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BEFORE THE ARIZONA CORPORATIO

COMMISSIONERS

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

Arizona Corporation Commission

AZ CORP COMMISSION

DOCKETED

DOCKET CONTROL

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DOCKETED BY JSM

IN THE MATTER OF THE APPLICATION OF  
VAIL WATER COMPANY FOR A RATE  
INCREASE.

DOCKET NO. W-01651B-12-0339

RATE CASE  
PROCEDURAL ORDER

BY THE COMMISSION:

On June 27, 2012, Vail Water Company ("VWC" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for a rate increase.

On August 21, 2012, VWC filed an Amendment to the Application.

On August 27, 2012, the Commission's Utilities Division ("Staff") notified the Company that its Application was sufficient under the guidelines outlined in the Arizona Administrative Code R14-2-103, and classified the utility as Class B.

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

IT IS THEREFORE ORDERED that the hearing in the above-captioned matter shall commence on **May 7, 2013, at 10:00 a.m.**, or as soon thereafter as is practical, at the Commission's offices, **Room 222, 400 West Congress, Tucson, Arizona 85701.**

IT IS FURTHER ORDERED that a **pre-hearing conference shall be held on May 2, 2013, at 10:00 a.m.**, at the Commission's Tucson Offices, Room 222, 400 West Congress, Tucson, Arizona, 85701 for the purpose of scheduling witnesses and the conduct of the hearing.

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IT IS FURTHER ORDERED that any **direct testimony (except that related to rate design and cost of service)** and associated exhibits to be presented at hearing on behalf of **Staff or Intervenors** shall be reduced to writing and filed on or before **February 25, 2013**.

IT IS FURTHER ORDERED that any **direct testimony related rate design and cost of service** and associated exhibits to be presented at hearing on behalf of **Staff and Intervenors** shall be reduced to writing and filed on or before **March 8, 2013**.

IT IS FURTHER ORDERED that any **rebuttal testimony** and associated exhibits to be presented at hearing by the **Company** shall be reduced to writing and filed on or before **March 25, 2013**.

IT IS FURTHER ORDERED that any **surrebuttal testimony** and associated exhibits to be presented by the Staff and/or intervenors shall be reduced to writing and filed on or before **April 15, 2013**.

IT IS FURTHER ORDERED that any **rejoinder testimony** and associated exhibits to be presented at the hearing by the Company shall be reduced to writing and filed on or before **April 29, 2013**.

IT IS FURTHER ORDERED that any objections to any testimony or exhibits which have been prefiled as of April 29, 2013, shall be made on or before the Pre-Haring Conference.

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

IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-105, except that all motions to intervene must be filed **on or before April 15, 2013**.

IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and regulations of the Commission, except that through April 1, 2013, any objection to discovery requests shall be made within 7 days<sup>1</sup> of receipt and responses to discovery requests shall be made within 10 days of receipt; thereafter, objections to discovery requests shall be made within 5 days and responses

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

1 shall be made in 7 days;<sup>1</sup> the response time may be extended by mutual agreement of the parties  
2 involved if the request requires an extensive compilation effort.

3 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel  
4 discovery, any party seeking discovery may telephonically contact the Commission's Hearing  
5 Division to request a date for a procedural hearing to resolve the discovery dispute; that upon such a  
6 request, a procedural hearing will be convened as soon as practicable; and that the party making such  
7 a request shall forthwith contact all other parties to advise them of the hearing date and shall at the  
8 hearing provide a statement confirming that the other parties were contacted.<sup>2</sup>

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

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

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

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

**PUBLIC NOTICE OF HEARING ON THE**  
**RATE APPLICATION OF**  
**VAIL WATER COMPANY**  
**Docket No. W-01651B-12-0339**

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21 On July 27, 2012, Vail Water Company (“VWC” or “Company”) filed an application  
22 with the Arizona Corporation Commission (“Commission”) for an increase in annual  
23 revenues of \$44,144, or 1.89 percent over test year revenues. Under the rates as  
24 proposed by the Company, a residential water service customer with a 5/8 x 3/4” meter,  
25 with an average monthly usage of 6,720 gallons, would expect to see a monthly  
26 increase of \$0.52, or 1.29 percent, from \$40.06 to \$40.58. A customer’s bill depends  
27 on meter size and how much water is used each month. A customer with a larger  
28 meter and/or using less or more than the average would experience a smaller or larger  
increase.

In addition, the Company is proposing a Central Arizona Project (“CAP”) surcharge

<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 mechanism to recover costs of direct delivery of CAP water to the Company's service  
2 territory. The Company proposes that the surcharge collect the costs of depreciation  
3 on the CAP project investment, CAP M&I delivery charges, wheeling fees from  
4 Tucson Water, a return on investment, income taxes, and other CAP-related costs and  
5 credits. The amount of the surcharge would be determined and submitted for approval  
6 by the Commission once the planned CAP project pipeline and related equipment is in  
7 in service and all CAP-related costs components are known and measurable.

8  
9 If you have any questions concerning how the Company's rate proposal will affect  
10 your bill or have other substantive questions about this application, you may contact  
11 the Company at: **[COMPANY SHOULD INSERT NAME, ADDRESS,  
12 TELEPHONE NUMBER, AND E-MAIL ADDRESS FOR CUSTOMER  
13 CONTACTS CONCERNING THE APPLICATION].**

14 The Commission's Utilities Division Staff has yet made a recommendation regarding  
15 the Company's proposals, and the Commission will determine the appropriate rate  
16 relief to be granted based on the evidence of record in this proceeding. The  
17 Commission is not bound by the proposals made by the Company, Staff, or any  
18 intervenors and, therefore, the final rates approved in this docket may be lower or  
19 higher than the rates described above.

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

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

#### 26 **Public Hearing Information**

27 **THE COMMISSION WILL HOLD A HEARING ON THIS MATTER BEGINNING  
28 MAY 7, 2013, AT 10:00 A.M., AT THE COMMISSION'S OFFICES, ROOM 222,  
400 WEST CONGRESS, TUCSON, ARIZONA, 85701.**

Public comments will be taken at the beginning of the hearing. Written public  
comments may be submitted by mailing a letter referencing Docket No. W-01651B-  
12-0339 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/PublicCommentForm.pdf>. If you  
require assistance, you may contact the Consumer Services Section at 1-800-222-7000  
or (520) 628-6550.

#### 29 **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 15, 2013**, and a  
copy of the motion to VWC 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 Company, etc.).
- 6           3.     A statement certifying that you have mailed a copy of the motion to  
7           intervene to the Company 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 April 15, 2013. 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 the Company shall **mail** to each of its customers a copy of  
28          the above notice by **October 31, 2012**, and shall cause the above notice to be published at least once  
in a newspaper of local circulation in its service territory, with **publication** to be completed no later  
than **October 31, 2012**.

IT IS FURTHER ORDERED that the Company shall file certifications of mailing and  
publication as soon as practicable after they have been completed.

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

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

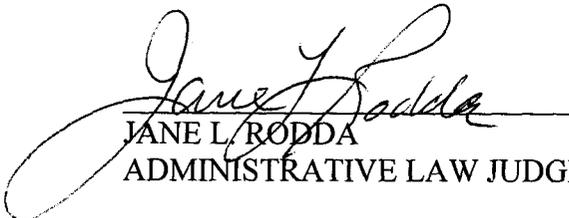
1 IT IS FURTHER ORDERED that all parties must comply with Rule 33 (c) and (d) of the  
2 Rules of the Arizona Supreme Court with respect to practice of law and admission pro hac vice.

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

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

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

13 DATED this 7<sup>th</sup> day of September, 2012.

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17 JANE L. RODDA  
ADMINISTRATIVE LAW JUDGE

18 Copies of the foregoing mailed  
this 7<sup>th</sup> day of September, 2012 to:

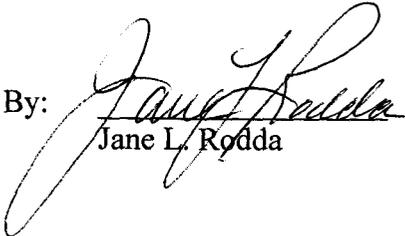
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26  
27 By:   
28 Jane L. Rodda