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Arizona Corporation Commission

BEFORE THE ARIZONA CORPORATIC

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ARIZONA CORPORATION COMMISSION
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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

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/AGUA FRIA WASTEWATER
DISTRICT, ITS SUN CITY WASTEWATER
DISTRICT AND ITS SUN CITY WEST
WASTEWATER DISTRICT.

DOCKET NO. SW-01303A-09-0343

**JOINT REQUEST FOR CLARIFICATION
AND/OR RECONSIDERATION**

Introduction.

The Staff of the Arizona Corporation Commission ("Commission"), the Residential Utility Consumer Office ("RUCO"), EPCOR Water Arizona, Inc. ("EWAZ" or "EPCOR")¹, the Anthem Community Council, Verrado Community Association, Inc. ("Verrado") and DMB White Tank, LLC ("DMB") and the Russell Ranch Homeowners' Association, Inc. ("Russell Ranch"), (collectively "the Parties")² hereby file this Joint Request for Clarification and/or Reconsideration of Decision Nos. 72047, 73230 and 73227 pursuant to A.R.S. § 40-252 on the limited issues set forth below. When the Commission decided to deconsolidate the Anthem and Agua Fria Wastewater Districts, the Commission adopted the Anthem Community Council's proposed three year revenue transition plan,

¹ Arizona-American Water Company received Commission approval on November 17, 2011, for a reorganization that ultimately resulted in a name change to EPCOR Water Arizona, Inc.

² The Joint Parties do not represent all of the parties to this case.

1 with the initial phase of that Plan becoming effective on January 1, 2013. However, there appears to
2 be an ambiguity as to whether the Commission intended that the winter average rate design for
3 Anthem/Agua Fria Wastewater District approved in Decision No. 72047 be supplanted by the
4 Deconsolidation Order, Decision No. 73227.

5 **Discussion.**

6 On January 6, 2011, the Commission issued Decision No. 72047, which granted an increase
7 in rates, and, among other things, ordered the Company to implement, on June 1, 2012, a new winter
8 average rate design for residential customers of the Anthem/Agua Fria Wastewater District.³
9 Currently, wastewater rates for these customers are based on actual water usage each month, capped
10 at 7,000 gallons of water usage. With Decision No. 72047, a customer's wastewater billing would be
11 reset every year based upon the customer's average water usage for January, February and March.

12 At its May 22-23, 2012 Open Meeting, the Commission adopted Decision No. 73230 (Item
13 No. 14 on the Commission's agenda), which approved the Company's request for extension of the
14 deadline to implement the winter average rate design to June 1, 2013. Decision No. 73230 also
15 required the Company to include in customer bills a prominent water bill insert that begins no later
16 than October 2012 and continues through at least May 2013, informing and educating customers on
17 the new rate design including information on how customers' bills could be impacted.

18 At the same Open Meeting, the Commission also adopted Decision No. 73227 (Item No. 15
19 on the Commission's agenda) which ordered the deconsolidation of the Anthem-Agua Fria
20 Wastewater District. Decision No. 73227 further ordered the Company, on January 1, 2013, to
21 initiate the initial phase of the three-year revenue transition plan proposed by the Anthem Community
22 Council. The Anthem Community Councils' plan (which was not attached to Decision No. 73227)
23 is attached hereto as Exhibit A.

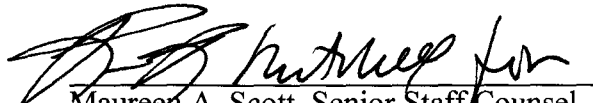
24 The Parties believe that the Commission's adoption of Decision No. 73227, including the
25 Anthem Community Council's plan, replaces any prior, inconsistent rate designs (specifically the
26 winter average rate design). While the Parties believe it is reasonable to find Decision No. 73227 did
27

28 ³ While the Commission's Order noted that "Exhibit A also adopts Staff's proposed changes to the current volumetric rate design for the Anthem/Agua Fria Wastewater district, based on the model used by many municipalities...", Exhibit A did not reflect the fact that under Staff's proposal, there would be no monthly minimum.

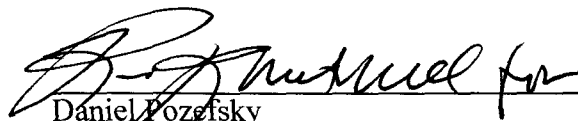
1 approve the retention of the current 7,000 gallon cap waste water rate design, we believe the language
2 in Decision Nos. 73227, 73230 and 72047 together result in sufficient ambiguity and a request for
3 clarification is warranted. If that is the case, the customer notice requirements contained in Decision
4 No. 73230, are no longer applicable.

5 In summary, in light of the deconsolidation ordered in Decision No. 73227, the Parties seek
6 clarification and/or reconsideration of Decision No. 72047's requirement to implement a winter
7 average rate design and Decision No. 73230's requirements to inform and educate customers of the
8 Anthem/Agua Fria district on winter average rate design. The Parties believe that the Commission
9 intended that the Anthem Community Council's three year revenue transition plan, which included a
10 change in the wastewater rate design, replace the earlier winter average rate design adopted by the
11 Commission. Therefore, the Parties also seek a suspension of the notice requirements contained in
12 Decision No. 73230 until the Commission rules on this Request for Clarification and/or
13 Reconsideration.

14 RESPECTFULLY SUBMITTED this 10th day of September, 2012.

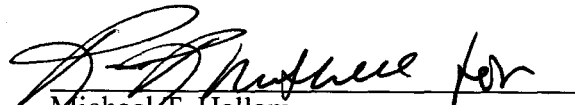
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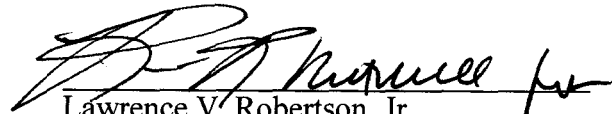
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ON BEHALF OF RESIDENTIAL UTILITY
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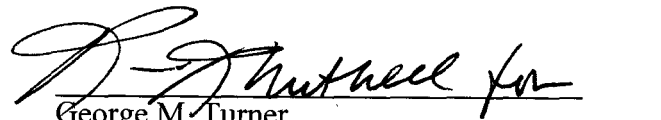
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ON BEHALF OF RUSSELL RANCH
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10th day of September 2012 with:

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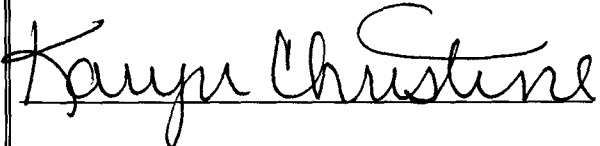
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Docket No. W-01303A-09-0343
SW-01303A-09-0343

EXHIBIT A

**ARIZONA-AMERICAN WATER COMPANY
ANTHEM/AGUA FRIA WASTEWATER DISTRICT
DOCKET NO. SW-01303A-09-0343**

**DECONSOLIDATION PROCEEDING
PROPOSED WASTEWATER RATES - ANTHEM**

DESCRIPTION	PRESENT RATES	STEP 1 RATES	STEP 2 RATES	STEP 3 RATES (1)
ANTHEM:				
Residential:				
Monthly Usage Charge	\$39.84	\$36.56	\$33.28	\$30.00
Per 1,000 Gallons - First 7,000 Gallons	\$4.9946	\$4.5797	\$4.1649	\$3.7500
Commercial - 5/8" Meters:				
Monthly Usage Charge	\$44.48	\$39.65	\$34.83	\$30.00
Per 1,000 Gallons - First 10,000 Gallons	\$5.5760	\$4.9673	\$4.3587	\$3.7500
Commercial - 3/4" Meters:				
Monthly Usage Charge	\$66.72	\$59.48	\$52.24	\$45.00
Per 1,000 Gallons - First 15,000 Gallons	\$5.5760	\$4.9673	\$4.3587	\$3.7500
Commercial - 1" Meters:				
Monthly Usage Charge	\$89.06	\$79.39	\$69.73	\$60.06
Per 1,000 Gallons - First 15,000 Gallons	\$5.5760	\$4.9673	\$4.3587	\$3.7500
Commercial - Large:				
Monthly Usage Charge	\$178.05	\$158.73	\$139.41	\$120.09
Per 1,000 Gallons - All Gallons	\$5.5760	\$4.9673	\$4.3587	\$3.7500
Wholesale - Phoenix - Per 1,000 Gallons	\$5.5760	\$4.8573	\$4.1387	\$3.4200
Effluent - Per 1,000 Gallons	\$0.77	\$0.77	\$0.77	\$0.77

NOTE:

(1) Step 3 Rates are the equal to Staff and Company's proposed rates shown on Exhibit A-2.

**ARIZONA-AMERICAN WATER COMPANY
ANTHEM/AGUA FRIA WASTEWATER DISTRICT
DOCKET NO. SW-01303A-09-0343**

**DECONSOLIDATION PROCEEDING
PROPOSED WASTEWATER RATES - AGUA FRIA**

DESCRIPTION	PRESENT RATES	STEP 1 RATES	STEP 2 RATES	STEP 3 RATES (1)
AGUA FRIA				
Residential:				
Monthly Usage Charge	\$39.84	\$48.60	\$57.36	\$66.12
Per 1,000 Gallons - First 7,000 Gallons	\$4.9946	\$5.9864	\$6.9782	\$7.9700
Commercial - 5/8" Meters:				
Monthly Usage Charge	\$44.48	\$51.69	\$58.91	\$66.12
Per 1,000 Gallons - First 10,000 Gallons	\$5.5760	\$6.3740	\$7.1720	\$7.9700
Commercial - 3/4" Meters:				
Monthly Usage Charge	\$66.72	\$77.54	\$88.36	\$99.18
Per 1,000 Gallons - First 15,000 Gallons	\$5.5760	\$6.3740	\$7.1720	\$7.9700
Commercial - 1" Meters:				
Monthly Usage Charge	\$89.06	\$103.50	\$117.95	\$132.39
Per 1,000 Gallons - First 15,000 Gallons	\$5.5760	\$6.3740	\$7.1720	\$7.9700
Commercial - Large:				
Monthly Usage Charge	\$178.05	\$206.93	\$235.80	\$264.68
Per 1,000 Gallons - All Gallons	\$5.5760	\$6.3740	\$7.1720	\$7.9700
Effluent - Per 1,000 Gallons	\$0.77	\$0.77	\$0.77	\$0.77

NOTE:

(1) Step 3 Rates are the equal to Staff and Company's proposed rates shown on Exhibit A-2.

**ARIZONA-AMERICAN WATER COMPANY
ANTHEM/AGUA FRIA WASTEWATER DISTRICT
DOCKET NO. SW-01303A-09-0343**

**DECONSOLIDATION PROCEEDING
TYPICAL BILL ANALYSIS - RESIDENTIAL 5/8" X 3/4" METER**

DESCRIPTION	MONTHLY BILL AT:			
	PRESENT RATES	STEP 1 RATES	STEP 2 RATES	STEP 3 RATES
ANTHEM:				
Average Usage 5,814 Gallons	\$68.88	\$63.19	\$57.49	\$51.80
Decrease		(\$5.69)	(\$5.69)	(\$5.69)
Percent Decrease		-8.26%	-9.01%	-9.90%
 Median Usage 7,000 Gallons	 \$74.80	 \$68.62	 \$62.43	 \$56.25
Decrease		(\$6.18)	(\$6.18)	(\$6.18)
Percent Decrease		-8.27%	-9.01%	-9.91%
 AGUA FRIA:				
Average Usage 5,297 Gallons	\$66.30	\$80.31	\$94.32	\$108.34
Increase		\$14.01	\$14.01	\$14.01
Percent Increase		21.14%	17.45%	14.86%
 Median Usage 7,000 Gallons	 \$74.80	 \$90.50	 \$106.21	 \$121.91
Increase		\$15.70	\$15.70	\$15.70
Percent Increase		20.99%	17.35%	14.78%