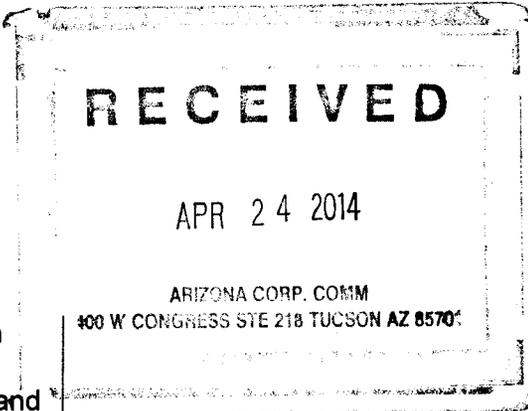




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THE ARIZONA CORPORATION COMMISSION



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Bob Stump, Chairman
Gary Pierce
Brenda Burns
Bob Burns
Susan Bitter Smith

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CORP COMMISSION
DOCKET CONTROL

In the Matter of the Application of the 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 Agua Fria Water District, Havasu Water District, Mohave Water District, Paradise Valley Water District, Sun City West Water District, and Tubac Water District.

In the Matter of the Application of the 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 Mohave Wastewater District.

In the matter of the Application of EPCOR Water Arizona, Inc., 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 by its Mohave Water District, Sun City Water District, Tubac Water District, Mohave Wastewater District, and Sun City Wastewater District.

~~Docket No. W-01303A-08-0227~~

ORIGINAL

~~Docket No. SW-01303A-08-0227~~

WS-
Docket No. ~~SW-01303A-14-0010~~

**Notice of Filing a
MOTION TO STAY AND REMAND THE RATE CASE FILED BY EPCOR, INC.,
DUE TO NON-COMPLIANCE WITH A CORPORATION COMMISSION DECISION
AND THE ARIZONA STATE CONSTITUTION**

This filing has been mailed or e-filed to the parties in the Service List.

RESPECTFULLY SUBMITTED on this 25th day of May 2014. I can be reached only at the email address below for the next several months.

Arizona Corporation Commission

DOCKETED

APR 25 2014

DOCKETED BY

MARSHALL MAGRUDER

By

Marshall Magruder
PO Box 1267
Tubac, Arizona 85646-1267
marshall@magruder.org

Motion to Stay
Docket Nos. WWS-01303A-08-0227 and SW-01303A-14-0010

Marshall Magruder

page 1 of 6

25 May 2014

1 **Service List**
2 **(Last Rate Case)**

3 Original and 13 copies of the foregoing are filed this date with:

4 **Docket Control (13 copies)**

5 **Arizona Corporation Commission**
6 1200 West Washington Street
7 Phoenix, Arizona 85007-2927

8 **Lyn A. Farmer**, Chief Administrative Law Judge, Hearing Division
9 **Janice Alward**, Chief Counsel, Legal Division
10 **Steve Olea**, Director, Utilities Division

11 Additional Distribution (1 copy each) are filed by email this date:

12 **Jay Shapiro and Todd Wiley**
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17 **Daniel W. Pozefsky**, Chief Counsel
18 Residential Utility Consumer Office (RUCO)
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Sun City West, Arizona 85375-6557

22 **Supervisor Tom Stockwell**
23 Mohave County Board of Supervisors
24 1130 Hancock Road
25 Bullhead City, Arizona 86442-5903

Property Owners and Residents Association
13815 East Camino Del Sol
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27 Attorney for Clearwater Hills Improvement Assn
28 Beaus Gilbert PLLC
29 4800 North Scottsdale Road, Suite 6000
30 Scottsdale, Arizona 85251-7616

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Representing self and for 22 other Intervenors on
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1942 East Desert Greens Drive
Fort Mohave, Arizona 84626-8883

31 **Michael W. Patton and Timothy J. Sabo**
32 Attorneys for Town of Paradise Valley
33 One Arizona Center
34 400 East Van Buren Street, Suite 800
35 Phoenix, Arizona 85004-2262

Andy Panasuk
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Town of Paradise Valley
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Thomas J. Ambrose
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E. EPCOR did NOT commenced this "dialogue" "as soon as practicable".

F. EPCOR did NOT hold town hall-style meetings in all its service territories to discuss the impacts of rate consolidation.

G. EPCOR did NOT collect feedback from its customers linked to rate consolidation.

Conclusion. EPCOR's present filing has not complied with either of these "orders". EPCOR was not involved with the "last rate" case and thus needs to be brought up to speed on the various related issues, especially, the fact that most arguments against consolidation (in the last case record) had no veracity and the long-term benefits of consolidation were not made obvious to those who disagreed with consolidation. EPCOR might want to file separate and independent consolidate water and consolidated wastewater cases.

Recommendation. As EPCOR rate case does not comply with Order No. ~~74410~~⁷¹⁴⁷⁰₇₀₃₆₀, the present rate case the Commission must stay this case until a compliant consolidation rate structure has been filed after conducting dialog sessions in each service territory.

Part 2. NON-COMPLIANCE WITH THE ARIZONA CONSTITUTION.

The Arizona Constitution, Title XV Section 12 is quoted below:

Charges for service; discrimination; free or reduced rate transportation

Section 12. All charges made for service rendered, or to be rendered, by public service corporations within this state shall be just and reasonable, and no discrimination in charges, service, or facilities shall be made between persons or places for rendering a like and contemporaneous service, [Emphasis added]

A. This section requires all charges to be "just and reasonable". There shall be "no discrimination in charges, service, or facilities ... between persons and places in rendering like and contemporaneous service." The water delivery services rendered by a water (or wastewater) company are the same in all service areas, meet the same federal and state standards, are controlled by the same company, by the same personnel, same call and billing centers, and the same operational and maintenance personnel. This company has

1 integrated all its operations, other than rate structure and rules and regulations. The
 2 present rate case proposes consolidated fees and charges but not consolidated rates.

3 B. The issue of just and reasonable is partially determined as revenue is being
 4 determined. How this revenue is collected from ratepayers is by the rate structure. Rate
 5 consolidation has no impact on the company with a rate structure that is revenue-neutral.

6 C. The present rates, summarized in the Table below using data from EPCOR's rate
 7 case website, show that there are wide variations in the present rates in these service
 8 areas. For small residential customers, Tubac uses 8,343 gallons per month, less than half
 9 the monthly average water for Paradise Valley, but its customer costs are more than
 10 Paradise Valley with twice its consumption. The present rates for Tubac are more than
 11 twice those of the Sun City and Mohave for similar water usage amounts. The **present**
 12 **rates discriminate based on "location"** and are not fair or reasonable.
 13
 14

Monthly Averages	5/8 and 3/4-inch Residential Service				1-inch Residential Service			
	Tubac	Sun City	Paradise Valley	Mohave	Tubac	Sun City	Paradise Valley	Mohave
Usage (gals)	8,348	7,203	19,271	6,800	13,838	14,786	55,400	23,601
Present cost	\$53.57	\$17.35	\$52.30	\$20.63	\$146.05	\$43.44	\$165.40	\$80.90
Proposed Increase	+\$48.19	+\$3.82	+\$5.06	+\$9.06	+\$82.49	+\$8.47	+\$16.05	+23.41
Proposed Cost	\$101.76	\$21.17	\$57.36	\$29.69	\$228.54	\$51.91	\$181.45	\$104.31
Percent Increase	92.0%	22.1%	9.7%	43.9%	56.5%	19.5%	9.7%	28.9%

25 D. The proposed rate increases show correspondingly unfair rates. Tubac has a
 26 92% rate increase, over twice the percent of increase for the smaller residential customers
 27 compared to the other service areas with increases between 43.9% or as low at 9.7%. This
 28 is not fair or reasonable for the same product, same service, by the same company.
 29 Similar differences occur exist for the next larger rate category. Thus, the **proposed rate**
 30 **increases discriminate based on "location"** are not fair or reasonable.
 31

32 E. **Precedent.** In a similar rate case for UNS Electric in Docket No. E-04204A-06-
 33 0783, different electricity rates had been being charged for over a half-century in Mohave
 34 and Santa Cruz Counties for the residential and small business rate categories. This party
 35

1 made a Motion to Consolidate these rate categories (the others were consolidated) so the
2 resultant rates would be fair and reasonable and NOT discriminate between person and
3 place. This Motion was approved by the Commissioners in resultant Decision No. 70360
4 (27 May 2008) that states:

5
6 ***"IT IS FURTHER ORDERED that UNS Electric, Inc., shall consolidate***
7 ***the rates for customers in Mohave and Santa Cruz Counties into a***
8 ***single rate structure."*** (Decision No. 70360 at 88)

9 Similarly, the UNS Gas service area is in five counties and APS is located in ten
10 counties, all with consolidated rates. Those electricity and gas rate cases have identical
11 factors to consider for rate consolidation as water and wastewater cases.

12
13 **Conclusion.** The present rates in the prior "open" rate case do NOT comply with the
14 Arizona Constitution nor due the proposed rates proposed by EPCOR comply with the
15 Commission Order or the state Constitution.

16
17 **Recommendation.** This case must be stayed and remanded to EPCOR until it complies
18 with the Arizona Constitution Article XV Section 12 and actions required by Commission
19 Decision No. ~~71410~~. ^{or} 21410
20 ~~70360~~

21 **Part 3. STANDING.**

22
23 I am a party in the prior rate cases (WWS-01303A-08-0227) that remains open for
24 consolidation and thus have standing to make this Motion.

25
26 **Part 4. MOTION.**

27
28 It is MOVED that the EPCOR rate case (Docket SW-01303A-14-0010) be stayed
29 and remanded back to EPCOR and that EPCOR resubmit after demonstrating compliance
30 with Commission Order No. ~~71410~~ ⁷⁰³⁶⁰ by conducting the pre-submission communication
31 actions with its customers before ⁷¹⁴¹⁰ submitting of a consolidated rate case for ALL its water
32 and all its wastewater service areas, to eliminate discrimination between locations for the
33 total service area of the company.