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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

2006 OCT -5 A 11: 13

Arizona Corporation Commission

DOCKETED

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

AZ CORP COMMISSION
DOCUMENT CONTROL

OCT 05 2006

DOCKETED BY

DOCKET NO. WS-01303A-06-0403

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC. FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS ANTHEM WATER AND ANTHEM/AGUA FRIA WASTEWATER DISTRICTS.

PROCEDURAL ORDER

BY THE COMMISSION:

On June 16, 2006, Arizona-American Water Company ("Arizona-American" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for a determination of the current fair value of its utility plant and property and for increases in its rates and charges for utility service in its Anthem Water and Anthem/Agua Fria Wastewater Districts.

On June 27, 2006, the Residential Utility Consumer Office ("RUCO") filed an Application to Intervene. No objections to the intervention request were filed.

Arizona-American filed additional information in support of its application on June 29 and 30, 2006.

On July 17, 2006, the Commission's Utilities Division Staff ("Staff") filed a Letter of Deficiency listing the items Staff required to deem the application sufficient for processing.

On August 4, 2006, the Company filed a Response to the Letter of Insufficiency; Revised Application; Revised Testimony; and Revised Schedules.

On August 14 and 18, 2006, Arizona-American filed additional information in support of its Revised Application and Schedules.

On September 5, 2006, Staff filed a second Letter of Deficiency listing the items required for the application to be deemed sufficient.

On September 26, 2006, the Company filed a Response to the Letter of Insufficiency; Revised

1 Testimony; and Revised Schedules.

2 On September 28, 2006, Staff filed a letter stating that the Company's application met the
3 sufficiency requirements set forth in A.A.C. R14-2-103, and classifying the Company as a Class A
4 utility.

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

7 IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matter shall
8 commence on **May 29, 2007, at 10:00 a.m.**, or as soon thereafter as is practical, at the Commission's
9 offices, 1200 West Washington Street, Arizona 85007.

10 IT IS FURTHER ORDERED that a **pre-hearing conference** shall be held on **May 24, 2007,**
11 **at 1:30 p.m.**, at the Commission's offices, for the purpose of scheduling witnesses and the conduct of
12 the hearing.

13 IT IS FURTHER ORDERED that the **Staff Report and/or any testimony and associated**
14 **exhibits** to be presented at hearing on behalf of Staff shall be reduced to writing and filed on or
15 before **March 27, 2007.**

16 IT IS FURTHER ORDERED that any **testimony and associated exhibits to be presented at**
17 **hearing on behalf of intervenors** shall be reduced to writing and filed on or before **March 27, 2007.**

18 IT IS FURTHER ORDERED that any **rebuttal testimony and associated exhibits** to be
19 presented at hearing by the Company shall be reduced to writing and filed on or before **April 23,**
20 **2007.**

21 IT IS FURTHER ORDERED that any **surrebuttal testimony and associated exhibits** to be
22 presented by Staff or intervenors shall be reduced to writing and filed on or before **May 14, 2007.**

23 IT IS FURTHER ORDERED that any **rejoinder testimony and associated exhibits** to be
24 presented at the hearing on behalf of the Company shall be reduced to writing and filed on or before
25 **May 21, 2007.**

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

28 IT IS FURTHER ORDERED that any objections to any testimony or exhibits which have

1 been prefiled as of May 21, 2007, shall be made before or at the May 24, 2007 pre-hearing
2 conference.

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

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

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

11 IT IS FURTHER ORDERED that copies of summaries should be served upon the Presiding
12 Administrative Law Judge, the Commissioners, and the Commissioners' aides as well as the parties
13 of record.

14 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-
15 105, except that all motions to intervene must be filed on or before **March 27, 2007**.

16 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
17 regulations of the Commission, except that: any objection to discovery requests shall be made within
18 7 days¹ of receipt and responses to discovery requests shall be made within 10 days of receipt;
19 thereafter, objections to discovery requests shall be made within 5 days and responses shall be made
20 within 7 days of receipt. The response time may be extended by mutual agreement of the parties
21 involved if the request requires an extensive compilation effort. No discovery requests shall be
22 served after May 21, 2007.

23 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
24 discovery, any party seeking discovery may telephonically contact the Commission's Hearing
25 Division to request a date for a procedural hearing to resolve the discovery dispute; that upon such a
26 request, a procedural hearing will be convened as soon as practicable; and that the party making such
27

28 ¹ "Days" means calendar days.

1 a request shall contact all other parties to advise them of the hearing date and shall at the procedural
2 hearing provide a statement confirming that the other parties were contacted.²

3 IT IS FURTHER ORDERED that any motions filed in this matter that are not ruled upon by
4 the Commission within 10 days of the filing date of the motion shall be deemed denied.

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

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

9 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in
10 this matter, in the following form and style, with the heading in no less than 18 point bold type and
11 the body in no less than 10 point regular type:

12
13 **PUBLIC NOTICE OF HEARING ON THE**
14 **RATE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY FOR ITS**
ANTHEM WATER AND ANTHEM/AGUA FRIA WASTEWATER DISTRICTS
(DOCKET NO. W-01303A-06-0403)

15 On June 16, 2006, Arizona-American Water Company (“Company”) filed with the
16 Arizona Corporation Commission (“Commission”) an application for an increase in
17 operating income of approximately \$421,713 for its Anthem Water District and
18 \$573,992 for its Anthem/Agua Fria Wastewater District. **The Company’s request**
19 **would increase an average 3/4-inch residential customer’s water rates (based on**
20 **usage of 9,000 gallons per month) from the current level of \$28.02 to \$47.55 per**
21 **month (approximately 69.7 percent). The Company’s request would increase an**
22 **average residential customer’s wastewater rates from the current level of \$30.48**
23 **to \$45.67 per month (approximately 49.8 percent).** The actual amount of the
24 Company’s proposed rate increase would vary depending on the customer’s type of
25 service and usage. The Commission’s Staff has not yet made its recommendation
26 regarding the Company’s rate proposals, and the Commission will determine the
27 appropriate rate relief to be granted based on the evidence of record in this proceeding.
28 The Commission is not bound by the proposals made by the Company, Staff, or any
intervenors and, therefore, the final rates approved in this docket may be lower or
higher than the rates described above. Copies of the application and proposed tariffs
are available for review at the Company’s offices [insert address] and on the internet
via the Commission website (www.azcc.gov) using the e-docket function.

² The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before seeking Commission resolution of the controversy.

1 The Commission will hold a hearing on this matter beginning **May 29, 2007, at 10:00**
2 **a.m.**, at the Commission's offices, 1200 West Washington, Phoenix, Arizona. Public
3 comments will be taken on the first day of the hearing.

4 The law provides for an open public hearing at which, under appropriate
5 circumstances, interested parties may intervene. Intervention shall be permitted to any
6 person entitled by law to intervene and having a direct and substantial interest in the
7 matter. Persons desiring to intervene must file a written motion to intervene with the
8 Commission no later than **March 27, 2007**. The motion to intervene must be sent to
9 the Company or its counsel and to all parties of record, and must contain the
10 following:

- 11 1. The name, address, and telephone number of the proposed intervenor
12 and of any party upon whom service of documents is to be made if
13 different from the intervenor.
- 14 2. A short statement of the proposed intervenor's interest in the
15 proceeding (e.g., a customer of the Company, a shareholder of the
16 Company, etc.).
- 17 3. A statement certifying that a copy of the motion to intervene has been
18 mailed to the Company or its counsel and to all parties of record in the
19 case.

20 The granting of intervention, among other things, entitles a party to present sworn
21 evidence at the hearing and to cross-examine other witnesses. However, failure to
22 intervene will not preclude any interested person or entity from appearing at the
23 hearing and providing public comment on the application or from filing written
24 comments in the record of the case. You will not receive any further notice of this
25 proceeding unless you request it.

26 If you have any questions about this application, wish to file written comments on the
27 application, or want further information on intervention, you may contact the
28 Consumer Services Section of the Commission at 1200 West Washington Street,
Phoenix, Arizona 85007, or call 1-800-222-7000.

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, at 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 the Company shall mail to each of its customers a copy of
the above notice as a bill insert beginning with the first billing cycle in **January 2007**, and shall
cause the above notice to be published at least once in a newspaper of general circulation in its
service territory, with publication to be completed no later than **January 15, 2007**.

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

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

3 IT IS FURTHER ORDERED that the Residential Utility Consumer Office is hereby granted
4 intervention.

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

8 IT IS FURTHER ORDERED that all parties must comply with Rule 38 of the Rules of the
9 Arizona Supreme Court with respect to practice of law and admission *pro hac vice*.

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

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 5th day of October, 2006

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DWIGHT D. NODES
ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed/delivered
this 5 day of October, 2006 to:
Craig A. Marks
Corporate Counsel, Western Region
ARIZONA-AMERICAN WATER COMPANY
19820 N. 7th Street
Phoenix, AZ 85024

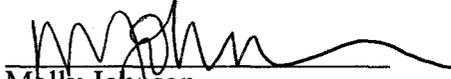
1 Thomas M. Broderick
ARIZONA-AMERICAN WATER COMPANY
19820 N. 7th Street, Ste. 201
2 Phoenix, AZ 85024

3 Scott S. Wakefield
RUCO
4 1110 West Washington Street, Ste. 220
Phoenix, AZ 85007
5

6 Christopher Kempley, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
7 1200 West Washington Street
Phoenix, AZ 85007
8

9 Ernest G. Johnson, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
10 1200 West Washington
Phoenix, AZ 85007
11

12 ARIZONA REPORTING SERVICE, INC.
2627 N. Third Street, Ste. Three
Phoenix, Arizona 85004-1126
13

14
15 By: 
Molly Johnson
16 Secretary to Dwight D. Nodes
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20
21
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