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BEFORE THE ARIZONA CORPORATION

Arizona Corporation Commission

COMMISSIONERS

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ARIZONA CORPORATION
DOCKET CONTROL

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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 also requested several other authorizations in the application.

On February 20, 2013, the Commission issued Decision No. 73736 ("Phase 1"), granting AWC a rate increase for its Eastern Group systems and, among other things, keeping the docket open for purposes of further consideration of AWC's proposed Distribution System Improvement Charge ("DSIC"). Additional hearings were conducted and on June 27, 2013, the Commission issued Decision No. 73938 ("Phase 2") which, among other things, approved a System Improvement Benefits ("SIB") mechanism for AWC.

On July 17, 2013, the Residential Utility Consumer Office ("RUCO") filed an Application for Rehearing of Decision No. 73938, pursuant to Arizona Revised Statutes ("A.R.S.") § 40-253. RUCO requested rehearing on two issues: that the Commission should have reduced AWC's cost of equity ("COE") when the SIB mechanism was approved; and that the SIB mechanism does not qualify as an adjustor mechanism and is therefore illegal under Arizona law.

1 On August 1, 2013, AWC filed a Response in Opposition to RUCO's Application for
2 Rehearing.

3 On August 5, 2013, the Commission voted in a Staff Open Meeting to grant RUCO's
4 Application for Rehearing "for the sole purpose of extending the time for the Commission to further
5 consider the application..."

6 On August 15, 2013, the Commission passed the following motion made by Commissioner
7 Bitter Smith during a Staff Open Meeting:

8
9 ...[to] grant RUCO's Application for Rehearing of Decision No.
10 73938, and also [re]open Decision No. 73736, under A.R.S. § 40-252,
11 for consideration of modifying the Decision [73736] concerning the
12 determination made related to the return on equity, and that these
13 matters shall be consolidated. Further, as part of my motion, the
14 Hearing Division is directed to hold proceedings on these consolidated
15 matters and prepare a Recommended Order for the Commission's
16 consideration.

17 IT IS THEREFORE ORDERED that a **procedural conference shall be held in this matter**
18 **on September 4, 2013, at 11:00 a.m., or as soon as practical thereafter, at the Commission's**
19 **offices at 1200 West Washington, Phoenix, Arizona, Hearing Room No. 1,** for the purpose of
20 discussing scheduling and other procedural issues.

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

24 DATED this 26th day of August, 2013.

25 
26 DWIGHT D. NODES
27 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE
28

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