

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 MIKE GLEASON, Chairman  
4 WILLIAM A. MUNDELL  
5 JEFF HATCH-MILLER  
6 KRISTIN K. MAYES  
7 GARY PIERCE

8 IN THE MATTER OF THE APPLICATION OF  
9 CHAPARRAL CITY WATER COMPANY, INC.,  
10 AN ARIZONA CORPORATION, FOR A  
11 DETERMINATION OF THE FAIR VALUE OF ITS  
12 UTILITY PLANT AND PROPERTY AND FOR  
13 INCREASES IN ITS RATES AND CHARGES FOR  
14 UTILITY SERVICE BASED THEREON.

DOCKET NO. W-02113A-07-0551

**RATE CASE**  
**PROCEDURAL ORDER**

11 **BY THE COMMISSION:**

12 On September 26, 2007, Chaparral City Water Company, Inc. ("CCWC," "Company," or  
13 "Applicant") filed with the Arizona Corporation Commission ("Commission") an application for a  
14 rate increase.

15 On October 26, 2007, the Utilities Division Staff ("Staff") of the Commission filed a letter  
16 stating that the application was found sufficient and classifying the Applicant as a Class A utility.

17 On November 19, 2007, the Residential Utility Consumer Office ("RUCO") filed an  
18 Application to Intervene.

19 No objection to RUCO's Application to Intervene has been filed. Accordingly, the  
20 Application should be granted.

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

23 IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matter shall  
24 commence on **July 8, 2008, at 10:00 a.m.** or as soon thereafter as is practical, at the Commission's  
25 offices, 1200 West Washington Street, Arizona 85007.

26 IT IS FURTHER ORDERED that a **pre-hearing conference** shall be held on **July 2, 2008 at**  
27 **2:30 p.m.**, at the Commission's Phoenix offices, for the purpose of scheduling witnesses and the  
28

1 conduct of the hearing.

2 IT IS FURTHER ORDERED that the **Staff Report and/or any testimony** and associated  
3 exhibits to be presented at hearing on behalf of Staff shall be reduced to writing and filed on or before  
4 **April 23, 2008.**

5 IT IS FURTHER ORDERED that any **testimony and associated exhibits to be presented at**  
6 **hearing on behalf of intervenors** shall be reduced to writing and filed on or before **April 23, 2008.**

7 IT IS FURTHER ORDERED that any **rebuttal testimony and associated exhibits to be**  
8 **presented at hearing by CCWC** shall be reduced to writing and filed on or before **noon on May 23,**  
9 **2008.**

10 IT IS FURTHER ORDERED that any **surrebuttal testimony and associated exhibits to be**  
11 **presented by the Staff or intervenors** shall be reduced to writing and filed on or before **noon on**  
12 **June 13, 2008.**

13 IT IS FURTHER ORDERED that any **rejoinder testimony and associated exhibits to be**  
14 **presented at the hearing on behalf of CCWC** shall be reduced to writing and filed on or before  
15 **noon on June 27, 2008.**

16 IT IS FURTHER ORDERED that **all filings shall be made by 4:00 p.m. on the date the**  
17 **filing is due, unless otherwise indicated above.**

18 IT IS FURTHER ORDERED that any **objections to testimony or exhibits that have been**  
19 **prefiled as of July 2, 2008, shall be made before or at the July 2, 2008, pre-hearing conference.**  
20 **In addition, each of the parties shall individually prepare, and bring to the pre-hearing**  
21 **conference, copies of a matrix setting forth what each party believes are the remaining disputed**  
22 **issues and what issues have been resolved.**

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

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

1 IT IS FURTHER ORDERED that the parties shall prepare a brief, written summary of the  
2 pre-filed testimony of each of their witnesses and shall file each summary at least two working days  
3 before the witness is scheduled to testify.

4 IT IS FURTHER ORDERED that copies of summaries should be served upon the  
5 Administrative Law Judge, the Commissioners, and the Commissioners' aides as well as the parties  
6 of record.

7 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,  
8 except that **all motions to intervene must be filed on or before April 11, 2008.**

9 IT IS FURTHER ORDERED that RUCO's Application to Intervene shall be granted.

10 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and  
11 regulations of the Commission, except that: until May 23, 2008, any objection to discovery requests  
12 shall be made within 7 calendar days of receipt<sup>1</sup> and responses to discovery requests shall be made  
13 within 10 days of receipt; thereafter, objections to discovery requests shall be made within 5 calendar  
14 days and responses shall be made within 7 calendar days. The response time may be extended by  
15 mutual agreement of the parties involved if the request requires an extensive compilation effort.

16 IT IS FURTHER ORDERED that discovery requests, objections, and answers may be served  
17 electronically.<sup>2</sup>

18 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel  
19 discovery, any party seeking resolution of a discovery dispute may telephonically contact the  
20 Commission's Hearing Division to request a date for a procedural hearing to resolve the discovery  
21 dispute; that upon such a request, a procedural hearing will be convened as soon as practicable; and  
22 that the party making such a request shall forthwith contact all other parties to advise them of the  
23 hearing date and shall at the hearing provide a statement confirming that the other parties were  
24 contacted.<sup>3</sup>

25  
26 <sup>1</sup> The date of receipt of discovery requests is not counted as a day, and requests received after 4:00 p.m. MST will be considered as received the next business day.

27 <sup>2</sup> If requested by the receiving party, and the sending party has the technical capability, service electronically is mandatory.

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

1 IT IS FURTHER ORDERED that any motions which are filed in this matter and which are  
2 not ruled upon by the Commission within 20 calendar days of the filing date of the motion shall be  
3 deemed denied.

4 IT IS FURTHER ORDERED that any responses to motions shall be filed within five calendar  
5 days of the filing date of the motion.

6 IT IS FURTHER ORDERED that any replies shall be filed within five calendar days of the  
7 filing date of the response.

8 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in  
9 this matter, in the following form and style with the heading in no less than 24 point bold type and the  
10 body in no less than 10 point regular type:

11 **PUBLIC NOTICE OF HEARING ON THE APPLICATION FOR RATE INCREASE**  
12 **OF CHAPARRAL CITY WATER COMPANY, INC.**  
13 **DOCKET NUMBER W-02113A-07-0551**

14 **Summary of Chaparral City Water Company's Application**

15 On September 26, 2007, Chaparral City Water Company, Inc. ("Company") filed an  
16 application with the Arizona Corporation Commission for a permanent revenue  
17 increase of approximately \$3.06 million, or 41.14 percent over current revenues. For  
18 average water usage residential customers, the Company's application requests an  
19 increase in monthly rates from the current average bill of \$32.28 to \$44.17. If the  
20 Company's proposal were to be adopted, average usage residential customers would  
21 experience an increase of 36.45 percent. The actual percentage rate increase for  
22 individual customers would vary depending upon the type and quantity of service  
23 provided. You may contact the Company to determine what the effect of the  
24 Company's proposal may be on your individual bill.

25 The Commission's Utilities Division Staff ("Staff") is in the process of auditing and  
26 analyzing the Company's application and Staff has not yet made any  
27 recommendations regarding the Company's proposed rate increase. The Residential  
28 Utility Consumer Office is a party to this proceeding and will also analyze the  
application and make recommendations to the Commission. The Commission will  
determine the appropriate rate adjustment to be granted based on its consideration of  
the evidence presented by the parties. However, the Commission is not bound by the  
proposals made by the Company, Staff, or any intervenors and, therefore, the final  
rates approved by the Commission may be higher or lower than the rates proposed by  
the Company.

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

Copies of the Company's application and proposed tariffs are available upon request  
by contacting the Company at [COMPANY SHOULD INSERT NAME,  
ADDRESS, TELEPHONE NUMBER, AND E-MAIL ADDRESS FOR  
CUSTOMER CONTACTS REGARDING THE APPLICATION]. Copies of the  
application are also available at the Commission's offices at 1200 West Washington,  
Phoenix, Arizona, for public inspection during regular business hours and on the  
internet via 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 8, 2008 at 10:00 a.m.** at the Commission's offices, 1200 West Washington, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may be submitted via email (visit <http://www.azcc.gov/utility/cons/index.htm> for instructions), or by mailing a letter referencing Docket Number W-02113A-07-0551 to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007.

**Information Regarding Intervenor Status**

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Intervention shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in the matter. If you wish to intervene, you must file a written motion to intervene with the Commission, and send a copy of the motion to the Company or its counsel and to all parties of record. At the minimum, a motion to intervene shall contain the following:

1. Your name, address, and telephone number, and the name, address, and telephone number of any party upon whom service of documents is to be made if different than the intervenor.
2. A short statement of your interest in the proceeding (e.g., a customer, stockholder of the Company, etc.).
3. A statement certifying that you have mailed a copy of the motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

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 April 11, 2008. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Arizona Corporation Commission's webpage at <http://www.azcc.gov/utility/forms/index.htm>. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any customer from appearing at the hearing and making a statement on such customer's own behalf.

**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 Linda Hogan, E-mail [Lhogan@azcc.gov](mailto:Lhogan@azcc.gov), voice phone number 602/542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

IT IS FURTHER ORDERED that CCWC shall mail to each of its customers a copy of the above notice either as a bill insert beginning with the first billing cycle in **January 2008**, or by special mailing concluding no later than **January 31, 2008**, and shall cause the above notice to be

1 published at least twice in a newspaper of general circulation in all its service territories, with  
2 publication to be completed no later than **January 31, 2008**.

3 IT IS FURTHER ORDERED that CCWC shall file certification of mailing/publication as  
4 soon as practicable after the mailing/publication has been completed.

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

7 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended  
8 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

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

12 IT IS FURTHER ORDERED that the intervention granted herein is conditioned upon the  
13 intervenor obtaining counsel to represent the intervenor, if required by Rule 31 of the Rules of the  
14 Arizona Supreme Court, and such counsel filing a notice of appearance with the Commission, within  
15 30 days of the date of this Procedural Order. This condition will also apply to any persons or entities  
16 that are subsequently granted intervention.

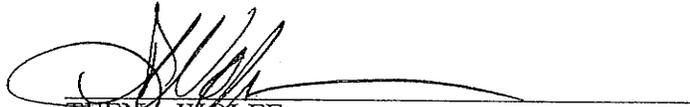
17 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance  
18 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the  
19 Rules of Arizona Supreme Court). Representation before the Commission includes appearances at all  
20 hearings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

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

26 ...  
27 ...  
28 ...

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

4 Dated this 30<sup>th</sup> day of November, 2007.

5  
6   
7 TEENA WOLFE  
ADMINISTRATIVE LAW JUDGE

8  
9 Copies of the foregoing mailed/delivered  
10 This 30<sup>th</sup> day of November, 2007, to:

11 Norman D. James  
12 Jay L. Shapiro  
13 FENNEMORE CRAIG  
3003 North Central Avenue, Suite 2600  
Phoenix, AZ 85012

14 Scott S. Wakefield, Chief Counsel  
15 Residential Utility Consumer Office  
1110 West Washington, Suite 220  
16 Phoenix, AZ 85007

17 Christopher Kempley, Chief Counsel  
18 Legal Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
19 Phoenix, AZ 85007

20 Ernest G. Johnson, Director  
21 Utilities Division  
ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
22 Phoenix, AZ 85007

23 ARIZONA REPORTING SERVICE INC.  
2200 N. Central Ave., Suite 502  
24 Phoenix, AZ 85004

25  
26 By:   
27 Debra Broyles  
28 Secretary to Teena Wolfe