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BEFORE THE ARIZONA CORPORATI

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COMMISSIONERS

BOB STUMP – Chairman
GARY PIERCE
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2013 SEP 16 P 12:30
AZ CORP COMMISSION
DOCKET CONTROL

THE MATTER OF THE APPLICATION OF VALENCIA WATER COMPANY-TOWN DIVISION FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONALBE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA.

DOCKET NO. W-01212A-12-0309

IN THE MATTER OF THE APPLICATION OF GLOBAL WATER-PALO VERDE UTILITIES COMPANY FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA.

DOCKET NO. SW-20445A-12-0310

IN THE MATTER OF THE APPLICATION OF WATER UTILITY OF NORTHERN SCOTTSDALE FOR APPROVAL OF A RATE INCREASE.

DOCKET NO. W-03720A-12-0311

IN THE MATTER OF APPLICATION OF WATER UTILITY OF GREATER TONOPAH FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA.

DOCKET NO. W-02450A-12-0312

IN THE MATTER OF THE APPLICATION OF VALENCIA WATER COMPANY- GREATER BUCKEYE DIVISION FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA.

DOCKET NO. W-02451A-12-0313

Arizona Corporation Commission

DOCKETED

SEP 16 2013

DOCKETED BY *nr*

1 IN THE MATTER OF THE APPLICATION OF
2 GLOBAL WATER – SANTA CRUZ WATER
3 COMPANY FOR THE ESTABLISHMENT OF
4 JUST AND REASONABLE RATES AND
5 CHARGES FOR UTILITY SERVICE DESIGNED
6 TO REALIZE A REASONABLE RATE OF
7 RETURN ON THE FAIR VALUE OF ITS
8 PROPERTY THROUGHOUT THE STATE OF
9 ARIZONA.

DOCKET NO. W-20446A-12-0314

6 IN THE MATTER OF THE APPLICATION OF
7 WILLOW VALLEY WATER COMPANY FOR
8 THE ESTABLISHMENT OF JUST AND
9 REASONABLE RATES AND CHARGES FOR
10 UTILITY SERVICE DESIGNED TO REALIZE A
11 REASONABLE RATE OF RETURN ON THE
12 FAIR VALUE OF ITS PROPERTY
13 THROUGHOUT THE STATE OF ARIZONA.

DOCKET NO. W-01732A-12-0315

PROCEDURAL ORDER

BY THE COMMISSION:

11 On July 9, 2012, Valencia Water Company – Town Division (“VWCT”), Global Water – Palo
12 Verde Utilities Company (“Palo Verde”), Water Utility of Northern Scottsdale (“WUNS”), Water
13 Utility of Greater Tonopah (“WUGT”), Valencia Water Company – Greater Buckeye Division
14 (“VWCGB”), Global Water – Santa Cruz Water Company (“Santa Cruz”), and Willow Valley Water
15 Company (“Willow Valley”) (collectively “Global Water” or “Company”) filed with the Arizona
16 Corporation Commission (“Commission”) applications for the establishment of just and reasonable
17 rates and charges for utility service designed to realize a reasonable rate of return on the fair value of
18 their property throughout the State of Arizona.

19 Intervention has been granted to the Residential Utility Consumer Office (“RUCO”), New
20 World Properties, Inc. (“New World”), the City of Maricopa (“Maricopa”), Maricopa Area
21 Homeowners Associations (“Maricopa HOAs”),¹ Steven P. Tardiff, the Willow Valley Club
22 Association (“WVCA”), Dana J. Jennings, Andy and Marilyn Mausser, and Sierra Negra Ranch
23 (“Sierra Negra”). Intervention was also granted to Global Water Resources, Inc., Hassayampa
24

25 ¹ The represented HOAs are: Acacia Crossings Homeowners Association (“Acacia”), Alterra Homeowners Association
26 (“Alterra”), Cobblestone Farms Homeowners Association (“Cobblestone”), Desert Cedars Homeowners Association
27 (“Desert Cedars”), Desert Passage Community Association (“Desert Passage”), Glennwilde Homeowners’ Association
28 (“Glennwilde”), Homestead North Homeowners’ Association (“Homestead North”), Maricopa Meadows Homeowners
Association (“Maricopa Meadows”), Province Community Association (“Province”), Rancho El Dorado Homeowners
Association (“Rancho El Dorado”), Rancho El Dorado Phase III Homeowners Association (“Rancho El Dorado III”),
Rancho Mirage Master Planned Community Homeowners Association (“Rancho Mirage”), Senita Community
Association (“Senita”), and Sorrento Community Master Association (“Sorrento”).

1 Utilities Company, Picacho Cove Water Company, and Picacho Cove Utilities Company
2 (collectively, "Global Intervenors").

3 On August 13, 2013, a Proposed Settlement Agreement ("Settlement Agreement") was filed
4 in this matter, signed by the Global Water Companies (*i.e.*, Palo Verde, Santa Cruz, VWCT, WUNS,
5 WUGT, VWCGB, and Willow Valley), the Global Intervenors, Staff, RUCO, Province, Rancho El
6 Dorado III, and Cobblestone. Other parties subsequently signed the Settlement Agreement.

7 On August 20, 2013, Global Water filed a Motion to Establish Schedule for SIB [System
8 Improvement Benefit mechanism] Testimony. In its Motion, the Company requested that testimony
9 regarding the SIB mechanism be scheduled to be filed by Global on August 21, 2013; by Staff on
10 August 28, 2013; and that responsive testimony be filed by Global or other intervenors by September
11 3, 2013. The Company stated that Staff, RUCO, and WVCA were in agreement with the proposed
12 schedule, and although RUCO did not object to establishment of a procedural process for submitting
13 testimony, "RUCO does not waive its right to object to the timeliness of the application for the SIB
14 and what they believe is a late-filed request." (Global Motion, at 1-2.)

15 On August 21, 2013, testimony in support of the Settlement Agreement was filed by: the
16 Company (Ron Fleming, Paul Walker, and Matthew Rowell); Staff (Steve Olea); RUCO (Patrick
17 Quinn); Maricopa (Paul Jepsen); and the Maricopa HOAs (Pam Hilliard). The Company included
18 testimony in support of the proposed SIB.

19 On August 21, 2013, testimony in opposition to the Settlement Agreement was filed by: New
20 World (Richard Jellies); and Sierra Negra (John O'Reilly).

21 On August 27, 2013, a Procedural Order was issued establishing a procedural schedule for the
22 proposed SIB mechanism, with Staff testimony due by September 6, 2013; Global Water and
23 Intervenor responsive testimony due by September 13, 2013; and a hearing on the SIB proposal on
24 September 19, 2013.

25 On September 3, 2013, Global Water filed a Notice of Filing Revised Willow Valley Water
26 co. SIB Engineering Report.

27 Hearings were conducted on the Settlement Agreement on September 5, 6, 9, and 12, 2013.

28 On September 6, 2013, Staff filed the supplemental testimony of Jian Liu regarding the SIB

1 mechanism.

2 On September 13, 2013, RUCO filed the responsive testimony of Robert Mease regarding the
3 SIB proposal.

4 On September 13, 2013, the WVCA filed a letter signed by its president, Gary McDonald,
5 expressing opposition to the Company's SIB mechanism proposal. The letter indicates that the
6 WVCA, which was granted intervention in this proceeding, does not have funding to participate in
7 the hearing;² however, the letter contains detailed criticism of the SIB proposal and includes several
8 recommendations for the Commission's consideration. Mr. McDonald requests that "the letter be
9 entered into evidence..." at the September 19, 2013, hearing.

10 Fundamental tenets of due process require that if the WVCA wishes to have Mr. McDonald's
11 letter, or any other evidence, entered into the record of this case, it must present a witness to sponsor
12 that evidence and undergo cross-examination, under oath, regarding the substance of the proposed
13 evidence. Absent an appearance by Mr. McDonald at the September 19, 2013, hearing in support of
14 what is effectively testimony on behalf of the WVCA, the content of the statements contained in the
15 letter will not be made part of the evidentiary record of this case.

16 **IT IS THEREFORE ORDERED that Mr. McDonald shall appear at the September 19,**
17 **2013, hearing to testify, under oath, regarding the assertions and recommendations contained**
18 **in his September 13, 2013, letter filed in opposition to Global Water's SIB mechanism proposal.**
19 **Absent his appearance at the hearing to support the WVCA's recommendations, the letter will**
20 **not be made part of the evidentiary record of this case.**

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

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

27

28 ² At the September 4, 2013, prehearing conference, counsel for the WVCA entered an appearance but indicated that the
WVCA would not be participating in the hearings.

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

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

6 DATED this 16th day of September, 2013.

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8 

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10 DWIGHT D. NODES
ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

11 Copies of the foregoing mailed/delivered
12 This 16th day of September, 2013 to:

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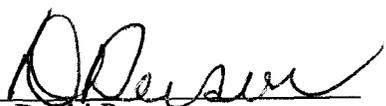
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