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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

GARY PIERCE - Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

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, AND POSSIBLE RATE CONSOLIDATION FOR ALL OF ARIZONA-AMERICAN WATER COMPANY'S DISTRICTS.

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, AND POSSIBLE RATE CONSOLIDATION FOR ALL OF ARIZONA-AMERICAN WATER COMPANY'S DISTRICTS.

DOCKET NO. SW-01303A-09-0343

**PROCEDURAL ORDER**

**BY THE COMMISSION:**

On July 2, 2009, Arizona-American Water Company ("Company") filed with the Arizona Corporation Commission ("Commission") an application for rate increases for its Anthem Water District, Sun City Water District, Anthem-Agua Fria Wastewater District, Sun City Wastewater District, and Sun City West Wastewater District.<sup>1</sup>

On January 6, 2011, the Commission issued Decision No. 72047, which granted an increase

<sup>1</sup>On February 1, 2012, Arizona-American Water Company was acquired by EPCOR Water (USA), Inc.. The acquisition was approved by Commission Decision No. 72668 (November 17, 2011). EPCOR Water (USA), Inc. is now doing business as EPCOR Water Arizona, Inc.

1 in rates, and, among other things, ordered the Company to implement, on June 1, 2012, a new winter  
2 averaging rate design for residential customers of the Anthem-Agua Fria Wastewater district.  
3 Currently, wastewater rates for those customers are based on actual water usage each month, capped  
4 at 7,000 gallons of water usage. The new winter averaging rate design will change this bill  
5 calculation method by (1) removing the 7,000 gallon water usage cap, and (2) basing the customer  
6 bill on that customer's average water usage over the winter months of January, February and March  
7 each year.

8         On March 5, 2012, the Company filed a Request for Extension of Time. The Company  
9 requested that the deadline of June 12, 2012, to implement the winter averaging rate design be  
10 extended to June 13, 2013, in order to allow the Company to continue its community outreach to  
11 properly prepare its customers for the change in rate design. The Company stated that although it  
12 notified customers of the coming change in wastewater billing in December 2011, the Company still  
13 had concerns about customers' level of awareness of and preparedness for the new wastewater rate  
14 methodology. The Company stated that more time and additional customer notification and outreach  
15 is necessary and appropriate to allow customers time to adequately prepare for the change in the  
16 method by which customer wastewater rates will be calculated. Specifically, the Company stated that  
17 it did not believe its customers adequately understood that the current 7,000 gallon monthly usage  
18 ceiling (based on water usage) is eliminated in the new winter averaging wastewater rate design, and  
19 the impact of this elimination.

20         On June 5, 2012, the Commission issued Decision No. 73230. Decision No. 73230 extended  
21 the compliance deadline set by Decision No. 72047 to implement the winter average wastewater rate  
22 design for its Anthem-Agua Fria Wastewater district to June 1, 2013. Decision No. 73230 also  
23 ordered the Company to include, beginning no later than October 2012, and continuing through at  
24 least May 2013, in the water and wastewater bills for its Anthem-Agua Fria Wastewater district  
25 customers, a prominent bill insert that consists of a calculation chart whereby the customer can  
26 determine what his/her wastewater bill would be effective June 1, 2013 (excluding taxes), if his/her  
27 average water usage during January, February and March of 2013 were equal to the water usage of  
28 the month in which the bill insert appears.

1 Also on June 5, 2012, the Commission issued Decision No. 73227, which deconsolidated the  
2 the Anthem-Agua Fria Wastewater district into the Anthem Wastewater district and the Agua Fria  
3 Wastewater district, and ordered the Company to initiate, on January 1, 2013, the initial phase of the  
4 three-year revenue transition plan proposed by Anthem Community Council.

5 On September 10, 2012, several parties to Decision No. 73230 filed a Joint Request for  
6 Clarification and/or Reconsideration.<sup>2</sup> The parties' filing stated that in light of the deconsolidation  
7 ordered in Decision No. 73227, the parties seek clarification and/or reconsideration of Decision No.  
8 72047's requirement to implement a winter average rate design and Decision No. 73230's  
9 requirements to inform and educate customers of the Anthem/Agua Fria wastewater district on winter  
10 average rate design, and suspension of the notice requirements contained in Decision No. 73230 until  
11 the Commission rules on their Request for Clarification and/or Reconsideration.

12 At its Open Meeting of October 4, 2012, the Commission considered Agenda Item Number 5,  
13 EPCOR Water Arizona, Inc. (W-01303A-09-0343 & SW-01303A-09-0343) - Joint Request for  
14 Clarification and/or Reconsideration of Winter Averaging Rates; Possible Re-opening of Decision  
15 No. 73230 Pursuant to ARS § 40-252 to Extend the Compliance Deadline for Winter Averaging  
16 Rates, with notice and opportunity to be heard. The matter was discussed and the Commission voted  
17 to reopen Decision No. 73230 pursuant to A.R.S. § 40-252 and extended the deadline for  
18 implementation of the winter averaging rate design to June 1, 2014.

19 DATED this 11<sup>th</sup> day of October, 2012.

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22   
23 TEENA JIBILIAN  
24 ADMINISTRATIVE LAW JUDGE  
25  
26

27 <sup>2</sup> The parties included the Company, Anthem Community Council, Verrado Community Association, DMB White Tank  
28 LLC, Russell Ranch Homeowners' Association, Inc., the Residential Utilities Consumer Office, and the Commission's  
Utilities Division Staff.

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