

ORIGINAL



0000169967

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

RECEIVED

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

DOCKETED

APR 27 2016

2016 APR 27 P 2:39

DOCKETED BY *KE*

AZ CORP COMMISSION  
DOCKET CONTROL

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 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.

22 On March 3, 2016, Staff filed a Request for Modification to the Procedural Schedule, stating  
23 that Staff needed additional time to file its direct testimony.

24 On March 4, 2016, a Procedural Order was issued granting Staff's Request for Modification to  
25 the Procedural Schedule.

26 On March 11 and 18, 2016, direct testimony was filed by Staff, Abbott, and Ruco. Abbott and  
27

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

1 Ruco have also filed Notices of Errata.

2 On April 11, 2016, Staff filed a Notice of Settlement Discussions to occur on April 25, 2016.

3 On April 13, 2016, AWC filed its rebuttal testimony.

4 On April 26, 2016, Staff filed a Notice of Settlement, stating that all parties have reached a  
5 tentative settlement that is being memorialized in a Settlement Agreement ("Agreement"). Staff  
6 requests that the procedural schedule be modified to allow the parties to file a fully executed Agreement  
7 by May 6, 2016, and testimony in support of the Agreement on May 11, 2016. Further, Staff requests  
8 that the hearing on the Agreement commence on May 12, 2016, and that all other procedural dates be  
9 vacated except for a public comment proceeding on May 9, 2016.

10 In light of the parties' tentative settlement, Staff's requests should be granted.

11 IT IS THEREFORE ORDERED that the requirements and deadlines established for  
12 Staff/Intervenor surrebuttal testimony, AWC rejoinder testimony, and parties' summaries are hereby  
13 vacated.

14 IT IS FURTHER ORDERED that the pre-hearing conference to be held on May 6, 2016, is  
15 hereby vacated.

16 IT IS FURTHER ORDERED that the evidentiary hearing scheduled to commence on May 9,  
17 2016, shall proceed on that date only for the purpose of accepting public comment.

18 IT IS FURTHER ORDERED that the hearing continuation dates of May 10, 11, and 13, 2016  
19 are hereby vacated.

20 IT IS FURTHER ORDERED that the parties shall, by May 6, 2016, file a fully executed  
21 Settlement Agreement.

22 IT IS FURTHER ORDERED that each party shall, by May 11, 2016, file testimony regarding  
23 the Agreement.

24 IT IS FURTHER ORDERED that the evidentiary hearing concerning the Agreement shall  
25 proceed on May 12, 2016, at 9:00 a.m., or as soon thereafter as is practicable, at the Commission's  
26 offices, 1200 West Washington Street, Hearing Room No. 1, Phoenix, Arizona 85007.

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 27<sup>th</sup> day of April, 2016.

6   
7 SARAH N. HARPRING  
8 ADMINISTRATIVE LAW JUDGE

8 Copies of the foregoing mailed/delivered  
9 this 27<sup>th</sup> day of April 2016, to:

10 Steven A. Hirsch  
11 Coree E. Neumeyer  
12 BRYAN CAVE LLP  
13 Two North Central Avenue, Suite 2200  
14 Phoenix, AZ 85004  
15 Attorneys for Arizona Water Company

13 E. Robert Spear  
14 General Counsel  
15 Arizona Water Company  
16 PO Box 29006  
17 Phoenix, AZ 85038-9006

16 Mr. Joseph D. Harris, Vice President and Treasurer  
17 Arizona Water Company  
18 PO Box 29006  
19 Phoenix, AZ 85038-9006

18 Daniel W. Pozefsky, Chief Counsel  
19 1 Residential Utility Consumer Office  
20 110 West Washington Street, Suite 220  
21 Phoenix, AZ 85007

21 Michele L. Van Quathem  
22 Law Office of Michele Van Quathem, PLLC  
23 7600 N. 15<sup>th</sup> St., Suite 150-30  
24 Phoenix, AZ 85020  
25 Attorneys for Abbott Laboratories

24 Greg Patterson  
25 MUNGER CHADWICK  
26 916 West Adams, Suite 3  
27 Phoenix, AZ 85007  
28 Attorneys for Western Infrastructure Sustainability Effort

1 Janice Alward, Chief Counsel  
2 Legal Division  
3 ARIZONA CORPORATION COMMISSION  
4 1200 West Washington Street  
5 Phoenix, AZ 85007

6 Thomas Broderick, Director  
7 Utilities Division  
8 ARIZONA CORPORATION COMMISSION  
9 1200 West Washington Street  
10 Phoenix, AZ 85007

11 COASH & COASH, INC.  
12 Court Reporting, Video and Videoconferencing  
13 1802 North 7<sup>th</sup> Street  
14 Phoenix, AZ 85006

15 By:   
16 \_\_\_\_\_  
17 Amy Wilson  
18 Assistant to Sarah Harpring

19  
20  
21  
22  
23  
24  
25  
26  
27  
28