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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

- BOB STUMP - Chairman
- GARY PIERCE
- BRENDA BURNS
- BOB BURNS
- SUSAN BITTER SMITH

IN THE MATTER OF THE APPLICATION OF EPCOR WATER ARIZONA, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY SERVICE BY ITS MOHAVE WATER DISTRICT, PARADISE VALLEY WATER DISTRICT, SUN CITY WATER DISTRICT, TUBAC WATER DISTRICT, AND MOHAVE WASTEWATER DISTRICT.

DOCKET NO. WS-01303A-14-0010
Arizona Corporation Commission

DOCKETED

APR 28 2014

DOCKETED BY 

PROCEDURAL ORDER

BY THE COMMISSION:

On March 10, 2014, EPCOR Water Arizona, Inc. ("EPCOR" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for a determination of the fair value of its utility plant and property and for increases in its water and wastewater rates and charges for utility service by its Mohave Water District, Paradise Valley Water District, Sun City Water District, Tubac Water District, and Mohave Wastewater District.

On March 19, 2014, EPCOR filed a Notice of Errata to correct an error in Paragraph 11 of its rate application.

On March 25, 2014, EPCOR filed a Notice of Errata to correct an error in the E Schedules attached to its application.

On April 3, 2014, EPCOR filed a Notice of Errata to correct various Schedules attached to its application.

On April 4, 2014, the Commission's Utilities Division ("Staff") issued a Letter of Sufficiency pursuant to Arizona Administrative Code ("A.A.C.") R14-2-103, and classified the Company as a Class A utility.

On April 7, 2014, the Residential Utility Consumer Office ("RUCO") filed an Application to Intervene.

1 Pursuant to A.A.C. R14-3-109, the Commission issues this Procedural Order to govern the
2 preparation and conduct of this proceeding.

3 IT IS THEREFORE ORDERED that the **hearing in this matter shall commence on**
4 **December 2, 2014, at 10:00 a.m.**, at the Commission's offices, 1200 West Washington Street,
5 **Hearing Room No. 1, Phoenix, Arizona 85007.**

6 IT IS FURTHER ORDERED that a **pre-hearing conference shall be held on December 1,**
7 **2014, at 10:00 a.m.**, at the Commission's offices.

8 IT IS FURTHER ORDERED that **RUCO is hereby granted intervention.**

9 IT IS FURTHER ORDERED that the **direct testimony and associated exhibits to be**
10 **presented at hearing on behalf of Staff and intervenors on issues other than rate design shall be**
11 **reduced to writing and filed on or before October 3, 2014.**

12 IT IS FURTHER ORDERED that the **direct testimony and associated exhibits to be**
13 **presented at hearing on behalf of Staff and intervenors on rate design issues shall be reduced to**
14 **writing and filed on or before October 10, 2014.**

15 IT IS FURTHER ORDERED that any **rebuttal testimony and associated exhibits to be**
16 **presented at hearing by EPCOR shall be reduced to writing and filed on or before October 24,**
17 **2014.**

18 IT IS FURTHER ORDERED that any **surrebuttal testimony and associated exhibits to be**
19 **presented by Staff and intervenors shall be reduced to writing and filed on or before November 7,**
20 **2014.**

21 IT IS FURTHER ORDERED that any **rejoinder testimony and associated exhibits to be**
22 **presented at hearing by EPCOR shall be reduced to writing and filed on or before November 14,**
23 **2014.**

24 IT IS FURTHER ORDERED that **all filings shall be made by 4:00 p.m. on the date the**
25 **filing is due.**

26 IT IS FURTHER ORDERED that any **objections to testimony or exhibits that have been**
27 **pre-filed as of November 14, 2014, shall be made before or at the December 1, 2014, pre-**
28

1 **hearing conference.**

2 IT IS FURTHER ORDERED that all testimony filed shall include a table of contents which
3 lists the issues discussed.

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

7 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the
8 pre-filed testimony of each of their witnesses and shall file each summary at least two working days
9 before the witness is scheduled to testify.

10 IT IS FURTHER ORDERED that copies of summaries shall be served upon the
11 Administrative Law Judge, the Commissioners, and the Commissioners' aides as well as the parties
12 of record.

13 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
14 except that **all motions to intervene must be filed on or before July 1, 2014.**

15 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
16 regulations of the Commission, except that until **October 27, 2014**, any objection to discovery
17 requests shall be made within 7 calendar days of receipt¹ and responses to discovery requests shall be
18 made within 10 calendar days of receipt. Thereafter, objections to discovery requests shall be made
19 within 5 calendar days and responses shall be made within 7 calendar days. The response time may
20 be extended by mutual agreement of the parties involved if the request requires an extensive
21 compilation effort.

22 IT IS FURTHER ORDERED that for discovery requests, objections, and answers, if a
23 receiving party requests service to be made electronically, and the sending party has the technical
24 capability to provide service electronically, service to that party shall be made electronically.

25 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
26 discovery, any party seeking resolution of a discovery dispute may telephonically contact the

27 _____
28 ¹ The date of receipt of discovery requests is not counted as a calendar day, and requests received after 4:00 p.m. MST will be considered as received the next business day.

1 Commission's Hearing Division to request a date for a procedural hearing to resolve the discovery
2 dispute; that upon such a request, a procedural hearing will be convened as soon as practicable; and
3 that the party making such a request shall forthwith contact all other parties to advise them of the
4 hearing date and shall at the hearing provide a statement confirming that the other parties were
5 contacted.²

6 IT IS FURTHER ORDERED that any motions which are filed in this matter and which are
7 not ruled upon by the Commission within 20 calendar days of the filing date of the motion shall be
8 deemed denied.

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

11 IT IS FURTHER ORDERED that any replies shall be filed within five calendar days of the
12 filing date of the response.

13 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in
14 this matter, in the following form and style with the heading in no less than 18-point bold type and
15 the body in no less than 10-point regular type:

16 **PUBLIC NOTICE OF HEARING ON THE RATE APPLICATION OF**
17 **EPCOR WATER ARIZONA, INC., FOR ITS MOHAVE WATER DISTRICT,**
18 **PARADISE VALLEY WATER DISTRICT, SUN CITY WATER DISTRICT, TUBAC**
19 **WATER DISTRICT, AND MOHAVE WASTEWATER DISTRICT.**
20 **DOCKET NO. WS-01303A-14-0010**

21 **Summary**

22 On March 10, 2014, EPCOR Water Arizona, Inc. ("EPCOR" or "Company") filed
23 with the Arizona Corporation Commission ("Commission") an application for a
24 determination of the fair value of its utility plant and property and for increases in its
25 water and wastewater rates and charges for utility service by its Mohave Water
26 District, Paradise Valley Water District, Sun City Water District, Tubac Water
27 District, and Mohave Wastewater District.

28 **[COMPANY INCLUDE APPLICABLE PARAGRAPH(S) FROM THE FOLLOWING PARAGRAPHS.]**

For its **Mohave Water District**, EPCOR's application requests an annual revenue increase of approximately \$2,022,451, or 32.36 percent, over current revenues. For average consumption (6,800 gallons per month) 5/8 x 3/4-inch meter residential

² The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before seeking Commission resolution of the controversy.

1 customers of the Mohave Water District, EPCOR's request would increase monthly
2 rates by 43.92 percent, or \$9.06. EPCOR is also requesting approval of a System
3 Improvement Benefits ("SIB") surcharge. **If you would like to calculate the bill
4 impact of the Company's proposal based on your consumption, please view its
5 website at epcor.com or contact Customer Service at 1.800.383.0834.**

4 For its **Paradise Valley Water District**, EPCOR's application requests an annual
5 revenue increase of approximately \$950,774, or 9.9 percent, over current revenues.
6 For average consumption (19,271 gallons per month) 5/8 x 3/4-inch meter residential
7 customers of the Paradise Valley Water District, EPCOR's request would increase
8 monthly rates by 9.68 percent, or by \$5.06. **If you would like to calculate the bill
9 impact of the Company's proposal based on your consumption, please view its
10 website at epcor.com or contact Customer Service at 1.800.383.0834.**

8 For its **Sun City Water District**, EPCOR's application requests an annual revenue
9 increase of approximately \$1,646,454, or 16.0 percent, over current revenues. For
10 average usage (7,203 gallons per month) 5/8 x 3/4-inch meter residential customers of
11 the Sun City Water District, EPCOR's request would increase monthly rates by 22.0
12 percent, or by \$3.82. EPCOR is also requesting approval of a System Improvement
13 Benefits ("SIB") surcharge. **If you would like to calculate the bill impact of the
14 Company's proposal based on your consumption, please view its website at
15 epcor.com or contact Customer Service at 1.800.383.0834.**

12 For its **Tubac Water District**, EPCOR's application requests an annual revenue
13 increase of approximately \$410,000, or 70.8 percent, over current revenues. For
14 average usage (8,348 gallons per month) 5/8 x 3/4-inch meter residential customers of
15 the Tubac Water District, EPCOR's request would increase monthly rates by 89.95
16 percent, or by \$48.19. **If you would like to calculate the bill impact of the
17 Company's proposal based on your consumption, please view its website at
18 epcor.com or contact Customer Service at 1.800.383.0834.**

16 For its **Mohave Wastewater District**, EPCOR's application requests an annual
17 revenue increase of approximately \$467,807, or 44.3 percent, over current revenues.
18 For residential customers of the Mohave Wastewater District, EPCOR's request would
19 increase monthly rates by 46.4 percent, or by \$26.24.

19 **THE COMMISSION'S UTILITIES DIVISION ("STAFF") HAS NOT YET
20 MADE A RECOMMENDATION REGARDING THE APPLICATION. STAFF'S EVALUATION OF THE
21 APPLICATION MAY RESULT IN A RECOMMENDATION THAT THE COMMISSION APPROVE OR DENY
22 THE COMPANY'S PROPOSALS, OR THAT THE COMPANY'S CURRENT OVERALL RATES BE EITHER
23 DECREASED OR INCREASED. THE COMMISSION IS NOT BOUND BY THE PROPOSALS OF THE
24 COMPANY, STAFF, OR ANY INTERVENORS. THE COMMISSION WILL DETERMINE THE
25 APPROPRIATE RATEMAKING TREATMENT OF THE REVENUES AND EXPENSES RELATED TO
26 EPCOR'S APPLICATION BASED ON THE EVIDENCE PRESENTED IN THIS PROCEEDING.**

25 If you have any questions concerning how the Application may affect your bill or
26 other substantive questions about the Application, you may contact the Company at:
27 [COMPANY SHOULD INSERT NAME, ADDRESS, TELEPHONE NUMBER, AND E-MAIL ADDRESS FOR
28 CUSTOMER CONTACTS CONCERNING THE APPLICATION].

How You Can View or Obtain a Copy of the Application

Copies of the Application are available at the Company's offices [INSERT ADDRESS] and at the Commission's Docket Control Center at 1200 West Washington Street, Phoenix, Arizona, and 400 West Congress Street, Suite 218, Tucson, Arizona, and on the internet via the Commission website (www.azcc.gov/) using the e-docket function.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning **December 2, 2014, at 10:00 a.m.**, at the Commission's offices, Hearing Room #1, 1200 West Washington Street, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may be submitted by mailing a letter referencing Docket No. W-01303A-14-0010 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail. 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.

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

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 **July 1, 2014**, and send a copy of the motion to EPCOR or its 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 Arizona-American, a shareholder of Arizona-American, etc.); and
3. A statement certifying that you have mailed a copy of the motion to intervene to Arizona-American 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 July 1, 2014. All parties must comply with Rules 31 and 38 of the Rules of the Arizona Supreme Court 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 other witnesses. However, failure to intervene will not preclude any

1 interested person or entity from appearing at the hearing and providing public
2 comment on the application or from filing written comments in the record of the case.

3 **ADA/Equal Access Information**

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

10 IT IS FURTHER ORDERED that EPCOR shall mail to each of its customers in each affected
11 district a copy of the above notice as a bill insert beginning with the first billing cycle in **May 2014**,
12 and shall cause a copy of such notice to be published at least once in a newspaper of general
13 circulation in the service territory of each of the affected water districts, with publication to be
14 completed no later than **May 30, 2014**.

15 IT IS FURTHER ORDERED that EPCOR shall file certification of mailing and publication as
16 soon as practical after the mailing and publication have been completed.

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

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

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

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 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 28th day of April, 2014.

7
8 

9 DWIGHT D. NODES
ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

10 Copies of the foregoing mailed
11 this 28th day of April, 2014, to:

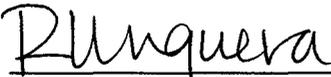
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