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BEFORE THE ARIZONA CORPORATION

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COMMISSIONERS

BOB STUMP - Chairman  
GARY PIERCE  
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BOB BURNS  
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AZ CORP COMMISSION  
DOCKET CONTROL

ORIGINAL

Arizona Corporation Commission

DOCKETED

OCT 07 2014

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF  
CHINO MEADOWS II WATER COMPANY, INC.  
FOR APPROVAL OF A RATE INCREASE.

DOCKET NO. W-02370A-14-0231

RATE CASE PROCEDURAL ORDER

BY THE COMMISSION:

On June 30, 2014, Chino Meadows II Water Company, Inc. ("Chino Meadows II" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for a rate increase. The application noted that the Company's affiliate Granite Mountain Water Company ("Granite Mountain") also filed a rate application in a separate docket (Docket No. W-2467A-14-0230) on the same day. Chino Meadows II requested that its application be processed and heard concurrently with Granite Mountain's application in order to assure that cost allocations will be consistent in the two cases, and stated that to the extent necessary to accommodate the joint processing of the two applications, it waives the timeclock requirements set by the Commission's rules.

On July 24, 2014, the Commission's Utilities Division ("Staff") filed a Letter of Deficiency.

On August 25, 2014, Chino Meadows II filed a Response to the Letter of Deficiency.

On September 8, 17, and 18, 2014, Chino Meadows II filed letters and supplemental documents.

On September 19, 2014, Staff filed a Letter of Sufficiency indicating that the Company's application met the sufficiency requirements of Arizona Administrative Code ("A.A.C.") R14-2-103, and classifying Chino Meadows II as a Class C Utility.

On September 23, 2014, a Procedural Order was issued suspending the timeclock in this matter as agreed to by the Company in order to accommodate the joint processing of this application

1 with the Granite Mountain rate application, and setting a procedural conference for October 2, 2014,  
2 for the purpose of discussing the preparation for and conduct of the concurrent proceedings.

3 On October 2, 2014, a procedural conference convened as scheduled. Chino Meadows II,  
4 Granite Mountain, and Staff appeared through counsel and discussed procedural issues. The parties  
5 agreed that holding consecutive hearings for the two matters would be appropriate. The parties  
6 agreed to extended timeframes for discovery in both matters, due to issues associated with both the  
7 Chino Meadows II and Granite Mountain applications. Staff stated that it could file direct testimony  
8 during the first week of March. Chino Meadows II stated that it could file its rebuttal testimony  
9 during the first week of April.

10 A hearing schedule should be established that accommodates the parties' requests for  
11 extended discovery timeframes.

12 IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matter shall  
13 commence on **May 4, 2015, at 10:00 a.m.**, or as soon thereafter as is practical, in Hearing Room No.  
14 1 at the Commission's offices, 1200 West Washington, Phoenix, Arizona 85007, and shall continue,  
15 if necessary, at **9:30 a.m. on May 5, 2015**, and on such other dates as are determined if needed.

16 IT IS FURTHER ORDERED that a **pre-hearing conference** shall be held on **April 30, 2015**,  
17 **at 2:00 p.m.**, or as soon thereafter as is practical, at the Commission's offices, Hearing Room No. 1,  
18 1200 West Washington, Phoenix, Arizona 85007, for the purpose of scheduling witnesses and  
19 discussing the conduct of the hearing. The pre-hearing conference shall be held concurrently with the  
20 pre-hearing conference in Docket No. W-02467A-14-0230.

21 IT IS FURTHER ORDERED that the **Staff Report/direct testimony and associated**  
22 **exhibits** to be presented at hearing by **Staff** shall be reduced to writing and filed on or before **March**  
23 **4, 2015**.

24 IT IS FURTHER ORDERED that the **direct testimony and associated exhibits** to be  
25 presented at hearing by **intervenors** shall be reduced to writing and filed on or before **March 4**,  
26 **2015**.

27 ...

28 ...

1 IT IS FURTHER ORDERED that the **rebuttal testimony and associated exhibits** to be  
2 presented at hearing by **Chino Meadows II** shall be reduced to writing and filed on or before **April**  
3 **1, 2015.**

4 IT IS FURTHER ORDERED that the **surrebuttal testimony and associated exhibits** to be  
5 presented at hearing by **Staff and intervenors** shall be reduced to writing and filed on or before  
6 **April 22, 2015.**

7 IT IS FURTHER ORDERED that the **rejoinder testimony and associated exhibits** to be  
8 presented at hearing by **Chino Meadows II** shall be reduced to writing and filed on or before **April**  
9 **28, 2015.**

10 IT IS FURTHER ORDERED that **all testimony** filed shall include a **table of contents** listing  
11 the issues discussed.

12 IT IS FURTHER ORDERED that **all filings shall be made by 4:00 p.m.** on the date the  
13 filing is due, unless otherwise indicated.

14 IT IS FURTHER ORDERED that **the parties shall prepare, jointly or individually, and**  
15 **bring to the pre-hearing conference, copies of an issues matrix** setting forth all disputed issues in  
16 the case, the position of each party on each disputed issue, whether the disputed issue remains in  
17 dispute or has been resolved, and the manner in which it was resolved.

18 IT IS FURTHER ORDERED that **any objections to prefiled testimony or exhibits shall be**  
19 **made before or at the April 30, 2015,** pre-hearing conference.

20 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-  
21 105, except that all motions to intervene must be filed on or before **January 15, 2015.**

22 IT IS FURTHER ORDERED that any **objections to intervention** shall be filed on or before  
23 **January 23, 2015.**

24 IT IS FURTHER ORDERED that any **substantive corrections, revisions, or supplements**  
25 **to prefiled testimony**, with the exception of rejoinder testimony, shall be reduced to writing and filed  
26 no later than five calendar days before the witness is scheduled to testify. Substantive corrections,  
27 revisions, or supplements to prefiled rejoinder testimony shall be reduced to writing and presented on  
28 the first day of hearing.

1 IT IS FURTHER ORDERED that any motion filed in this matter, other than a motion to  
 2 intervene, that is not ruled upon by the Commission within 20 calendar days of the filing date of the  
 3 motion shall be deemed denied.

4 IT IS FURTHER ORDERED that any response to a motion, other than a motion to intervene,  
 5 shall be filed within five calendar days of the filing date of the motion.

6 IT IS FURTHER ORDERED that any reply related to a motion shall be filed within five  
 7 calendar days of the filing date of the response to the motion.

8 IT IS FURTHER ORDERED that **Chino Meadows II shall provide public notice** of the  
 9 hearing in this matter, in the following form and style, with the heading in no less than 12-point bold  
 10 type and the body in no less than 10-point regular type:

11 **PUBLIC NOTICE OF HEARING ON THE**  
 12 **APPLICATION OF CHINO MEADOWS II WATER CO., INC. FOR AN INCREASE**  
 13 **IN ITS RATES AND CHARGES FOR WATER SERVICE**  
 14 **(DOCKET NO. W-02370A-14-0231)**

15 **Summary**

16 On June 30, 2014, Chino Meadows II Water Co., Inc. ("Chino Meadows") filed with  
 17 the Arizona Corporation Commission ("Commission") an application for a permanent  
 18 increase in its rates and charges, using a test year ending December 31, 2013. Chino  
 19 Meadows requests authorization to increase its rates to generate an additional  
 20 \$139,014 in revenues, an increase of 38.79 percent. **Under the Chino Meadows**  
 21 **proposal, a typical residential customer's bill for water service (based on usage of**  
 22 **4,931 gallons per month) would increase from current charges of \$31.13 per**  
 23 **month to \$43.35 per month (approximately 39.25 percent).**

24 The Commission's Utilities Division ("Staff") is in the process of auditing and  
 25 analyzing the application, and has not yet made any recommendations regarding  
 26 Chino Meadows' proposed rate increase. The Commission will determine the  
 27 appropriate relief to be granted based on the evidence of record in the proceeding.  
 28 **THE COMMISSION IS NOT BOUND BY THE PROPOSALS MADE BY**  
**CHINO MEADOWS, STAFF, OR ANY INTERVENORS; THEREFORE, THE**  
**FINAL RATES APPROVED BY THE COMMISSION MAY DIFFER FROM**  
**AND MAY BE HIGHER OR LOWER THAN THE RATES REQUESTED BY**  
**CHINO MEADOWS OR RECOMMENDED BY OTHER PARTIES.**

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

Copies of the application and proposed rates are available from Chino Meadows  
 [COMPANY INSERT HOW AND WHERE AVAILABLE] and at the  
 Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona, for  
 public inspection during regular business hours, and on the Internet via the  
 Commission's 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 **May 4, 2015, at 10:00 a.m.**, at the Commission's offices Hearing Room No. 1, 1200 West Washington Street, Phoenix, Arizona 85007. Public comments will be taken on the first day of hearing.

Written public comments may be submitted by mailing a letter referencing Docket No. W-02370A-14-0231 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by submitting comments on the Commission's website ([www.azcc.gov](http://www.azcc.gov)) using the "Submit a Public Comment" function. If you require assistance, you may contact the Consumer Services Section at 602-542-4251 or 1-800-222-7000.

**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. Anyone who wishes to intervene must file an original and 13 copies of a written motion to intervene with the Commission no later than **January 15, 2015**, and send a copy of the motion to Chino Meadows 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 person upon whom service of documents is to be made if different from yours;
2. A short statement of your interest in the proceeding (e.g., a customer or potential customer of Chino Meadows a member or shareholder of Chino Meadows, etc.);
3. A statement certifying that a copy of the motion to intervene has been mailed to Chino Meadows or its counsel and to all parties of record in the case; and
4. If the proposed intervenor is not represented by an attorney who is an active member of the Arizona State Bar, and is not an individual representing himself or herself, information and any appropriate documentation demonstrating the intervenor's compliance with Arizona Supreme Court Rules 31, 38, and 42, as applicable.

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 **January 15, 2015**. For more information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>.

The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case.

Intervenors' direct testimony will be due on March 4, 2015. Filing deadlines are set forth in the Rate Case Procedural Order issued in this docket on October 7, 2014.

**ADA/Equal Access Information**

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Shaylin Bernal, E-mail SAbernal@azcc.gov, voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

IT IS FURTHER ORDERED that Chino Meadows II **shall, by November 28, 2014, send a** copy of the above notice to each current customer by first class U.S. Mail and have the above notice **published** in a newspaper of general circulation in its service territory.

IT IS FURTHER ORDERED that Chino Meadows shall, **by December 12, 2014, file certification of mailing and publication** of the above notice.

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

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.

IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules 31, 38 and 42 and A.R.S. § 40-243 with respect to practice of law and admission *pro hac vice*.<sup>1</sup>

IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Arizona Supreme Court Rule 42). Representation before the Commission includes appearances at all hearings and procedural conferences, as well as all Open Meetings for which the matter is 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 time periods specified herein shall not be extended pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

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<sup>1</sup> If a corporation is not represented by an attorney authorized to practice law in Arizona in a proceeding before the Commission, an officer of the corporation may represent the entity as long as the board of directors has authorized such person to represent it in the matter and such representation is not the person's primary duty to the entity, but secondary or incidental to other duties relating to the management or operation of the entity, and such person is not receiving separate or additional compensation for such representation. See Arizona Supreme Court Rule 31(d)(11). The Commission requires entities to docket evidence of board authorization.

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 7<sup>th</sup> day of October, 2014.

5  
6  
7  
8   
9 TEENA JIBILIAN  
ADMINISTRATIVE LAW JUDGE

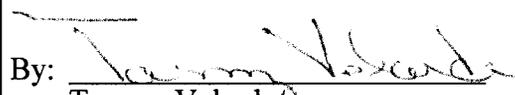
10 Copies of the foregoing mailed/delivered  
11 this 7<sup>th</sup> day of October, 2014 to:

12 Craig A. Marks  
13 CRAIG A. MARKS, PLC  
14 10645 N. Tatum Blvd, Suite 200-676  
15 Phoenix, AZ 85028  
16 Attorney for Chino Meadows II Water Co., Inc.

17 Janice Alward, Chief Counsel  
18 Legal Division  
19 ARIZONA CORPORATION COMMISSION  
20 1200 West Washington Street  
21 Phoenix, AZ 85007

22 Steven M. Olea, Director  
23 Utilities Division  
24 ARIZONA CORPORATION COMMISSION  
25 1200 West Washington Street  
26 Phoenix, AZ 85007

27 COASH & COASH, INC.  
28 Court Reporting, Video and  
Videoconferencing  
1802 North 7<sup>th</sup> Street  
Phoenix, AZ 85006

29 By:   
30 Tammy Velarde  
31 Assistant to Teena Jibilian