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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

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BOB STUMP – Chairman
GARY PIERCE
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SUSAN BITTER SMITH

OCT 08 2013

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AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
JOHNSON UTILITIES, LLC, DBA JOHNSON
UTILITIES COMPANY FOR AN INCREASE IN
ITS WATER AND WASTEWATER RATES FOR
CUSTOMERS WITHIN PINAL COUNTY,
ARIZONA.

DOCKET NO. WS-02987A-08-0180

PROCEDURAL ORDER
(Setting Initial Filing Dates
for Rehearing Proceeding)

BY THE COMMISSION:

On March 31, 2008, Johnson Utilities, LLC, dba Johnson Utilities Company (“Johnson Utilities” or “Company”) filed with the Arizona Corporation Commission (“Commission”) an application for an increase in its water and wastewater utility rates.

The parties to this docket are the Johnson Utilities, Swing First Golf, LLC (“Swing First”), the Town of Florence (“Florence”), the Residential Utility Consumer Office (“RUCO”), and the Commission’s Utilities Division (“Staff”).

On July 16, 2013, the Commission issued Decision No. 73992. Decision No. 73992 increases the Company’s rates to reflect recovery of income tax expense as requested by the Company, classifies the income taxes as an imputed expense, and requires the filing of a full rate case for both its water and wastewater divisions no later than June 30, 2015, using a 2014 test year.

Johnson Utilities and RUCO requested rehearing of Decision No. 73992, which the Commission granted on August 15, 2013. On September 11, 2013, the Commission also reopened this docket for purposes of considering whether to modify any Commission Decisions entered in this docket related to determinations in the Decisions that may be implicated by RUCO’s and Johnson Utilities’ applications for rehearing of Decision No. 73992, in order to ensure that RUCO and Johnson Utilities have an opportunity to address the matters raised in the rehearing applications. The motion directed the Hearing Division to conduct proceedings and hold evidentiary hearings in order

1 to take evidence in accordance with the *Scates* opinion¹ and Arizona law.

2 On October 4, 2013, a procedural conference convened as scheduled to discuss the procedural
3 schedule for the presentation of evidence in the rehearing proceeding in accordance with the *Scates*
4 opinion and Arizona law. Johnson Utilities, RUCO, and Staff appeared through counsel. The parties
5 discussed the evidence to be presented. RUCO took the position that a 2007 test year is too stale to
6 be updated, and a current test year rate case filing would be the only way for the Commission to
7 make a determination compliant with *Scates* requirements. Staff indicated that it may be able to
8 make the meaningful fair value analysis required by *Scates* with an updating of schedules, but also
9 pointed out that Staff's current recommendation on Johnson Utilities' request for rehearing on the
10 issue of the requirement to file a rate case is that the Company be required to file a full rate case in
11 2014 using a 2013 test year. Counsel for Johnson Utilities stated that he was not prepared to state
12 what evidence Johnson Utilities would be presenting in this proceeding, but that the Company could
13 make a filing in 30 days indicating what evidence it believes it should file in this proceeding to
14 address the *Scates* concerns raised by the Commission. RUCO and Staff stated that they could file
15 responses within three weeks. Johnson Utilities was directed to include in its filing the type of
16 schedules it plans to present on fair value rate base, revenues, expenses, operating income, and the
17 resulting rate of return, for both its divisions.

18 IT IS THEREFORE ORDERED that Johnson Utilities, LLC, dba Johnson Utilities shall
19 docket, on or before November 4, 2013, a filing indicating the type of schedules on fair value rate
20 base, revenues, expenses, operating income, and the resulting rate of return, for both its divisions, that
21 the Company plans to present in this proceeding, and when it plans to file that evidence.

22 IT IS FURTHER ORDERED that the Residential Utility Consumer Office and the
23 Commission's Utilities Division shall each file, on or before November 26, 2013, a response to the
24 November 4, 2013 filing.

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28 ¹ *Scates v. Ariz. Corp. Comm'n*, 118 Ariz. 531, 578 P.2d 612 (Ariz. App. 1978).

1 IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend,
2 or waive any portion of this procedural order either by subsequent procedural order or by ruling at
3 hearing.

4 DATED this 5th day of October, 2013.

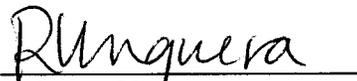
5
6 
7 TEENA JIBILIAN
8 ADMINISTRATIVE LAW JUDGE

9 Copies of the foregoing mailed/delivered
10 this 5th day of October, 2013 to:

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