

ORIGINAL



0000185377

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

TOM FORESE – Chairman
BOB BURNS
ANDY TOBIN
BOYD DUNN
JUSTIN OLSON

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

2018 JAN 29 P 2:23

Arizona Corporation Commission

DOCKETED

JAN 29 2018

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF AJO
IMPROVEMENT COMPANY – WASTEWATER
DIVISION, FOR AN INCREASE TO ITS
AUTHORIZED RATES AND CHARGES, FOR A
DETERMINATION OF THE FAIR VALUE OF ITS
PROPERTY DEVOTED TO WASTEWATER
UTILITY SERVICE IN THE STATE OF ARIZONA,
AND FOR OTHER RELATED APPROVALS.

DOCKET NO. WS-01025A-17-0361

IN THE MATTER OF THE APPLICATION OF AJO
IMPROVEMENT COMPANY – ELECTRIC
DIVISION, FOR AN INCREASE TO ITS
AUTHORIZED RATES AND CHARGES, FOR A
DETERMINATION OF THE FAIR VALUE OF ITS
PROPERTY DEVOTED TO ELECTRIC UTILITY
SERVICE IN THE STATE OF ARIZONA, AND
FOR OTHER RELATED APPROVALS.

DOCKET NO. E-01025A-17-0362

IN THE MATTER OF THE APPLICATION OF AJO
IMPROVEMENT COMPANY – WATER DIVISION,
FOR AN INCREASE TO ITS AUTHORIZED
RATES AND CHARGES, FOR A
DETERMINATION OF THE FAIR VALUE OF ITS
PROPERTY DEVOTED TO WATER UTILITY
SERVICE IN THE STATE OF ARIZONA, AND
FOR OTHER RELATED APPROVALS

DOCKET NO. WS-01025A-17-0363

RATE CASE
PROCEDURAL ORDER

BY THE COMMISSION:

On December 5, 2017, Ajo Improvement Company's ("AIC" or "Company") Wastewater Division, filed with the Arizona Corporation Commission ("Commission") an application for a rate increase under Docket No. WS-01025A-17-0361. AIC also filed a rate application for its Electric Division under Docket No. E-01025A-17-0362, and for its Water Division under Docket No. WS-01025A-17-0363.

On December 15, 2017, Arizona Water Company ("AWC") filed an Application to Intervene in Docket No. WS-01025A-17-0363, and intervention was granted in a Procedural Order issued

December 29, 2017.

On January 4, 2018, the Commission's Utilities Division ("Staff") docketed a Letter of Sufficiency in each docket stating that the Company's applications had met the requirements of Arizona Administrative Code ("A.A.C.") R14-2-103, and classifying AIC as a Class C Utility.

Pursuant to a Procedural Order issued January 5, 2018, a concurrent procedural conference was held in each docket on January 16, 2018. The parties were present through counsel. During the procedural conference, AIC requested that the three dockets be consolidated in the interest of efficiency. AWC and Staff did not object to the request.

On January 19, 2018, a Procedural Order was issued consolidating the above-captioned dockets.

On January 25, 2018, the parties docketed a Joint Motion for Proposed Schedule for Filing Dates and Request for Procedural Order.

Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern the preparation and conduct of a hearing this proceeding.

IT IS THEREFORE ORDERED that the **hearing in this matter shall commence on July 19, 2018 at 10:00 a.m.**, at the Commission's Tucson offices, 400 West Congress Street, Room 222, and **shall continue July 20, 2018, at 9:00 a.m. as necessary.**

IT IS FURTHER ORDERED that a **telephonic pre-hearing conference shall be held on July 16, 2018, at 10:00 a.m.** To participate telephonically, the parties should call (888) 450-5996, **participant no. 457395#.**¹

IT IS FURTHER ORDERED that the **direct testimony** and associated exhibits to be presented at hearing on behalf of **Staff or an intervenor on issues other than rate design** shall be reduced to writing and filed on or before **May 21, 2018.**

IT IS FURTHER ORDERED that the **direct testimony** and associated exhibits to be presented at hearing **on behalf of Staff or an intervenor on rate design issues** shall be reduced to writing and filed on or before **May 29, 2018**

¹ Parties who wish to attend the procedural conference in person may do so at the Commission's Tucson offices, 400 West Congress, Room No. 222.

1 IT IS FURTHER ORDERED that any **rebuttal testimony** and associated exhibits to be
2 presented at hearing by AIC shall be reduced to writing and filed on or before **June 18, 2018**.

3 IT IS FURTHER ORDERED that any **surrebuttal testimony** and associated exhibits to be
4 presented by **Staff or an intervenor** shall be reduced to writing and filed on or before **July 6, 2018**.

5 IT IS FURTHER ORDERED that any **rejoinder testimony** and associated exhibits to be
6 presented at hearing by AIC shall be reduced to writing and filed on or before **July 13, 2018**

7 IT IS FURTHER ORDERED that **all filings shall be made by 4:00 p.m. on the date the filing**
8 **is due**.

9 IT IS FURTHER ORDERED that any **objections to pre-filed testimony or exhibits shall be**
10 **made before or at the pre-hearing conference on July 16, 2018**.

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

13 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to pre-
14 filed testimony, with the exception of rejoinder testimony, shall be reduced to writing and filed no later
15 than **five calendar days before the witness is scheduled to testify**.

16 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
17 except that **all motions to intervene must be filed on or before May 11, 2018**.

18 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
19 regulations of the Commission, except that until **July 6, 2018**, any objection to discovery requests shall
20 be made within 7 calendar days of receipt,² and responses to discovery requests shall be made within
21 10 calendar days of receipt. Thereafter, objections to discovery requests shall be made within 5
22 calendar days, and responses shall be made within 7 calendar days. The response time may be extended
23 by mutual agreement of the parties involved if the request requires an extensive compilation effort.

24 IT IS FURTHER ORDERED that for discovery requests, objections, and answers, if a receiving
25 party requests service to be made electronically, and the sending party has the technical capability to
26 provide service electronically, service to that party shall be made electronically.

27 _____
28 ² The date of receipt of discovery requests is not counted as a calendar day, and requests received after 4:00 p.m. Arizona time will be considered as received the next business day.

1 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
 2 discovery, any party seeking resolution of a discovery dispute may telephonically contact the
 3 Commission's Hearing Division to request a date for a procedural conference to resolve the discovery
 4 dispute; that upon such a request, a procedural conference will be convened as soon as practicable; and
 5 that the party making such a request shall forthwith contact all other parties to advise them of the date
 6 and time of the procedural conference and shall at the procedural conference provide a statement
 7 confirming that the other parties were contacted.³

8 IT IS FURTHER ORDERED that any motion that is filed in this matter and that is not ruled
 9 upon by the Commission within 20 calendar days of the filing date of the motion shall be deemed
 10 denied.

11 IT IS FURTHER ORDERED that any responses to a motion shall be filed within five calendar
 12 days of the filing date of the motion.

13 IT IS FURTHER ORDERED that any reply shall be filed within five calendar days of the filing
 14 date of the response.

15 IT IS FURTHER ORDERED that AIC shall provide public notice of the hearing in this matter,
 16 in the following form and style with the heading in no less than 16-point bold type and the body in no
 17 less than 10-point regular type:

18 **PUBLIC NOTICE OF HEARING**
 19 **ON AJO IMPROVEMENT COMPANY, INC.'S APPLICATIONS**
 20 **FOR A PERMANENT RATE INCREASE**
DOCKET NOS. WS-01025A-17-0361, E-01025A-17-0362, WS-01025A-17-0363

21 **Summary**

22 On **December 5, 2017**, **Ajo Improvement Company** ("AIC" or "Company") filed
 23 Applications with the Arizona Corporation Commission ("Commission") for a
 permanent rate increase for its Wastewater, Electric, and Water Divisions.

24 The Application for the Wastewater Division seeks an increase in total revenues of
 25 \$1,175,947, or 507.4 percent. Among other things, AIC is proposing to implement a rate
 26 increase in its wastewater rates over five years. The impact of the Company's request on
 the average residential wastewater customer's bill would be an increase from \$16.10 to
 \$100.30 at the end of five years. **The actual percentage rate increase for individual**

27
 28 ³ The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before
 seeking Commission resolution of the controversy.

1 **customers that would result from the Application will vary depending upon the type**
2 **and quantity of service provided.**

3 The Application for the Electric Division seeks an increase in total revenues of \$991,505
4 or 132.47 percent. Among other things, AIC is proposing to implement a rate increase
5 in its electric rates over five years. The impact of the Company's request on the average
6 residential electric customer's bill would be an increase from \$45.41 to \$106.11 at the
7 end of five years. **The actual percentage rate increase for individual customers that**
8 **would result from the Application will vary depending upon the type and quantity**
9 **of service provided.**

10 The Application for the Water Division seeks an increase in total revenues of \$1,874,810
11 or 356.97 percent. Among other things, AIC is proposing to implement a rate increase
12 in its water rates over five years. The impact of the Company's request on the average
13 residential water customer's bill would be an increase from \$18.40 to \$82.66 at the end
14 of five years. **The actual percentage rate increase for individual customers that**
15 **would result from the Application will vary depending upon the type and quantity**
16 **of service provided.**

17 **The Commission's Utilities Division ("Staff") is in the process of reviewing and**
18 **analyzing the Applications. Neither Staff nor any intervenor has yet made any**
19 **recommendation regarding AIC's requests. The Commission is not bound by the**
20 **proposals made by AIC, Staff, or any intervenors. The Commission will determine**
21 **the appropriate ratemaking treatment of the revenues and expenses related to**
22 **AIC's Applications based on the evidence presented in this proceeding.**

23 **THE FINAL RATES APPROVED BY THE COMMISSION MAY BE HIGHER,**
24 **LOWER, OR DIFFERENT THAN THE RATES PROPOSED BY AIC OR BY**
25 **OTHER PARTIES.**

26 If you have any questions concerning how the Application may affect your bill or have
27 other substantive questions about the Application, you may contact the Company at:
28 [COMPANY INSERT NAME, ADDRESS, TELEPHONE NUMBER, AND E-
MAIL ADDRESS FOR CUSTOMER CONTACTS CONCERNING THE
APPLICATION].

How You Can View or Obtain a Copy of the Application

Copies of the Application are available from AIC [COMPANY INSERT HOW AND
WHERE AVAILABLE]; at the Commission's Docket Control Center at 1200 West
Washington Street, Phoenix, Arizona, during regular business hours; and on the
Commission 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 **July 19, 2018, at 10:00**
a.m., at the Commission's Tucson offices, Room No. 222, 400 West Congress. Public
comments will be taken on the first day of the hearing.

Written public comments may be submitted by mailing a letter referencing **Docket Nos.**
WS-01025A-17-0361, E-01025A-17-0362, WS-01025A-17-0363 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)
using the "Submit a Public Comment for a Utility" function. If you require assistance,
you may contact the Consumer Services Section at 602-542-4251 or 1-800-222-7000.

If you do not intervene in this proceeding, you will receive no further notice of the proceedings in this 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 the e-Docket function. You may choose to subscribe to an RSS feed for this case using the e-Docket function.

About Intervention

The law provides for an open public hearing at which, under appropriate circumstances, interested persons may intervene. An interested person may be granted intervention if 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-examine other parties' witnesses. **Intervention is not required if you want to appear at the hearing and provide public comment on the Application, or if you want to file written comments in the record of the case.**

To request intervention, you must file an **original and 13 hard copies** of a written request to intervene with Docket Control, 1200 West Washington, Phoenix, AZ 85007, **no later than May 11, 2018**. You also **must** serve a copy of the request to intervene on each party of record on the same day that you file the request to intervene with the Commission. **Information about what intervention means, including an explanation of the rights and responsibilities of an intervenor, is available on the Commission's website (www.azcc.gov) using the "Intervention in Utility Cases" link.** The link also includes sample intervention requests.

If you choose to request intervention, your request 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 reference to **Docket Nos. WS-01025A-17-0361, E-01025A-17-0362, WS-01025A-17-0363;**
3. A short statement explaining:
 - a. Your interest in the proceeding (e.g., a customer of AIC, etc.),
 - b. How you will be directly and substantially affected by the outcome of the case, and
 - c. Why your intervention will not unduly broaden the issues in the case;
4. A statement certifying that you have served a copy of the request to intervene on the Company or its attorney and all other parties of record in the case; and
5. 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, sufficient information and any appropriate documentation to demonstrate compliance with Arizona Supreme Court Rules 31, 38, 39, 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 May 11, 2018.**

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, Kacie Cannon, Email KCannon@azcc.gov, voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

1 IT IS FURTHER ORDERED that AIC shall **mail** to each of its customers a copy of the above
2 notice either separately or as a bill insert and shall cause a copy of such notice to be **published at least**
3 **once in a newspaper of general circulation** in the Company's service territory, with mailing and
4 publication to be completed as soon as possible, and no later than **February 23, 2018**.

5 IT IS FURTHER ORDERED that AIC shall file **certification of mailing and publication** as
6 soon as possible after the mailing and publication have been completed, **but no later than March 16,**
7 **2018**.

8 IT IS FURTHER ORDERED that, given the schedule in this matter, **the time clock in these**
9 **dockets is extended to October 26, 2018**.

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

12 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
13 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Arizona
14 Supreme Court Rule 42). Representation before the Commission includes appearances at all hearings
15 and procedural conferences, as well as all Open Meetings for which the matter is scheduled for
16 discussion, unless counsel has previously been granted permission to withdraw by the Administrative
17 Law Judge or the Commission.

18 IT IS FURTHER ORDERED that each party or prospective party shall **refer to the Procedural**
19 **Order Regarding Consent to Email Service** issued in this matter on **December 13, 2017**, for
20 additional information regarding the process to consent to service by email. Information regarding
21 Consent to Email Service is also available on the Commission's website (www.azcc.gov) by clicking
22 on "I Want To" and then "Learn about Consenting to Email Service."

23 IT IS FURTHER ORDERED that all parties must comply with Arizona Supreme Court Rules
24 31, 38, 39, and 42 and A.R.S. § 40-243 with respect to the practice of law and admission *pro hac vice*.

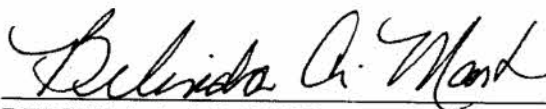
25 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
26 Communications) applies to this proceeding and shall remain in effect until the Commission's Decision
27 in this matter is final and non-appealable.

28 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended

1 pursuant to Rule 6(a)(2) or (c) of the Rules of Civil Procedure.

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

5 DATED this 27th day of January, 2018.

6 

7
8 BELINDA A. MARTIN
9 ADMINISTRATIVE LAW JUDGE
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

On this 29th day of January 2018, the foregoing document was filed with Docket Control as a Procedural Order – Sets a Hearing, and copies of the foregoing were mailed on behalf of the Hearing Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

Timothy J. Sabo
SNELL & WILMER, LLP
One Arizona Center
400 East Van Buren Street
Phoenix, AZ 85004
Attorney for Ajo Improvement Company
tsabo@swlaw.com
mpatten@swlaw.com
jthomes@swlaw.com
docket@swlaw.com

Consented to Service by Email

E. Robert Spear, General Counsel
ARIZONA WATER COMPANY
P. O. Box 29006
Phoenix, AZ 85038

Meghan H. Grabel
Kimberly A Ruht
OSBORN MALEDON, PA
2929 North Central Avenue, Suite 2100
Phoenix, AZ 85012
Attorneys for Arizona Water Company

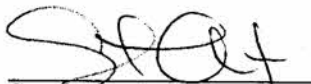
Andy Kvesic, Director
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007
LegalDiv@azcc.gov
utildivservicebyemail@azcc.gov

Consented to Service by Email

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

Not a party, mailed as a courtesy

By:



Staci Antrim
Assistant to Belinda A. Martin