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BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE,  
Chairman

BOB STUMP,  
Commissioner

SANDRA D. KENNEDY  
Commissioner

PAUL NEWMAN,  
Commissioner

BRENDA BURNS,  
Commissioner

2012 MAR -5 P 2:49

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
**DOCKETED**

MAR - 5 2012

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF )  
ARIZONA-AMERICAN WATER COMPANY, )  
AN ARIZONA CORPORATION, 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 DISTRICT AND ITS SUN CITY )  
WATER DISTRICT. )

DOCKET NO. W-01303A-09-0343

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ARIZONA-AMERICAN WATER COMPANY, )  
AN ARIZONA CORPORATION, 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/AGUA FRIA WASTEWATER )  
DISTRICT, ITS SUN CITY WASTEWATER )  
DISTRICT AND ITS SUN CITY WEST )  
WASTEWATER DISTRICT. )

DOCKET NO. SW-01303A-09-0343

**REQUEST FOR EXTENSION OF TIME**

Pursuant to Decision No. 72047, the Arizona Corporation Commission ("Commission") required Arizona-American Water Company, now doing business as EPCOR Water Arizona, Inc. (the "Company"), to implement on June 1, 2012, a rate design for residential

1 customers of the **Anthem/Agua Fria** Wastewater District based on average water usage in  
2 the winter months of January, February and March. Through this filing, the Company, for  
3 the reasons set forth below, respectfully requests a one-year extension of that deadline, until  
4 June 1, 2013, to implement the new winter average wastewater rate design.

5 **BASIS FOR REQUEST**

6 The Commission recently approved the purchase by EPCOR Water (USA), Inc.  
7 (“EPCOR”) of the stock of Arizona-American Water Company (Decision No. 72668).  
8 That transaction closed on January 31, 2011, and as such, ownership of the Company has  
9 now transferred to EPCOR. As part of the transition process, EPCOR has come to share  
10 concerns previously expressed by the Company about customers’ level of awareness of and  
11 preparedness for the new wastewater rate methodology if it is implemented on June 1,  
12 2012.<sup>1</sup> Although the Company notified Anthem/Agua Fria Wastewater District residential  
13 customers of this change in December 2011, as set forth in Exhibit A, EPCOR and the  
14 Company strongly believe that more time and additional customer notification and outreach  
15 is necessary and appropriate to allow customers time to adequately prepare for the change  
16 in the method by which its customers’ wastewater rates will be calculated. More  
17 specifically, the Company does not believe its customers adequately understand that the  
18 7,000 gallon monthly usage ceiling is eliminated in the winter average tariff. That ceiling  
19 presently caps existing Anthem/Agua Fria monthly bills to a maximum of \$75<sup>2</sup>; whereas,  
20 the winter average tariff would charge, for example, a customer consuming a winter  
21  
22

23 <sup>1</sup> The Company initially raised this issue in the pending Deconsolidation Phase of this docket. However, given the  
24 timing and scope of that proceeding and the need to begin implementation of the new methodology, the Company  
withdrew that request.

25 <sup>2</sup> The existing residential tariff is \$39.84 plus \$4.9946 per 1,000 gallons on the first 7,000 gallons of water consumed;  
26 whereas the new winter average tariff would be approximately \$14 per 1,000 gallons of water consumed in the winter  
average with \$0 monthly minimum charge and **no usage ceiling**. Furthermore, if the Commission deconsolidates the  
Anthem/Agua Fria wastewater district’s rates in a pending matter, then the winter average rate in the new Agua Fria  
Wastewater District would be approximately \$23 per 1,000 gallons of water consumed in the winter.

1 average of \$15,000<sup>3</sup> gallons \$210 per month, each month for twelve months. For other  
2 usage levels the impacts are:

Usage in Gallons (000's)	Current Monthly Sewer Bill	Approximate Winter Average Sewer Bill	\$ Increase <Decrease>	% Increase <Decrease>
3,000	\$54.82	\$42.00	<\$12.82>	<23.4%>
6,000	\$69.81	\$84.00	\$14.19	20.3%
9,000	\$74.80	\$126.00	\$51.20	68.4%
12,000	\$74.80	\$168.00	\$93.20	124.6%
15,000	\$74.80	\$210.00	\$135.20	180.7%
18,000	\$74.80	\$252.00	\$177.20	236.9%
21,000	\$74.80	\$294.00	\$219.20	293.0%
24,000	\$74.80	\$336.00	\$261.20	349.2%

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9 The Company is committed to providing this notification and outreach well prior to  
10 the critical next winter period of January 2013 through March 2013, which would be the  
11 time period during which water usage would determine wastewater bills if this extension is  
12 granted. Since the winter average tariff sends a very strong conservation incentive in the  
13 winter, many customers will need to make changes to outdoor landscape in order to avoid a  
14 high wastewater bill.

15 To better educate customers about the new winter average sewer rate, the Company  
16 is planning frequent communications that combine direct mail letters, bill messaging and  
17 other customer communications, educational outreach, community and community  
18 leadership meetings, media relations and website content. New efforts to educate  
19 customers about how their wastewater rate will be measured in a winter average will begin  
20 late spring 2012. In particular, customers will be informed of what their winter average  
21 based bill would have been if the winter average rate had gone into effect beginning June  
22 2012. This way, customers will know specifically by how much they need to reduce 2013  
23 winter water usage to achieve their desired bill.

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25  
26 <sup>3</sup> In the 2008 test year, there were 4,035 bills with usage of 15,000 gallons or greater in the Anthem/Agua Fria  
wastewater district.

1 Please note that the continuation of the current rate design will be revenue neutral  
2 for the Company, as evidenced by the fact that, as approved by the Commission, the current  
3 rate design has been in effect since January 1, 2011.

4 For the reasons set forth above, the Company respectfully requests that the  
5 Commission extend the date by which the Company must implement the winter averaging  
6 rate design until June 1, 2013. The Company strongly believes that this extension is in the  
7 public interest, as it will allow the Company the opportunity to continue its community  
8 outreach on this issue so that customers will be properly prepared for this change in rate  
9 design.

10 RESPECTFULLY SUBMITTED this 5th day of March, 2012.

11  
12 LEWIS AND ROCA LLP

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19 Attorneys for the EPCOR Arizona

20 ORIGINAL and thirteen (13) copies  
21 of the foregoing filed this 5th day  
22 of March, 2012, with:

23 The Arizona Corporation Commission  
24 Utilities Division – Docket Control  
25 1200 W. Washington Street  
26 Phoenix, Arizona 85007

Copy of the foregoing hand-delivered  
This 5th day of March, 2012, to:

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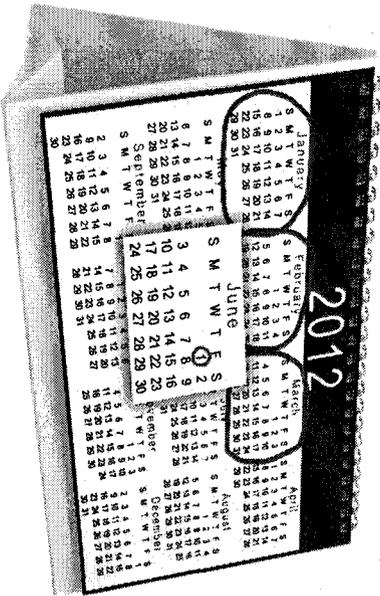
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**MANAGE WINTER WATER USAGE**  
**YOUR WASTEWATER BILL WILL SOON BE BASED ONLY ON YOUR WINTER WATER USAGE**



The Arizona Corporation Commission approved a new winter-based rate for determining residential wastewater charges.

Starting on June 1, 2012, each residential customer's wastewater charges will be based on the monthly average of that customer's winter water usage during the previous January, February and March period. Water bills from winter months are often used to compute wastewater bills in many communities because it is the season when most customers have the lowest outdoor water use.

Your monthly wastewater bill for the one-year period beginning in June 2012 will be based on the monthly average of your 2012 winter water usage. Your wastewater bill will be revised annually beginning each June based on your previous winter water usage.

**EXAMPLE:**

ACTUAL RESIDENTIAL WATER USAGE IN GALLONS				
January 2012	February 2012	March 2012	Total	WINTER MONTHLY AVERAGE 2012
5,000	6,000	7,000	18,000	6,000

In this example, the 2012 winter average of 6,000 gallons would be used to determine the monthly wastewater charges for each month from June 2012 through May 2013. Thereafter, each winter's actual water usage during the months of January, February and March would determine the winter average that would be used to determine the monthly wastewater charges for the next 12 month period beginning in June.

For more information, please call us at (800) 383-0834.

**NOTE: THIS IS NOT A RATE INCREASE**