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Arizona Corporation Commission

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4 BOB STUMP - Chairman

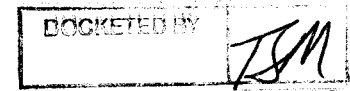
GARY PIERCE

BRENDA BURNS

5 BOB BURNS

SUSAN BITTER SMITH

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL



7 IN THE MATTER OF THE JOINT APPLICATION
8 OF EPCOR WATER ARIZONA, INC. AND
9 CHAPARRAL CITY WATER COMPANY FOR
APPROVAL OF AN ACCOUNTING ORDER TO
DEFER POST-IN-SERVICE AFUDC AND
DEPRECIATION AMORTIZATION EXPENSE.

DOCKET NO. W-01303A-12-0427
DOCKET NO. SW-01303A-12-0427
DOCKET NO. W-02113A-12-0427

PROCEDURAL ORDER

10 **BY THE COMMISSION:**

11 On October 2, 2012, EPCOR Water Arizona, Inc. ("EPCOR") and Chaparral City Water
12 Company ("CCWC") (collectively, "Applicants") jointly filed with the Arizona Corporation
13 Commission ("Commission") the above-captioned application seeking the issuance of an accounting
14 order to allow deferral of post-in-service AFUDC and depreciation amortization expense.

15 On October 26, 2012, the Residential Utility Consumer Office ("RUCO") filed a Motion to
16 Intervene, which was granted by Procedural Order issued November 7, 2012.

17 On January 18, 2013, Applicants filed a Request for Procedural Conference.

18 On January 25, 2013, a Procedural Order was issued scheduling a procedural conference for
19 February 5, 2013.

20 On February 5, 2013, the procedural conference was convened, as scheduled. The parties
21 were directed to discuss scheduling and to submit, either jointly or separately, a proposed procedural
22 schedule.

23 On February 20, 2013, the Applicants filed a Proposed Procedural Schedule that included
24 dates for filing testimony and other matters, and a hearing the week of May 13, 2013. The Applicants
25 also attached a proposed customer notice.

26 On February 20, 2013, RUCO filed a Response to the Company's Proposed Procedural
27 Schedule. RUCO opposes the Applicants' proposed schedule which RUCO claims would expedite
28

1 the processing of this matter ahead of other cases pending before the Commission that have time
2 clock requirements. RUCO argues that because CCWC was planning to file a rate case in April
3 2013, and because the Commission is considering the issue of a distribution system infrastructure
4 surcharge ("DSIC") in another case in which EPCOR has intervened (Docket No. W-01445A-11-
5 0310), the Commission should suspend this matter pending resolution of those cases. Alternatively,
6 RUCO suggested a different schedule that would result in a hearing on August 28, 2013.

7 On February 21, 2013, the Commission's Utilities Division ("Staff") filed a response to the
8 Applicants' and RUCO's proposed schedules. Staff stated support for RUCO's suggestion to
9 suspend this matter given EPCOR's intervention in the DSIC case. Staff argues that if this matter is
10 scheduled for hearing, the Applicants' schedule is unacceptable but Staff would support RUCO's
11 proposed procedural schedule.

12 On February 25, 2013, the Applicants filed a Reply to Staff and RUCO Comments Regarding
13 Procedural Schedule. The Applicants oppose suspension of the docket claiming that the application
14 in this case includes a request for an accounting order for EPCOR's five wastewater districts, which
15 the DSIC proceeding would not address. The Applicants also state that the upcoming CCWC rate
16 filing would not include any of EPCOR's 13 districts. The Applicants contend that the deferral
17 request in this docket is not duplicative of the DSIC proceeding because the relief sought in this case
18 would apply to a 24-month period prior to the Commission possibly approving a DSIC mechanism
19 for the Applicants. The Applicants therefore request that their proposed procedural schedule be
20 adopted.

21 IT IS THEREFORE ORDERED that a **hearing shall be scheduled to commence on August**
22 **28, 2013, at 10:00 a.m., at the offices of the Commission, Hearing Room No. 2, 1200 West**
23 **Washington, Phoenix, Arizona 85007.**

24 IT IS FURTHER ORDERED that the **Applicants' direct testimony shall be filed by no**
25 **later than June 28, 2013.**

26 IT IS FURTHER ORDERED that **Staff and Intervenor direct testimony shall be filed by**
27 **no later than July 29, 2013.**

28 IT IS FURTHER ORDERED that **rebuttal testimony by all parties shall be filed by no**

1 later than August 19, 2013.

2 IT IS FURTHER ORDERED that the Applicants shall provide public notice of the
3 application and hearing in this matter in the following form and style, with the heading in no less
4 than 18-point bold type and the body in no less than 10-point regular type:

5
6 **IN THE MATTER OF THE JOINT APPLICATION OF EPCOR WATER**
7 **ARIZONA, INC. AND CHAPARRAL CITY WATER COMPANY FOR**
8 **APPROVAL OF AN ACCOUNTING ORDER**
9 **DOCKET NOS. W-01303A-12-0427, SW-01303A-12-0427 AND W-02113A-12-0427**

10 EPCOR Water Arizona, Inc. ("EWAZ") and Chaparral City Water Company ("CCWC")
11 (collectively "Applicants") filed an Application with the Arizona Corporation
12 Commission ("Commission") on October 2, 2012, requesting the approval of an
13 accounting order to defer post-in-service Allowance for Funds Used During Construction
14 ("AFUDC") and associated depreciation and amortization expense for twenty-four
15 months, for CCWC and the EWAZ water districts of Anthem, Havasu, Mohave, Paradise
16 Valley, Sun City, Sun City West, and Tubac; and for the wastewater districts of Mohave
17 and Sun City ("Rate Case Districts"), which are the districts that the Applicants intend to
18 include as part of their 2013 rate case filings. AFUDC accounting adds financing costs
19 incurred during the construction process to the cost of investment. Once the project is
20 completed, those costs are amortized over the life of the investment via depreciation
21 charges. For the remainder of the EWAZ districts not included in the next rate case filing
22 (Agua Fria Water and Agua Fria, Anthem, and Sun City West Wastewater districts),
23 EWAZ also requests approval of an accounting order to defer post-in-service AFUDC
24 and associated depreciation and amortization expense for twenty-four months starting on
25 the first day of the test year for the rate case filings for those districts.

26 For the Rate Case Districts, the following are ONLY estimates of residential
27 Percentage Bill Increases and average Monthly Bill Increases if the Application is
28 approved. These changes would not go into effect for customers until after these
amounts are addressed in the next rate case for each of the Rate Case Districts.
These increases, if approved, may only be a portion of the rate increases the
Applicants may request and receive in the next rate case.

<u>District</u>	<u>Increase Percentage</u>	<u>Increase Monthly Avg. Bill</u>
CCWC	1.12%	\$0.42
Sun City Wastewater	0.20%	\$0.04
Sun City Water	0.35%	\$0.06
Sun City West Water	0.60%	\$0.20
Anthem Water	0.33%	\$0.22
Mohave Water	2.04%	\$0.44
Mohave Wastewater	0.53%	\$0.30
Paradise Valley Water	0.79%	\$0.44
Havasue Water	1.30%	\$0.80
Tubac Water	0.73%	\$0.43

27 THE COMMISSION IS NOT BOUND BY THE PROPOSALS MADE BY THE
28 APPLICANTS, STAFF, OR ANY OTHER PARTY; THEREFORE, THE
AMOUNT APPROVED BY THE COMMISSION MAY BE HIGHER OR LOWER

1 **THAN THAT REQUESTED BY THE APPLICANTS, OR THE COMMISSION**
 2 **MAY DENY THE REQUEST.**

3 **How You Can View or Obtain a Copy of the Rate Proposals**

4 Copies of the Application and proposed rates are available from Applicants' office at
 5 2355 W. Pinnacle Peak Road, Suite 300, Phoenix, AZ 85027; at [web page, if available
 6 there]; and at the Commission's Docket Control Center, 1200 West Washington,
 7 Phoenix, Arizona 85007, for public inspection during regular business hours; and at the
 8 Commission's website www.azcc.gov using the e-Docket function, located at the bottom
 9 of the website homepage. Any questions concerning this Application may be directed to
 10 the Applicants at (623) 445-2420.

11 **Arizona Corporation Commission Public Hearing Information**

12 The Commission will hold a hearing on this matter beginning **August 28, 2013, at 10:00**
 13 **a.m.**, at the Commission's offices, **Hearing Room No. 1**, 1200 West Washington Street,
 14 Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written
 15 public comments may be submitted by mailing a letter referencing Docket Nos. **W-**
 16 **01303A-12-0437 et al.** to Arizona Corporation Commission, Consumer Services Section,
 17 1200 West Washington, Phoenix, AZ 85007, or by e-mail. For a form to use and
 18 instructions on how to e-mail comments to the Commission, go to
 19 <http://www.azcc.gov/Divisions/Utilities/forms/PublicCommentForm.pdf>. If you require
 20 assistance, you may contact the Consumer Services Section at 602.542.4251 or
 21 1.800.222.7000.

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

27 **About Intervention**

28 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 **June 3, 2013**, and send a copy of the motion
 to the Applicants and their 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 the
 Company, a shareholder of the Company, etc.); and
3. A statement certifying that you have mailed a copy of the motion to intervene to
 the Company 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 **June 3, 2013**. All parties must
 comply with Arizona Supreme Court Rules 31 and 38 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

1 other witnesses. **However, you do not need to intervene if you want to appear at the**
2 **hearing and provide public comment on the Application, or to file written comments**
3 **in the record of the case.**

4 **ADA/Equal Access Information**

5 The Commission does not discriminate on the basis of disability in admission to its public
6 meetings. Persons with a disability may request a reasonable accommodation such as a
7 sign language interpreter, as well as request this document in an alternative format, by
8 contacting the ADA Coordinator, Shaylin Bernal, e-mail sabernal@azcc.gov, voice
9 phone number 602.542.3931. Requests should be made as early as possible to allow time
10 to arrange the accommodation.

11 IT IS FURTHER ORDERED that the Applicants shall mail to each of their customers in
12 each affected service areas a copy of the above notice as a bill insert beginning no later than the
13 first billing cycle in April 2013, and shall cause a copy of such notice to be published at least
14 once in a newspaper of general circulation in the service territory of each of the affected
15 districts, with publication to be completed no later than May 1, 2013.

16 IT IS FURTHER ORDERED that the Applicants shall file certification of mailing and
17 publication as soon as practicable after the mailing and publication have been completed.

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

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

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

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

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

IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

DATED this 19th day of March, 2013.



DWIGHT D. NODES
ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed/delivered
This 17th day of March 2013, to:


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By: 
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