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BEFORE THE ARIZONA CORPORATION COMMISSION

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ARIZONA CORP COMMISSION DOCKET CONTROL

Arizona Corporation Commission DOCKETED

APR 18 2013

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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 NORTHERN GROUP AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01445A-12-0348

PROCEDURAL ORDER

BY THE COMMISSION:

On August 1, 2012, Arizona Water Company ("AWC") filed with the Arizona Corporation Commission ("Commission") an application requesting adjustments to its rates and charges for utility service provided by its Northern Group water systems, including its Navajo (Lakeside and Overgaard) and Verde Valley (Sedona, Pinewood, and Rimrock) water systems. AWC's rate application uses a test year ending December 31, 2011, and requests an overall revenue increase; extension of arsenic cost recovery mechanism ("ACRM") authorization to the Navajo water systems; full rate consolidation of the Sedona system with the other Verde Valley systems; authorization to implement a Distribution System Improvement Charge ("DSIC") for the Northern Group systems; and authorization to implement Off-Site Facilities Fees for new service connections to the Sedona water system.

On August 30, 2012, the Commission's Utilities Division ("Staff") issued a Letter of Sufficiency for the application. Since that time, the Residential Utility Consumer Office ("RUCO") has requested and been granted intervention, a procedural conference has been held, and the procedural schedule for this matter has been established and modified, most recently to accommodate a request for additional time to file a Settlement Agreement and testimony related thereto.

1 The current procedural schedule is as follows:

Event/Item	Date/s
Settlement Agreement ("SA") filed	April 12, 2013
If SA, Testimony to Support/Oppose SA	April 19, 2013
If SA, Responsive Testimony (if any)	April 26, 2013
If no SA, AWC Rebuttal	Suspended*
If no SA, Staff/Intervenor Surrebuttal	Suspended*
If no SA, AWC Rejoinder	Suspended*
Pre-Hearing Conference	May 10, 2013
Hearing	May 13-17 & 20-24, 2013

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9 Very late in the afternoon on April 12, 2013, AWC filed a Notice of Status of Settlement
10 Agreement, stating that the Signatory Parties had been unable to finalize and file a Settlement
11 Agreement that day; that AWC would file an update if the Signatory Parties were unable to file a
12 Settlement Agreement on April 15, 2013; and that AWC still intended to file its supportive testimony
13 on April 19, 2013, as scheduled.

14 Very late in the afternoon on April 15, 2013, Staff filed Staff's Notice of Filing Settlement
15 Agreement, on behalf of the Signatory Parties. The Settlement Agreement identifies AWC and Staff
16 as the Signatory Parties. RUCO is not a party to the Settlement Agreement in this matter.

17 On the afternoon of April 16, 2013, RUCO filed RUCO's Motion to Extend Filing Dates
18 (Expedited Ruling Requested) ("Motion"), stating that RUCO requests to have the deadlines for
19 testimony to support/oppose the Settlement Agreement and responsive testimony extended by one
20 week. RUCO states that it received a copy of the Settlement Agreement late on April 15, 2013; that
21 it does not question the Signatory Parties' good faith in filing the Settlement Agreement on that date;
22 and that it needs additional time to prepare its testimony in opposition to the Settlement Agreement
23 because of the delay and other commitments. RUCO added that if the requested extension were
24 granted, the Signatory Parties would still have 10 days to prepare for hearing after RUCO's
25 responsive testimony is filed, which should suffice. RUCO also stated that it had been in touch with
26 Staff and AWC and would "let them file their own response if they feel it is necessary."

27 On April 17, 2013, AWC and Staff each filed a Response to RUCO's Motion. In its
28 Response, AWC states that because RUCO participated fully in the settlement negotiations and was

1 provided a draft of the Settlement Agreement on its due date, and because the docketing of the final
2 Settlement Agreement was delayed by only one business day, the filing deadlines should be extended
3 by only one business day, from April 19 to April 22 for direct testimony and from April 26 to April
4 29 for responsive testimony. AWC states that it opposes any additional extension because AWC and
5 Staff need to know the nature and basis of RUCO's opposition to the Settlement Agreement as soon
6 as possible so that they may prepare for the hearing and for their responsive testimony. AWC also
7 requests that the pre-hearing conference be rescheduled from May 10 to May 1 or 2 so that a disputed
8 issues matrix can be finalized and submitted and a witness list determined for the hearing to
9 commence on May 13. In its Response, Staff states that Staff has no position as to the alternative
10 filing date extensions proposed by RUCO and AWC. Staff also states that it has no objection to
11 advancing the date of the pre-hearing conference as requested by AWC to allow all parties to
12 establish a disputed issues matrix along with the witness list for the hearing.

13 While it would generally be necessary to wait until RUCO also has the opportunity to respond
14 to AWC's Request, the present circumstances make it appropriate to rule upon RUCO's Motion
15 promptly so that the parties are all aware of what is required of them in the next few days. Although
16 AWC asserts otherwise, the Settlement Agreement was effectively filed at least four calendar days
17 after its due date, as it was filed after 4:00 p.m. on April 15, 2013, rather than before 4:00 p.m. on
18 April 12, 2013.¹ Because of this, because RUCO as the sole non-Signatory Party and opponent to the
19 Settlement Agreement likely requires more time than the Signatory Parties to analyze the Settlement
20 Agreement and compose its testimony relating thereto, and because granting the extension will not
21 result in the Signatory Parties' not having sufficient time to prepare for the scheduled hearing in this
22 matter,² it is appropriate to grant RUCO's requested extension at this time. Additionally, because the
23 Settlement Agreement is not supported by all of the parties, it is necessary to require the parties to file
24 Responsive Testimony rather than making it discretionary for them to do so.

25 AWC has requested to have the pre-hearing conference scheduled for an earlier date, and
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27 ¹ A prior Procedural Order in this matter required for all filings to be made before 4:00 p.m., unless otherwise
indicated.

28 ² With RUCO's extension granted, the last date for filing testimony would still be one week before the scheduled pre-
hearing conference in this matter and 10 days before the first scheduled day of hearing.

1 Staff has indicated that it has no objection to AWC's request. AWC's suggested dates are infeasible
2 in light of the decision made on RUCO's Motion. Also, it is unclear how reducing the time to
3 prepare a disputed issues matrix before the pre-hearing conference in this matter will assist the parties
4 in doing so.³ However, as AWC apparently believes that it would benefit from additional time
5 between the pre-hearing conference and the first day of hearing, and no party should be prejudiced if
6 some additional time is provided, the pre-hearing conference for this matter will be rescheduled to
7 May 8, 2013.

8 IT IS THEREFORE ORDERED that the procedural schedule for this matter is hereby
9 modified as follows:

- 10 • The deadline for filing **Testimony to Support/Oppose the Settlement Agreement** is
extended to **April 26, 2013**;
- 11 • The deadline for filing **Responsive Testimony** is extended to **May 3, 2013**;
- 12 • The **pre-hearing conference** for this matter shall convene at **10:00 a.m. on May 8,**
13 **2013**, in Hearing Room No. 1 at the Commission's offices at 1200 West Washington
St., Phoenix, Arizona; and
- 14 • The pre-hearing conference scheduled for **May 10, 2013**, is **vacated**.

15 IT IS FURTHER ORDERED that **each party shall file Responsive Testimony**.

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

19 DATED this 18th day of April, 2013.

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23 SARAH N. HARPRING
ADMINISTRATIVE LAW JUDGE
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28 ³ Per the Procedural Order issued on September 19, 2012, each party's disputed issues matrix is to be provided at the pre-hearing conference.

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this 18th day of April, 2013, to:

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