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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

DOUG LITTLE – Chairman  
BOB STUMP  
BOB BURNS  
TOM FORESE  
ANDY TOBIN

Arizona Corporation Commission

DOCKETED

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AZ CORP COMMISSION  
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IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY, AND FOR ADJUSTMENTS TO ITS RATES AND CHARGES FOR UTILITY SERVICE FURNISHED BY ITS WESTERN GROUP AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01445A-15-0277

PROCEDURAL ORDER

BY THE COMMISSION:

On July 31, 2015, Arizona Water Company (“AWC”) filed with the Arizona Corporation Commission (“Commission”) a Notice of Intent to File General Rate Case and Request for Accounting Order (“Notice”) for AWC’s Western Group, comprised of the White Tank, Ajo, and Pinal Valley (Casa Grande, Coolidge, Tierra Grande, and Stanfield) service areas (“White Tank,” “Ajo,” and “Pinal Valley”). In the Notice, AWC also requested authority for an accounting order allowing it to record the cost of delivering Central Arizona Project (“CAP”) water to its Western Group customers in 2015, net of grants and other credits, as a deferred asset on its balance sheet. AWC requested that the accounting order issue be resolved in the rate case.

On August 7, 2015, AWC filed a Notice of Filing of Central Arizona Project Water Use Plans, including the CAP Water Use Plans for Pinal Valley and White Tank.

On August 21, 2015, AWC filed an Application for an order approving adjustments to its Western Group rates and charges and requesting other approvals (“Application”). In its Application, AWC requested an increase in annual revenues for the Western Group systems of \$6,010,408, or 28.33 percent, to obtain an 8.93 percent rate of return on an original cost rate base of \$67,417,785. AWC’s Application included a number of additional requests.<sup>1</sup>

<sup>1</sup> The additional requests are described in the Procedural Order issued in this matter on September 28, 2015.

1 On September 14, 2015, The Commission's Utilities Division ("Staff") filed a Letter of  
2 Sufficiency indicating that AWC's Application had met the sufficiency requirements of A.A.C. R14-  
3 2-103 and classifying AWC as a Class A Utility.

4 On September 15, 2015, the Residential Utility Consumer Office ("RUCO") filed an  
5 Application to Intervene.

6 On September 28, 2015, AWC filed a Response to RUCO's Application to Intervene.

7 On September 28, 2015, a Procedural Order was issued granting RUCO intervention and  
8 establishing the procedural schedule for this matter.<sup>2</sup>

9 On September 30, 2015, Abbott Laboratories ("Abbott") filed an Application to Intervene,  
10 stating that Abbott operates a nutritional product manufacturing plant in Casa Grande and is the largest  
11 water user in AWC's Pinal Valley system. Abbott further stated that the quantity, quality, and cost of  
12 water are key factors affecting its manufacturing operations.

13 On October 13, 2015, a Procedural Order was issued granting Abbott intervention.

14 On November 17, 2015, AWC filed its Certificate of Mailing and Publication of Notice.

15 On December 16, 2015, Western Infrastructure Sustainability Effort ("WISE") filed an  
16 Application for Leave to Intervene, stating that WISE is a corporation dedicated to working in western  
17 regulatory arenas to incentivize private investment needed to meet critical infrastructure needs in the  
18 water, wastewater, and natural gas industries. WISE stated that it and those who support its efforts will  
19 be directly affected by this case because this case will address issues such as SIB alternatives and  
20 recovery of CAP expenditures.

21 On December 22, 2015, a Procedural Order was issued granting WISE intervention.

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28 <sup>2</sup> The Procedural Order established a five-day response period for motions.

1 On March 3, 2016, Staff filed a Request for Modification to the Procedural Schedule  
 2 (“Request”), stating that Staff needed additional time to file its direct testimony. Staff proposed the  
 3 following revisions to the procedural schedule:

4 <b>Item/Event</b>	<b>Current Schedule</b>	<b>Proposed Schedule</b>
5 Staff/Intervenor Direct—Non-Rate Design/Cost of Service	March 4, 2016	March 11, 2016
6 Staff/Intervenor Direct—Rate Design/Cost of Service	March 11, 2016	March 18, 2016
7 Company Rebuttal	April 6, 2016	April 13, 2016
8 Staff/Intervenor Surrebuttal	April 27, 2016	No change
9 Company Rejoinder	May 5, 2016	No change
Pre-hearing conference	May 6, 2016	No change
10 Hearing starts	May 9, 2016	No change

11 Staff stated that it had contacted all of the parties and received no objection from AWC, Abbott, and  
 12 RUCO, but had not heard from WISE.

13 Because the Commission’s interests and the public interest are best served by receipt of  
 14 thorough and complete pre-filed testimony from all parties, all of the other parties have been made  
 15 aware of Staff’s Request, all parties other than WISE have responded to indicate no objection to Staff’s  
 16 Request, and no party will be prejudiced if Staff’s Request is granted, it is reasonable to grant Staff’s  
 17 Request.

18 IT IS THEREFORE ORDERED that the procedural schedule adopted in the Rate Case  
 19 Procedural Order issued on September 28, 2015, is hereby revised as follows:

20 <b>Item/Event</b>	<b>Old Schedule</b>	<b>New Schedule</b>
21 Staff/Intervenor Direct—Non-Rate Design/Cost of Service	March 4, 2016	March 11, 2016
22 Staff/Intervenor Direct—Rate Design/Cost of Service	March 11, 2016	March 18, 2016
Company Rebuttal	April 6, 2016	April 13, 2016
23 Staff/Intervenor Surrebuttal	April 27, 2016	No change
Company Rejoinder	May 5, 2016	No change
24 Pre-hearing conference	May 6, 2016	No change
25 Hearing starts	May 9, 2016	No change

26 IT IS FURTHER ORDERED that the remaining provisions of the Procedural Order issued on  
 27 September 28, 2015, remain in effect.

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

4 DATED this 4th day of March, 2016.

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8 SARAH HARPRING  
ADMINISTRATIVE LAW JUDGE

9 Copies of the foregoing mailed/delivered  
10 this 4th day of March, 2016 to:

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