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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

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DOCKETED BY *[Signature]*

IN THE MATTER OF THE APPLICATION OF  
LIBERTY UTILITIES (ENTRADA DEL ORO  
SEWER COMPANY) CORP., AN ARIZONA  
CORPORATION, FOR A DETERMINATION OF  
THE FAIR VALUE OF ITS UTILITY PLANTS AND  
PROPERTY AND FOR INCREASES IN ITS  
WASTEWATER RATES AND CHARGES FOR  
UTILITY SERVICE BASED THEREON.

DOCKET NO. SW-04316A-16-0078

IN THE MATTER OF THE APPLICATION OF  
LIBERTY UTILITIES (ENTRADA DEL ORO  
SEWER COMPANY) CORP., AN ARIZONA  
CORPORATION, FOR AUTHORITY TO ISSUE  
EVIDENCE OF INDEBTEDNESS IN AN AMOUNT  
NOT TO EXCEED \$1,750,000.

DOCKET NO. SW-04316A-16-0085

PROCEDURAL ORDER

**BY THE COMMISSION:**

On March 3, 2016, Liberty Utilities (Entrada Del Oro Sewer) Corp. (“Liberty EDO” or “Company”) filed with the Arizona Corporation Commission (“Commission”), in Docket No. SW-04316A-16-0078 (“Rates Docket”), an application requesting that the Commission establish the fair value of its plant and property used for the provision of public wastewater utility service and, based on such finding, approve permanent rates and charges for utility service designed to produce a fair return thereon.

On March 7, 2016, Liberty EDO filed with the Commission in Docket No. SW-04316A-16-0085 (“Finance Docket”), an application requesting authority from the Commission to issue evidence of indebtedness in a total amount not to exceed \$1,750,000.

On March 9, 2016, Liberty EDO filed Motions to Consolidate in the Rates Docket and the Finance Docket. Liberty EDO stated that, by consolidating both proceedings, resources would be better utilized as both dockets are “inextricably linked.”

On March 22, 2016, by Procedural Order, the above captioned dockets were consolidated for

1 purposes of resolving the issues raised in each docket.

2 On March 23, 2016, Liberty EDO filed an Amendment to Application, revising Schedules E-4  
3 and F-1 of its rate application.

4 On March 29, 2016, the Commission's Utilities Division ("Staff") issued a Letter of  
5 Sufficiency, advising the Company that its rate application had met the sufficiency requirements of  
6 Arizona Administrative Code ("A.A.C.") R14-2-103 and classifying the Company as a Class D utility.

7 On April 8, 2016, Staff filed a Motion for Extension of Time ("Motion"), requesting an  
8 additional 45 days to file its Staff Report/Direct Testimony due to the complexity of the application.  
9 Staff's Motion also requested that Liberty EDO be required to file its responsive testimony 30 days  
10 later. The Motion stated the Company had no objection to the proposed schedule.

11 On April 15, 2016, by Procedural Order, Staff's Motion for an Extension of Time to file its  
12 Staff Report/Direct Testimony was granted. The Procedural Order directed Staff to docket the Staff  
13 Report/Direct Testimony on July 27, 2016, and Liberty EDO to docket its responsive testimony on  
14 August 26, 2016.

15 On June 14, 2016, Liberty EDO filed a Notice of Filing Proof of Mailing of the Company's  
16 financing application.

17 On July 26, 2016, Staff filed a Request for an Extension of Time to File Staff Report, requesting  
18 an extension of the time deadline from July 27, 2016 to August 10, 2016, and requesting an extension  
19 of the Company's responsive testimony from August 26, 2016 to September 9, 2016, which was  
20 granted by a Procedural Order dated July 26, 2016.

21 On August 9, 2016, the Company filed an Agreement to Further Extension of Time for Staff to  
22 File Staff Report/Direct Testimony until August 19, 2016.

23 On August 11, 2016, by Procedural Order, Staff was granted a one week extension of time to  
24 file its direct testimony from August 10, 2016 to August 19, 2016. Liberty EDO's rebuttal testimony  
25 deadline was also extended from September 9, 2016 to September 19, 2016.

26 On August 19, 2016, Staff filed its Notice of Filing Staff's Direct Testimony.

27 On August 23, 2016, Staff filed a Notice of Errata.

28 On August 24, 2016, Liberty EDO filed Notice of Settlement Discussions.

1 On September 13, 2016, Liberty EDO filed a Motion for Extension of Time to File Rebuttal  
2 Testimony; Request for Hearing Date.

3 On September 16, 2016, by Procedural Order, the Company's request for an extension of time  
4 to file its rebuttal testimony from September 19, 2016 to September 26, 2016 was granted. The  
5 Company's request for hearing was deferred pending response from Staff.

6 On September 19, 2016, Liberty EDO filed a Response to Procedural Order indicating the  
7 Company consulted with Staff regarding the request for hearing as well as potential hearing dates.

8 A number of public comments in opposition to the Company's rate application have been  
9 submitted by customers during the pendency of this docket.

10 IT IS THEREFORE ORDERED that the **hearing in this consolidated matter shall commence**  
11 **on November 14, 2016, at 10:00 a.m.**, at the Commission's offices, 1200 West Washington Street,  
12 **Hearing Room No. 1, Phoenix, Arizona 85007, and shall continue, if necessary, at 9:00 a.m. on**  
13 **November 15, 2016.**

14 IT IS FURTHER ORDERED that a **pre-hearing conference shall be held on November 10,**  
15 **2016, at 10:00 a.m.**, at the Commission's offices.

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

20 IT IS FURTHER ORDERED that **any objections to prefiled testimony or exhibits shall be**  
21 **made before or at the November 10, 2016,** pre-hearing conference.

22 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-105,  
23 except that all motions to intervene must be filed on or before **October 24, 2016.**

24 IT IS FURTHER ORDERED that any objections to intervention shall be filed on or before  
25 **November 3, 2016.**

26 IT IS FURTHER ORDERED that any **substantive corrections, revisions, or supplements to**  
27 **prefiled testimony** shall be reduced to writing and filed no later than five calendar days before the  
28 witness is scheduled to testify.

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 **Liberty EDO shall provide additional 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  
12 **PUBLIC NOTICE OF HEARING ON THE**  
13 **APPLICATIONS OF LIBERTY UTILITIES**  
14 **(ENTRADA DEL ORO SEWER) CORP.**  
15 **FOR A RATE INCREASE AND FOR APPROVAL TO INCUR DEBT**  
16 **(DOCKET NOS. SW-04316A-16-0078 AND SW-04316A-16-0085).**

17 **Summary**

18 On March 3, 2016, Liberty Utilities (Entrada Del Oro Sewer) Corp. ("Liberty EDO")  
19 filed with the Arizona Corporation Commission ("Commission"), in Docket No. SW-  
20 04316A-16-0078, an application requesting that the Commission establish the fair value  
of its plant and property used for the provision of public water utility service and, based  
on such finding, approve permanent rates and charges for utility service designed to  
produce a fair return thereon. Also on March 3, 2016, Liberty EDO filed with the  
Commission, in Docket No. SW-04316A-16-0085, an application requesting authority  
from the Commission to issue evidence of indebtedness in a total amount not to exceed  
\$1,750,000.

21 Liberty EDO requests authorization to increase its rates to generate total revenues by  
22 \$535,931. This would constitute an increase in revenues by \$254,643, or 90.53 percent  
23 over test year revenues of \$281,288. For information about how Liberty's revenue  
increase would affect your individual bill, you may contact Liberty EDO at [LIBERTY  
INSERT APPROPRIATE CONTACT INFORMATION HERE].

24 The Commission's Utilities Division ("Staff") is recommending an increase of \$40,783,  
25 or 14.50 percent, over test year revenues, for a total of \$322,071. The Commission will  
determine the appropriate relief to be granted based on the evidence in the proceeding.  
26 **THE COMMISSION IS NOT BOUND BY THE PROPOSALS MADE BY**  
27 **LIBERTY EDO, STAFF, OR ANY INTERVENORS; THEREFORE, THE**  
28 **FINAL RATES APPROVED BY THE COMMISSION MAY DIFFER FROM**  
**AND MAY BE HIGHER OR LOWER THAN THE RATES REQUESTED BY**  
**LIBERTY EDO OR RECOMMENDED BY OTHER PARTIES.**

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

2 Copies of the application and proposed rates are available from Liberty EDO  
3 [LIBERTY INSERT HOW AND WHERE AVAILABLE] and at the Commission's  
4 Docket Control Center at 1200 West Washington Street, Phoenix, Arizona, for public  
inspection during regular business hours, and on the Internet via the Commission's  
website ([www.azcc.gov](http://www.azcc.gov)) using the e-Docket function.

5 **Arizona Corporation Commission Public Hearing Information**

6 The Commission will hold a hearing on these matters beginning **November 14, 2016,**  
7 **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.

8 Written public comments may be submitted by mailing a letter referencing Docket Nos.  
9 SW-04316A-16-0078/SW-04316A-16-0085 to Arizona Corporation Commission,  
10 Consumer Services Section, 1200 West Washington Street, Phoenix, AZ 85007, or by  
submitting comments on the Commission's website ([www.azcc.gov](http://www.azcc.gov)) using the "Submit  
11 a Public Comment" function. If you require assistance, you may contact the Consumer  
Services Section at 602-542-4251 or 1-800-222-7000.

12 **About Intervention**

13 The law provides for an open public hearing at which, under appropriate circumstances,  
14 interested persons may intervene. An interested person may be granted intervention if  
15 the outcome of the case will directly and substantially impact the person, and the  
person's intervention will not unduly broaden the issues in the case. Intervention,  
among other things, entitles a party to present sworn evidence at hearing and to cross-  
16 examine other parties' 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.

17 To request intervention, you must file **an original and 13 hard copies** of a written  
18 request to intervene with Docket Control, 1200 West Washington Street, Phoenix, AZ  
85007, **no later than October 24, 2016**. You also **must** serve a copy of the request to  
19 intervene on each part of record, on the same day that you file the request to intervene  
with the Commission. Information about intervention and sample intervention requests  
20 are available on the Commission's website ([www.azcc.gov](http://www.azcc.gov)) using the "Intervention in  
Utility Cases" link.

21 Your request to intervene must contain the following:

- 22 1. Your name, address, and telephone number and the name, address, and  
23 telephone number of any person upon whom service of documents is to be  
made, if not yourself;
- 24 2. A reference to **Docket Nos. SW-04316A-16-0078 and SW-04316A-16-0085**;
- 25 3. A short statement of your interest in the proceeding (e.g., a customer or  
26 potential customer of Liberty EDO, a member or shareholder of Liberty EDO,  
etc.) and how you will be directly and substantially affected by the outcome of  
27 the case, and why your intervention will not unduly broaden the issues in the  
case;
- 28 4. A statement certifying that a copy of the motion to intervene has been mailed  
to Liberty EDO or its counsel and to all parties of record in the case; and

- 1 5. If you are not represented by an attorney who is an active member of the Arizona  
2 State Bar, and is not an individual representing himself or herself, information  
and any appropriate documentation demonstrating compliance with Arizona  
Supreme Court Rules 31, 38, 39, and 42, as applicable.

3 The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except  
4 that all motions to intervene must be filed on or before **October 24, 2016**. If  
5 representation by counsel is required by Arizona Supreme Court Rule 31, intervention  
will be conditioned upon the intervenor obtaining counsel to represent the intervenor.

6 **ADA/Equal Access Information**

7 The Commission does not discriminate on the basis of disability in admission to its  
8 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  
11 early as possible to allow time to arrange the accommodation.

12 IT IS FURTHER ORDERED that **Liberty EDO shall, by October 14, 2016, send** a copy of  
13 the above notice to each current customer by first class U.S. mail and have the above notice **published**  
14 in a newspaper of general circulation in its service territory.

15 IT IS FURTHER ORDERED that **Liberty EDO shall, by October 24, 2016, file certification**  
16 **of mailing and publication** of the above notice.

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

19 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized  
20 Communications) applies to this proceeding and shall remain in effect until the Commission's Decision  
21 in this matter is final and non-appealable.

22 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules  
23 31, 38, 39, and 42 and A.R.S. § 40-243 with respect to practice of law and admission *pro hac vice*.<sup>1</sup>

24 IT IS FURTHER ORDERED that each party or prospective party shall **refer to the Procedural**  
25 **Order Regarding Consent to Email Service** issued in this matter on **March 22, 2016**, for additional  
26 information regarding the process to consent to service by email. Information regarding Consent to

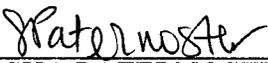
27 <sup>1</sup> If a corporation is not represented by an attorney authorized to practice law in Arizona in a proceeding before the  
28 Commission, an officer of the corporation may represent the entity as long as the board of directors has authorized such  
person to represent it in the matter and 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)(13). The Commission requires  
entities to docket evidence of board authorization.

1 Email Service is also available on the Commission's website (www.azcc.gov) by clicking on "Email  
2 Service Consent."

3 IT IS FURTHER ORDERED that the Commission's **Utilities Division is deemed to have**  
4 **consented to email service for this docket using the following email address/es:**  
5 **JAlward@azcc.gov and TBroderick@azcc.gov.**

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

9 DATED this 21<sup>st</sup> day of September, 2016

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13 \_\_\_\_\_  
14 SASHA PATERNOSTER  
15 ADMINISTRATIVE LAW JUDGE  
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1 On this 21<sup>st</sup> day of September, 2016, the foregoing document was filed with Docket Control as a  
2 Procedural Order – Schedules a Hearing, and copies of the foregoing were mailed on behalf of the  
3 Hearing Division to the following who have not consented to email service. On this date or as soon as  
4 possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing  
5 to the following who have consented to email service.

4 Jay L. Shapiro  
5 SHAPIRO LAW FIRM, P.C.  
6 1819 E. Morten Avenue, Suite 280  
7 Phoenix, AZ 85020  
8 Attorney for Liberty Utilities  
9 [jay@shapslawaz.com](mailto:jay@shapslawaz.com)  
10 [whitney@shapslawaz.com](mailto:whitney@shapslawaz.com)  
11 [Todd.Wiley@libertyutilities.com](mailto:Todd.Wiley@libertyutilities.com)  
12 **Consented to Service by Email**

9 Janice Alward, Chief Counsel  
10 Legal Division  
11 ARIZONA CORPORATION COMMISSION  
12 1200 West Washington Street  
13 Phoenix, AZ 85007  
14 Attorneys for Utilities Division  
15 [JAlward@azcc.gov](mailto:JAlward@azcc.gov)  
16 [TBroderick@azcc.gov](mailto:TBroderick@azcc.gov)  
17 [RMitchell@azcc.gov](mailto:RMitchell@azcc.gov)  
18 [legaldiv@azcc.gov](mailto:legaldiv@azcc.gov)  
19 **Consented to Service by Email**

15 COASH & COASH, INC.  
16 Court Reporting, Video and Videoconferencing  
17 1802 North 7<sup>th</sup> Street  
18 Phoenix, AZ 85006

18 By: RTallman  
19 Rebecca Tallman  
20 Assistant to Sasha Paternoster  
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