

ORIGINAL



0000163195

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

RECEIVED

SUSAN BITTER SMITH - Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

MAY 07 2015

2015 MAY -7 A 9:11

DOCKETED BY RC

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
EPCOR WATER ARIZONA, INC. FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE WASTEWATER
UTILITY SERVICE IN MARICOPA COUNTY,
ARIZONA.

DOCKET NO. WS-01303A-15-0018

PROCEDURAL ORDER

BY THE COMMISSION:

On January 27, 2015, EPCOR Water Arizona, Inc. ("EPCOR") filed with the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("CC&N") to provide wastewater service in Maricopa County to approximately 32 separately described contiguous and noncontiguous portions of land, together totaling 4,414.36 acres, all located in an area surrounding State Route 303 between Camelback Road and Peoria Avenue ("Service Area"). The Service Area has a western most boundary of 183rd Avenue and an eastern most boundary of 143rd Avenue and includes several parcels in close proximity to Luke Air Force Base. EPCOR intends to construct and operate a regional wastewater reclamation facility to cover the Service Area. The Service Area is expected to include three new developments known as Granite Vista, Cordillera, and Allen Ranches, and to experience additional rapid growth. In its CC&N application, EPCOR proposed monthly minimum charges of \$50 for residential customers and of \$50 or more, based on water meter size, for nonresidential customers. In addition, EPCOR proposed a commodity rate of \$5.32 per 1,000 gallons of water usage, capped at 8,000 gallons for residential customers and capped at 10,000 to 15,000 gallons for nonresidential customers with 1-inch and smaller meter sizes. EPCOR also proposed miscellaneous service charges and service line connection charges. EPCOR and Adaman Mutual Water Company ("Adaman") are currently authorized to provide water utility service in different portions of the Service Area.

1 On February 13, 2015, EPCOR filed a Notice of Errata including replacement pages and
2 supporting documents for its CC&N application.

3 On February 26, 2015, the Commission's Utilities Division ("Staff") issued a Letter of
4 Sufficiency stating that EPCOR's application had met the sufficiency requirements outlined in the
5 Arizona Administrative Code ("A.A.C.").

6 On March 10, 2015, a Procedural Order was issued establishing a procedural schedule and
7 associated requirements. *Inter alia*, the hearing for this matter was scheduled to commence on May
8 6, 2015, and EPCOR was ordered to provide notice by April 1, 2015, both by mail and publication.

9 On March 23, 2015, Staff filed a Request for Procedural Order Extending Schedule. Staff
10 stated that EPCOR's CC&N application presents more difficult issues than are typical for a CC&N
11 case, even a CC&N case involving a large and established utility. Staff attributed this, at least in part,
12 to the Service Area being contemplated as a new district for EPCOR that will require new rates. Staff
13 requested to have the Staff Report due date extended from April 10, 2015, to May 11, 2015, and to
14 have the rest of the procedural schedule adjusted accordingly. Staff stated that the requested
15 extension had been discussed with EPCOR and that EPCOR had no objection to it.

16 On March 24, 2015, a Procedural Order was issued changing the May 6, 2015, evidentiary
17 hearing to a public comment proceeding; requiring EPCOR to make a filing regarding whether public
18 notice had been provided and in what manner; scheduling the evidentiary hearing for June 19, 2015;
19 establishing other procedural requirements and deadlines; and extending the time clock for this matter
20 by 45 days.

21 On May 5, 2015, Staff filed a Staff Request for Procedural Order Extending Schedule ("Staff
22 Request"), requesting that the deadline for the Staff Report be extended from May 11, 2015, to June
23 26, 2015. Staff stated that EPCOR had provided updated schedules to Staff late on May 1, 2015, and
24 that Staff needed additional time to analyze the materials provided, which Staff characterized as
25 "substantially a new application." Staff also stated that while EPCOR was generally amenable to an
26 extension of time, EPCOR had not agreed with Staff's requested extension.

27 On May 6, 2015, the public comment proceeding was held, with EPCOR and Staff
28 represented by counsel. No members of the public attended. Discussion was then held regarding the

1 Staff Request, with EPCOR expressing disagreement with Staff's characterization of the updated
2 schedules and proposing a more brief extension. Because EPCOR stated that public notice of the
3 June 19, 2015, hearing date had been provided by both mail and publication, the parties were
4 informed that the June 19, 2015, date would need to be used for another public comment proceeding.
5 When it was determined that the rates proposed in EPCOR's updated schedules would result in
6 somewhat higher monthly bills for the average residential customer,¹ EPCOR was directed that notice
7 would again be required, to reflect the revised rates. When the parties were asked to respond to a
8 proposed schedule with hearing dates of July 22 and 24, both indicated that they would be available,
9 and neither indicated any issues with the rest of the proposed schedule.² EPCOR was also directed to
10 file the updated schedules as soon as possible.

11 Because EPCOR has materially changed its application by providing updated schedules with
12 newly proposed rates and significant changes to other figures, it is just and reasonable to grant the
13 Staff Request. In addition, it is necessary to adjust the remainder of the procedural schedule as
14 discussed; to retain the June 19, 2015, date for a public comment proceeding; to require EPCOR to
15 provide public notice that reflects the newly proposed rates; and to extend the Commission's time
16 clock to issue a decision in this matter.

17 IT IS THEREFORE ORDERED that the evidentiary hearing scheduled to commence on **June**
18 **19, 2015, at 10:00 a.m.**, at the Commission's offices in Phoenix, shall proceed only for the purpose
19 of receiving **public comment**.

20 IT IS FURTHER ORDERED that Staff shall file its **Staff Report** and associated exhibits to
21 be presented at hearing on or before **June 26, 2015**.

22 IT IS FURTHER ORDERED that any **objection or response to the Staff Report** from
23 EPCOR or any intervenor shall be made in writing and filed on or before **July 10, 2015**.

24 IT IS FURTHER ORDERED that the **evidentiary hearing** in this matter shall commence on
25 **July 22, 2015, at 10:00 a.m.**, or as soon thereafter as is practicable, at the Commission's offices,
26

27 ¹ EPCOR estimates that the average residential customer will have water consumption of 7,000 gallons.

28 ² The parties were informed that the proposed procedural schedule was designed to have a Recommended Opinion and Order considered at the Open Meeting of October 20 and 21. This will only be possible in the absence of any highly contested issues that necessitate post-hearing briefs and any other unforeseen causes of delay.

1 Hearing Room No. 1, 1200 West Washington, Phoenix, Arizona 85007, and shall, if necessary,
2 continue on **July 24, 2015, at 9 a.m.**, in the same location.

3 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-
4 105, except that all motions to intervene must be filed on or before **June 17, 2015**.

5 IT IS FURTHER ORDERED that any **motion to intervene shall conform** to the
6 requirements of A.A.C. R14-3-105 and this Procedural Order.

7 IT IS FURTHER ORDERED that any **objection to a motion to intervene** shall be filed on or
8 before **June 24, 2015**.

9 IT IS FURTHER ORDERED that **EPCOR shall, by May 27, 2015, mail** a copy of the
10 following notice by first class U.S. Mail to **Adaman, to any other water utility** authorized to
11 provide service within the Service Area, and to **each owner of land** within the Service Area and
12 **cause the following notice to be published in a newspaper(s) of general circulation** in the Service
13 Area, in the following form and style, with the heading in no less than 10-point bold type and the
14 body in no less than 8-point regular type:

15
16 **PUBLIC NOTICE OF HEARING ON THE APPLICATION OF**
17 **EPCOR WATER ARIZONA, INC. FOR A CERTIFICATE OF**
18 **CONVENIENCE AND NECESSITY TO PROVIDE WASTEWATER**
UTILITY SERVICE IN MARICOPA COUNTY, ARIZONA.
(Docket No. WS-01303A-15-0018)

19 **Summary**

20 EPCOR Water Arizona, Inc. ("EPCOR") has filed with the Arizona Corporation
21 Commission ("Commission") an application for a Certificate of Convenience and
22 Necessity ("CC&N") to provide wastewater service to approximately 32 separately
23 described contiguous and noncontiguous portions of land, together totaling 4,414.36
24 acres, all located in Maricopa County in an area surrounding State Route 303 between
25 Camelback Road and Peoria Avenue ("Service Area"). The Service Area has a
26 western most boundary of 183rd Avenue and an eastern most boundary of 143rd
27 Avenue and includes several parcels in close proximity to Luke Air Force Base.
28 EPCOR intends to construct and operate a regional wastewater reclamation facility to
cover the Service Area. The Service Area is expected to include three new
developments known as Granite Vista, Cordillera, and Allen Ranches, and to
experience additional rapid growth. EPCOR and Adaman Mutual Water Company
("Adaman") are currently authorized to provide water utility service in different
portions of the Service Area.

EPCOR proposes a monthly minimum charge of \$60 for each residential customer, to
be charged along with a commodity rate of \$4.19 per 1,000 gallons of water usage,
capped monthly at 8,000 gallons for residential customers. For a residential customer
with usage of 7,000 gallons per month, the monthly bill would be \$89.33. The

1 proposed rates for non-residential customers increase based on meter size and use
2 higher monthly caps for commodity charges. EPCOR also proposes to implement
3 miscellaneous service charges and service line connection charges.

4 The Commission's Utilities Division ("Staff") is in the process of auditing and
5 analyzing EPCOR's application and filings and has not yet made any
6 recommendations. The Commission is not bound by the proposals made by EPCOR,
7 Staff, or any intervenor. The Commission will issue a Decision regarding EPCOR's
8 CC&N application following consideration of testimony and evidence provided at an
9 evidentiary hearing.

10 **How You Can View or Obtain a Copy of the Application**

11 Copies of the application are available from EPCOR [COMPANY INSERT HOW
12 AND WHERE AVAILABLE] and at the Commission's Docket Control Center at
13 1200 West Washington Street, Phoenix, Arizona 85007, for public inspection during
14 regular business hours, and on the Internet via the Commission's website
15 (www.azcc.gov) using the e-Docket function.

16 **Public Hearing Information**

17 The Commission will hold a hearing on this matter beginning **July 22, 2015, at 10:00**
18 **a.m.**, in Hearing Room No. 1, at the Commission's offices at 1200 West Washington
19 Street, Phoenix, Arizona 85007. Public comments will be taken on the first day of
20 hearing. Written public comments may be submitted at any time on the Commission's
21 website (www.azcc.gov) using the "Submit a Public Comment" function or by mailing
22 a letter, referencing **Docket No. WS-01303A-15-0018**, to Arizona Corporation
23 Commission, Consumer Services Section, 1200 West Washington Street, Phoenix, AZ
24 85007. If you require assistance, you may contact the Consumer Services Section at
25 1-800-222-7000 or 602-542-4251.

26 **About Intervention**

27 Any person entitled by law to intervene and having a direct and substantial interest in
28 the matter will be permitted to intervene. The granting of intervention entitles a
person to participate as a party at hearing by presenting sworn evidence and cross-
examining other party's witnesses. **If you wish to intervene, you must file an
original and 13 copies of a written motion to intervene with the Commission's
Docket Control Center no later than June 17, 2015, and send a copy of the
motion to EPCOR or its counsel and to all parties of record.** Contact information
may be obtained using the Commission's e-Docket function.

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 not yourself;
2. A short statement of your interest in the proceeding (e.g., a customer of EPCOR, a shareholder of EPCOR, a property owner in the proposed Service Area, etc.);
3. A statement certifying that you have mailed a copy of the motion to intervene to EPCOR or its counsel and to all parties of record in the case; and
4. If you are not represented by an attorney who is an active member of the Arizona State Bar, and you are not representing yourself as an individual, information and any appropriate documentation demonstrating compliance with Arizona Supreme Court Rules 31, 38, and 42, as applicable.

The granting of motions to intervene is governed by A.A.C. R14-3-105, except that **all motions to intervene must be filed on or before June 17, 2015.** If representation by

1 counsel is required by Arizona Supreme Court Rule 31, intervention will be
2 conditioned upon the intervenor obtaining counsel to represent the intervenor. A
sample intervention request form is available at
<http://www.azcc.gov/divisions/utilities/forms/interven.pdf>.

3 If you do not intervene, you will receive no further notice of the proceedings in this
4 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
5 the e-Docket function. RSS feeds are also available through e-Docket. Failure to
6 intervene will not preclude any interested person from appearing at the hearing and
providing public comment or from filing written comments in the record of the case.

7 **ADA/Equal Access Information**

8 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
9 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
10 SAbernal@azcc.gov, voice phone number 602-542-3931. Requests should be made as
early as possible to allow time to arrange the accommodation.

11 IT IS FURTHER ORDERED that **EPCOR shall file certification of mailing and**
12 **publication** of the above notice as soon as practicable after the mailing and publication has been
completed, but **no later than June 10, 2015**.

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

15 IT IS FURTHER ORDERED that the Commission's **time clock** to issue a decision in this
16 matter is hereby **extended by 46 days**.

17 IT IS FURTHER ORDERED that those provisions of the Procedural Order of March 10,
18 2015, not revised herein shall continue in force and effect.

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

22 DATED this 7th day of May, 2015.

23
24
25 
26 SARAH N. HARPRING
27 ADMINISTRATIVE LAW JUDGE
28

1 Copies of the foregoing mailed/delivered
2 this 7th day of May, 2015, to:

3 Thomas Campbell
4 Stanley B. Lutz
5 LEWIS ROCA ROTHGERBER
6 201 East Washington Street, Suite 1200
7 Phoenix, AZ 85004
8 Attorneys for EPCOR Water Arizona, Inc.

9 Frank T. Metzler, PMP
10 Director of Operations – Central Division
11 EPCOR Water Arizona, Inc.
12 15626 N. Del Webb Blvd
13 Sun City, AZ 85351

14 Janice Alward, Chief Counsel
15 Legal Division
16 ARIZONA CORPORATION COMMISSION
17 1200 West Washington Street
18 Phoenix, AZ 85007

19 Steven M. Olea, Director
20 Utilities Division
21 ARIZONA CORPORATION COMMISSION
22 1200 West Washington Street
23 Phoenix, AZ 85007

24 COASH & COASH, INC.
25 Court Reporting, Video and Videoconferencing
26 1802 North 7th Street
27 Phoenix, AZ 85006

28 By: Rebecca Unquera
Rebecca Unquera
Assistant to Sarah N. Harpring