BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

ROBERT “BOB” BURNS – Chairman
ANDY TOBIN
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON

IN THE MATTER OF THE APPLICATION OF
EPCOR WATER ARIZONA, INC. FOR INTERIM
WATER RATES PURSUANT TO A.A.C. R14-2-103(B)(11)(h).

DOCKET NO. WS-01303A-19-0011

DOCKETED

PROCEDURAL ORDER
(Sets Hearing)

BY THE COMMISSION:

On December 31, 2018, the Arizona Corporation Commission (“Commission”) Hearing Division issued a Recommended Opinion and Order (“ROO”) in Docket No. WS-01303A-17-0257, which recommended approval of new rates and charges for EPCOR Water Arizona, Inc.’s (“EPCOR”) 11 Water Districts. The Commission discussed the ROO at its Regular Open Meeting on January 15 and 16, 2019, and at a Special Open Meeting on January 25, 2019. At the Commission’s Special Open Meeting on January 25, 2019, the ROO failed to pass in a two-two vote.1 At the conclusion of the Special Open Meeting, Chairman Burns ordered the Hearing Division to open a new docket for the purpose of considering EPCOR’s application for interim rates pursuant to A.A.C. R14-2-103(B)(11)(h) and to commence the evidentiary hearing process by scheduling a procedural conference during the week of January 28, 2019.

On January 25, 2019, the Commission’s Utilities Division (“Staff”) filed a memorandum requesting the opening of this docket to facilitate the application by EPCOR for interim rates under A.A.C. R14-2-103(B)(11)(h).

On January 28, 2019, a Procedural Order was issued scheduling a Procedural Conference for February 1, 2019, to discuss the procedural guidelines for this proceeding.

On January 28, 2019, a Procedural Order was issued regarding consent to email service.

On January 31, 2019, EPCOR filed an Application and a Notice of Filing Proposed Form of Notice.

On February 1, 2019, a procedural conference convened as scheduled. Present at the procedural conference were Sun City Home Owners Association ("SCHOA"); Verrado Community Association, Inc. ("Verrado"); DMB Verrado Golf I LLC and Verrado ARC LLC ("DMB"); Property Owners and Residents Association of Sun City West ("PORA"); Anthem Community Council, Inc. ("Anthem CC"); Town of Paradise Valley ("Paradise Valley" or "Town"); City of Bullhead City ("Bullhead City"); Marshall Magruder; and Residential Utility Consumer Office ("RUCO"). During the procedural conference the parties discussed notice, intervention, and scheduling, among other procedural matters.

Pursuant to A.A.C. R14-3-103(B)(11)(h), the Commission now issues this Procedural Order to govern the preparation and conduct of this proceeding.

IT IS THEREFORE ORDERED that the hearing in this matter shall be limited solely to the issue of the interim rates proposed by EPCOR in its Application filed on January 31, 2019. Issues regarding consolidation, systems improvement benefits mechanism, or other issues raised in Docket No. WS-01303A-17-0257 shall not be addressed in this docket.

IT IS FURTHER ORDERED that a hearing in this matter shall commence on February 20, 2019, at 10:00 a.m., or as soon thereafter as is practical, at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona 85007. Additional hearing days shall be held on February 21, 2019, if necessary.

IT IS FURTHER ORDERED that in-person public comments on this matter shall be heard on February 19, 2019, at 10:00 a.m., at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona 85007. Given the exigent nature of this proceeding, in-person public comments will not be heard during the days scheduled for the evidentiary hearing. Written public comments will be accepted throughout the proceeding.

IT IS FURTHER ORDERED that the Company shall publish the following Public Notice of hearing in this matter in a newspaper of general circulation in its service territory in the following form and style, with the heading in no less than 12-point bold type and the body in no less than 10-point regular type, on or before February 8, 2019.
PUBLIC NOTICE OF HEARING ON THE APPLICATION OF EPCOR WATER ARIZONA, INC. FOR INTERIM WATER RATES
DOCKET NO. WS-01303A-19-0011

Summary
On January 31, 2019, EPCOR Water Arizona Inc. ("Company") filed with the Arizona Corporation ("Commission") an Application for Interim Water Rates ("Application") pursuant to Arizona Administrative Code R14-2-103(B)(11)(h). The Company is requesting authorization to recover $10,017,966 in interim rates by implementing a monthly surcharge/surcredit in each of the districts in the following amounts:

<table>
<thead>
<tr>
<th>District</th>
<th>$ Increase</th>
<th>Surcharge Per Kgal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agua Fria</td>
<td>$(3,538,759)</td>
<td>$(0.5548)</td>
</tr>
<tr>
<td>Anthem</td>
<td>$2,725,569</td>
<td>$2.6509</td>
</tr>
<tr>
<td>Chaparral</td>
<td>$1,816,051</td>
<td>$1.0546</td>
</tr>
<tr>
<td>Havasu</td>
<td>$21,000</td>
<td>$0.1157</td>
</tr>
<tr>
<td>Mohave</td>
<td>$2,090,571</td>
<td>$1.2628</td>
</tr>
<tr>
<td>North Mohave</td>
<td>$530,916</td>
<td>$1.8772</td>
</tr>
<tr>
<td>Paradise Valley</td>
<td>$808,547</td>
<td>$0.2591</td>
</tr>
<tr>
<td>Sun City</td>
<td>$4,476,955</td>
<td>$1.0693</td>
</tr>
<tr>
<td>Sun City West</td>
<td>$1,092,182</td>
<td>$0.6379</td>
</tr>
<tr>
<td>Tubac</td>
<td>$(160,091)</td>
<td>$(2.2865)</td>
</tr>
<tr>
<td>Willow Valley</td>
<td>$155,026</td>
<td>$2.8416</td>
</tr>
<tr>
<td>Total</td>
<td>$10,017,966</td>
<td></td>
</tr>
</tbody>
</table>

Note: Wheeling, Effluent, and Raw Water have no surcharge and the PV Country Club surcharge will be $0.2202 per kgal.

The Commission's Utilities Division ("Staff") is in the process of reviewing and analyzing the Application. Neither Staff nor any intervenor(s) has yet made any recommendation regarding the Company's request. The Commission is not bound by the proposals made by the Company, Staff, or any intervenor(s), and the Commission may approve the amount of the request, modify the amount higher or lower, or deny the request.

If you have any questions concerning how the Application may affect your bill or other substantive questions about the Application, you may contact the Company at 2355 W. Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027, online at www.epcor.com, by telephone at 1-800-383-0834 or by email at ratecasequestions@epcor.com

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. 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.
To request intervention, you must file an original and 13 copies of a written request to intervene with Docket Control, 1200 West Washington Street, Phoenix, AZ 85007, no later than February 11, 2019. 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 intervention and sample intervention requests are available on the Commission's website (www.azcc.gov) by going to the “I Want To” drop down menu and then using the “Intervene in a Utility Case” link.

Your request to intervene 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;
3. A short statement explaining:
   a. Your interest in the proceeding (e.g., an owner of property in the proposed extension area, 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 utility 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 February 11, 2019.

How You Can View or Obtain a Copy of the Application
Copies of the application are available from EPCOR at 2355 W. Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027 and on www.epcor.com; at the Commission's Docket Control Center at 1200 West Washington Street, Phoenix, Arizona, and 400 West Congress Street, Suite 218, Tucson, 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 February 20, 2019, at 10:00 a.m. at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona 85007.

In-person public comments will be heard on February 19, 2019, at 10:00 a.m. at the Commission’s offices, 1200 West Washington Street, Phoenix, Arizona 85007.

Written public comments may be submitted at any time by mailing a letter referencing Docket No. WS-01303A-19-0011 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington Street, 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 during regular business hours at 602-542-4251 or 1-800-222-7000.

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, E-mail KCannon@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 also post the Public Notice on its
website as soon as possible, but not later than February 5, 2019.

IT IS FURTHER ORDERED that EPCOR Water Arizona, Inc. shall file certification of
publication has been completed, but not later than February 19, 2019.

IT IS FURTHER ORDERED that any responses to the Application by Staff and
Intervenors, and the summary of their respective witnesses (if any), are due by 4:00 pm on February
11, 2019. Any legal arguments regarding interim rates must be included in the response.

IT IS FURTHER ORDERED that the parties’ replies to responses shall be filed on or before
4:00 pm on February 15, 2019.

IT IS FURTHER ORDERED that Intervention is granted to RURO, Verrado, DMB, Mr.
Magruder, Town of Paradise Valley, Anthem Community Council, Inc., Property Owners and
Residents Association, Sun City Home Owners Association, and Bullhead City.

IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105,
except that all motions to intervene must be filed on or before February 11, 2019.

IT IS FURTHER ORDERED that any objections to any Motions to Intervene shall be filed on
or before February 15, 2019.

IT IS FURTHER ORDERED that the record from Docket No. WS-01303A-17-0257 is
incorporated in its entirety into this docket.

IT IS FURTHER ORDERED that each party or prospective party shall refer to the Procedural
Order Regarding Consent to Email Service issued in this matter on January 28, 2019, for additional
information regarding the process to consent to service by email. Information regarding Consent to
Email Service is also available on the Commission’s website (www.azcc.gov) by clicking on “I Want
To” and then “Learn about Consenting to Email Service.”

IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Arizona
Supreme Court Rule 42). Representation before the Commission includes the obligation to appear at
all hearings, procedural conferences, and Open Meetings for which the matter is scheduled for
IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized Communications) continues to apply to this proceeding and shall remain in effect until the Commission's Decision in this matter is final and non-appealable.

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

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

DATED this 1st day of February, 2019.

BELINDA A. MARTIN
ADMINISTRATIVE LAW JUDGE
On this day of February, 2019, 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.

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Court Reporting, Video and Videoconferencing
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Phoenix, AZ 85006
Emailed as a courtesy

By:

Grace Beltran
Assistant to Belinda A. Martin