Conference:	May 11, 2012
Hearing	May 14-18, 21, 24-25, 2012

On April 23, 2012, Staff filed Staff’s Notice of Settlement Discussions and Request for Modifications to the Procedural Schedule (“Request”). In the Request, Staff asserted that the parties to this matter will be entering into settlement discussions on or after April 27, 2012, and that the parties have conferred and propose the following modified dual-track procedural schedule that would permit the parties to engage in settlement discussions without rescheduling the hearing dates previously ordered:

**Settlement Track**

<u>Item/Event</u>	<u>Existing Date</u>	<u>Proposed Date</u>
Commence Settlement Discussions	N/A	April 27, 2012
Notice of Settlement, if reached	N/A	May 7, 2012
Settlement Agreement, if any:	April 23, 2012	May 11, 2012
Pre-Hearing Conference:	May 11, 2012	Vacated
Public Comment Proceeding	N/A	May 14, 2012
Prefiled Settlement Testimony	N/A	May 16, 2012
First Day of Settlement Hearing	May 14, 2012	May 21, 2012

**Litigation Track (if no settlement)**

<u>Item/Event</u>	<u>Existing Date</u>	<u>Proposed Date</u>
Surrebuttal Testimony:	April 27, 2012	May 7, 2012
Rejoinder Testimony:	May 9, 2012	May 11, 2012
Pre-Hearing Conference:	May 11, 2012	No Extension Requested
First Day of Hearing	May 14, 2012	No Extension Requested

On April 24, 2012, AWC filed a Notice of Scheduling of Settlement Conference, stating that AWC was providing each party notice of a settlement meeting to be held at the Commission's offices on April 27, 2012, from 9:30 a.m. to 4:00 p.m.

Because the parties desire to engage in settlement discussions to determine whether they can resolve the disputed issues in this matter, it is reasonable and appropriate to grant the scheduling modifications set forth in the Request. In addition, because the last date for prefiled testimony in this matter (currently May 9, 2012) is being extended by one week (to May 16, 2012), it is also reasonable and appropriate to extend the Commission's time frame in this matter by 7 days.

IT IS THEREFORE ORDERED that the following procedural deadlines and dates are hereby adopted and shall be followed in the event that the parties **are able to reach a settlement<sup>1</sup> by May 7, 2012:**

**Track 1: Settlement Reached by May 7, 2012**

Notice of Settlement <sup>2</sup> Filing Deadline:	May 7, 2012
Settlement Agreement Filing Deadline:	May 11, 2012
Public Comment Proceeding:	May 14, 2012
Testimony Filed in Support/Opposition:	May 16, 2012
Hearing Dates:	May 21 and 24-25, 2012 <sup>3</sup>

IT IS FURTHER ORDERED that the following procedural deadlines and dates are hereby adopted and shall be followed in the event that the parties **are not able to reach a settlement<sup>4</sup> by May 7, 2012:**

**Track 2: No Settlement Reached by May 7, 2012**

Surrebuttal Testimony Filing Deadline:	May 7, 2012
Rejoinder Testimony Filing Deadline:	May 11, 2012
Pre-Hearing Conference Held:	May 11, 2012
Hearing Dates:	May 14-18, 21, and 24-25, 2012 <sup>5</sup>

...

...

<sup>1</sup> This is intended to mean that the parties have been able to reach a conceptual agreement by this date.

<sup>2</sup> This filing shall indicate that the parties have been able to reach a conceptual agreement by this date, but need not set forth the terms of such agreement.

<sup>3</sup> Hearing is to proceed on these dates as needed. Additional hearing dates will be scheduled if needed.

<sup>4</sup> This is intended to mean that the parties have not been able to reach a conceptual agreement by this date.


<sup>5</sup> Hearing is to proceed on these dates as needed. Additional hearing dates will be scheduled if needed.

1 IT IS FURTHER ORDERED that **in the event a Notice of Settlement is filed on or before**  
2 **May 7, 2012, the pre-hearing conference** scheduled for **May 11, 2012**, shall be deemed **vacated**.

3 IT IS FURTHER ORDERED that the Commission's **time frame** in this matter is hereby  
4 **extended by 7 days**.

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 25<sup>th</sup> day of April, 2012.

9  
10   
11 SARAH N. HARPRING  
12 ADMINISTRATIVE LAW JUDGE

13 Copies of the foregoing mailed/delivered  
14 this 25<sup>th</sup> day of April, 2012, to:

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By:   
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Secretary to Sarah N. Harpring