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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS
BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

Arizona Corporation Commission

DOCKETED

JUN 04 2014

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF EPCOR WATER ARIZONA INC., 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 FOR UTILITY SERVICE BY ITS MOHAVE WATER DISTRICT, PARADISE VALLEY WATER DISTRICT, SUN CITY WATER DISTRICT, TUBAC WATER DISTRICT, AND MOHAVE WASTEWATER DISTRICT.

DOCKET NO: WS-01303A-14-0010

EWAZ'S RESPONSE TO RUCO'S MOTION TO COMPEL

ORIGINAL

EPCOR Water Arizona Inc. ("EWAZ" or "Company") responds to RUCO's Motion to Compel as follows. Specifically, RUCO's motion should be denied for the reasons set forth below. RUCO's motion revolves exclusively around RUCO DR 1.52, which states:

Plant Additions and Retirements – Please provide a schedule of plant additions and retirements by year and by line item (e.g., 307 Wells and Springs) in excel format, for each of the intervening years since the test year in the Company's prior rate case through the end of the test year in the current filing. In addition, provide the invoices and other supporting documentation for all of these additions and Retirements.

In addition, please include post-test year invoices.

In DR 1.52, RUCO requested a schedule of plant additions and retirements by (i) year and (ii) by line item based on NARUC account numbers for each of the intervening years since the test years in the Company's prior rate cases for each District through the current test year ending June 30, 2013. RUCO also requested copies of all invoices and

1 supporting documents for those additions and retirements, as well as post-test year
2 invoices. EWAZ responded to DR 1.52 on May 12, 2014 and May 23, 2014.

3 In its motion, RUCO complains that the information provided by EWAZ in
4 response to DR 1.52 “is devoid of pertinent information and basically of no use.”¹ On this
5 issue, RUCO insists that EWAZ needs to provide the requested information in the same or
6 similar format to the spreadsheet attached as Exhibit 3 to RUCO’s motion. Because
7 EWAZ did not use that type of format, RUCO argues that the information provided is
8 useless. Along with that general formatting argument, RUCO also raises three additional
9 arguments relating to DR 1.52. First, RUCO argues that EWAZ “has not provided the
10 beginning balance per account for the utility plant in service and accumulated depreciation
11 nor the depreciation rates used as was approved in the last rate case.”² Second, “RUCO
12 needs the accumulated depreciation balance for each year since the last rate case.”³ Third,
13 RUCO seeks “all the invoices going back to the last rate case not just the invoices from
14 February 2012 through 2013...”⁴ EWAZ responds to each of these arguments below.

15 EWAZ’s rate application in this docket is based on a test year ending June 30,
16 2013. EWAZ’s current rates for the Paradise Valley Water District, Tubac Water District
17 and Mohave Wastewater District were set in Decision No. 71410 (December 8, 2009)
18 based on a test year ending December 31, 2007. The current rates for the Sun City Water
19 District were set in Decision Nos. 72047 (January 6, 2011) and 72229 (March 9, 2011)
20 using a test year ending December 31, 2008. The rates for the Mohave Water District
21 were set in Decision No. 73145 (May 1, 2012) with a test year ending June 30, 2010.

22 On May 12, 2014, EWAZ provided RUCO with its initial response to DR 1.52. In
23 that response, EPCOR provided depreciation rates for each district, plant additions,
24

25 ¹ RUCO Motion at 2.

26 ² *Id.*

³ *Id.*

⁴ *Id.*

1 retirements, and adjustments by year and NARUC plant account number, as well as the
2 accumulated depreciation activity from February 1, 2012 through June 30, 2013, along
3 with all of the invoices related to that period. In fact, EWAZ provided 145 invoices for
4 that period of time. A copy of EWAZ's May 12, 2014 response is **attached as Exhibit A.**
5 In that response, EWAZ also noted that "[t]he Company is preparing the requested
6 information for the period between the test year in each district's last rate case through
7 January 31, 2012 in the same format as is provided with this response" and that "[t]his
8 response will be supplemented as soon as the remaining outstanding information is
9 completed."

10 On May 23, 2014, EWAZ then provided a supplemental response to DR 1.52. A
11 copy of EWAZ's May 23, 2014 response is **attached as Exhibit B.** In that supplement,
12 EWAZ detailed plant additions, disposals (retirements) and adjustments in excel
13 spreadsheets by year and by NARUC account for the period between the test year in each
14 district's last rate case through January 31, 2012. The excel spreadsheets attached to the
15 supplemental response use a different format than RUCO Exhibit 3. The information was
16 not provided in the format used in RUCO Exhibit 3 because those spreadsheets have not
17 been completed yet. EWAZ is in the process of finalizing and completing that data and
18 intends to provide it to the parties as soon as the files are completed. In its May 23, 2014
19 response, EWAZ again stated that "[t]his response will be supplemented as soon as the
20 remaining information is available."

21 In its initial and supplemental responses, EWAZ provided RUCO with the data
22 files that will be used to put the information in the format that has been provided in prior
23 rate cases (*i.e.*, RUCO Exhibit 3). Those data files relate to plant additions, retirements
24 and adjustments and are responsive to RUCO 1.52. EWAZ believes that information is
25 useable by RUCO. Those additions, retirements and adjustments are the source for the
26 file format that RUCO seeks and those data files can be used to create the desired file

1 format from the data provided. Even so, EWAZ is willing to provide that data in the
2 format requested by RUCO. EWAZ intends to provide that information to RUCO in a
3 format similar to RUCO Exhibit 3 on or before June 30, 2014, after which RUCO's direct
4 testimony will not be due until October 3, 2014. Specifically, EWAZ intends to provide
5 roll forward spreadsheets for each district starting June 10 in the following order: Mohave
6 Water, Paradise Valley Water, Tubac Water, Mohave Wastewater and Sun City Water,
7 with all districts being provided by June 30.

8 In its motion, RUCO states that it needs "the beginning balance per account for the
9 utility plant in service for each district..."⁵ RUCO didn't specifically make that request in
10 DR 1.52. Commission Staff informally requested that information from EWAZ and
11 Commission Staff has been working with EWAZ on timing of responses. The beginning
12 balances that RUCO seeks (ending balances from the last rate case) are, in fact, part of the
13 record in the last rate cases for each District. That information is available to RUCO
14 through a review of those prior rate cases. Again, however, the Company is not opposed
15 to providing this information to RUCO but was unaware that RUCO was asking for this
16 information until RUCO filed its motion. EWAZ intends to provide that information on
17 or before June 30, 2014 under the schedule noted above.

18 In its motion, RUCO also states that it "needs the accumulated depreciation
19 balance for each year since the last rate case."⁶ Again, RUCO did not specifically ask for
20 that information in DR 1.52 and EWAZ was not aware of that request until RUCO's
21 motion. As noted above, Commission Staff informally requested that information and has
22 been working with EWAZ on timing of responses. The Company is in the process of
23 compiling the information for accumulated depreciation but needs additional time.
24 EWAZ intends to provide that accumulated depreciation information to RUCO on or

25 ⁵ RUCO Motion at 2.

26 ⁶ *Id.*

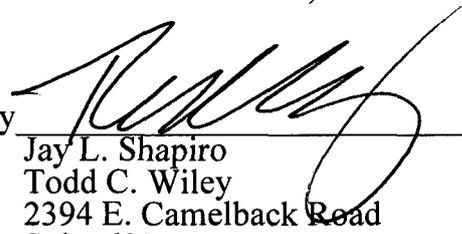
1 before June 30, 2014, again under the same schedule noted above.

2 Finally, the Company has provided 145 invoices in support of the plant additions
3 from February 1, 2012 through June 30, 2013 as well as the completed schedules. EWAZ
4 is in the process of retrieving additional invoices from American Water from the end of
5 the test years for each District through January 31, 2012. American Water has agreed to
6 provide those invoices for each year (2008-January 31, 2012) over the next few weeks and
7 believes the task will be completed by June 30, 2014.

8 Thus, it appears that EWAZ has adequately responded to RUCO DR 1.52 and there
9 is no reason to take any further action against the Company. As noted above, EWAZ
10 intends to provide additional data and information to RUCO in the format requested in
11 RUCO's motion. To date, RUCO has propounded 58 data requests, including nine
12 requests with multiple parts. EWAZ has responded to all of those data requests in a
13 timely and fair manner, EWAZ will provide further information to RUCO in a timely
14 manner and there is no basis for taking any formal action against the Company.

15 RESPECTFULLY SUBMITTED this 4th day of June, 2014.

16 FENNEMORE CRAIG, P.C.

17
18 By 

19 Jay L. Shapiro
20 Todd C. Wiley
21 2394 E. Camelback Road
22 Suite 600
23 Phoenix, Arizona 85016
24 Attorneys for EPCOR Water Arizona Inc.
25
26

1 **ORIGINAL** and thirteen (13) copies
2 of the foregoing were filed
3 this 4th day of June, 2014, with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 W. Washington Street
6 Phoenix, AZ 85007

5 **COPY** of the foregoing was hand-delivered and/or mailed
6 this 4th day of June, 2014, to:

7 Dwight D. Nodes
8 Assistant Chief Administrative Law Judge
9 Arizona Corporation Commission
10 1200 W. Washington Street
11 Phoenix, AZ 85007

10 Robin Mitchell, Esq.
11 Matthew Laudone, Esq.
12 Legal Division
13 Arizona Corporation Commission
14 1200 W. Washington Street
15 Phoenix, AZ 85007

13 Steve Olea, Director
14 Utilities Division
15 Arizona Corporation Commission
16 1200 W. Washington Street
17 Phoenix, AZ 85007

16 Daniel W. Pozefsky, Esq.
17 RUCO
18 1110 W. Washington Street, Suite 220
19 Phoenix, AZ 85007

19 Marshall Magruder
20 P.O. Box 1267
21 Tubac, Arizona 85646-1267
22 Marshall@magruder.org

22 By: 
23 _____
24 9198936/030952.0003

24
25
26

EXHIBIT A

WILEY, TODD

From: Appelhans, Courtney <cappelhans@epcor.com>
Sent: Monday, May 12, 2014 3:29 PM
To: dpozefsky@azruco.gov; rmease@azruco.gov
Cc: Hubbard, Sheryl; Tanner, Roland; SHAPIRO, JAY; WILEY, TODD; BIRK, WHITNEY
Subject: 14-0010 EWAZ Response to RUCO DR 1.52
Attachments: RUCO 1.52 Plant Additions & Retirements.doc; RUCO 1.52 Depreciation Rates.xlsx; RUCO 1.52 PPE Rollforward - Feb '12-Jun '13.xlsx

Please see attached response to RUCO DR 1.52

Thank you,
Courtney



EPCOR WATER

Courtney Appelhans
Administrative Assistant
EPCOR Water
2355 W. Pinnacle Peak Road, Suite 300
Phoenix, AZ 85027

O 623.445.2458
F 623.445.2454

epcor.com

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COMPANY: EPCOR Water Arizona Inc.
DOCKET NO: WS-01303A-14-0010

Response provided by: Sheryl L. Hubbard
Title: Director, Regulatory & Rates

Address: 2355 W. Pinnacle Peak Road, Suite 300
Phoenix, AZ 85027

Company Response Number: RUCO 1.52

Q: Plant Additions and Retirements – Please provide a schedule of plant additions and retirements by year and by line item (e.g., 307 Wells and Springs) in excel format, for each of the intervening years since the test year in the Company’s prior rate case through the end of the test year in the current filing. In addition, provide the invoices and other supporting documentation for all of these additions and Retirements.

In addition, please include post-test year invoices.

A: Attached are the authorized depreciation rates for Mohave Water (Docket 10-0448; Decision No. 73145), Sun City Water (Docket 09-0343; Decision No. 72047), and Paradise Valley Water, Tubac Water and Mohave Wastewater (Docket 08-0227; Decision No. 71410). The plant additions, retirements, and adjustments by year and NARUC plant account number for the period February 1, 2012 through the end of the test year June 30, 2013 are attached and labeled “RUCO 1.52 PPE Rollforward – Feb ’12-Jun ’13.xlsx”. The Company is preparing the requested information for the period between the test year in each district’s last rate case through January 31, 2012 in the same format as is provided with this response.

The invoices for the February 1, 2012 through June 30, 2013 period were provided on a CD in response to the Arizona Corporation Commission Staff’s data request number STF 1.3.

This response will be supplemented as soon as the remaining outstanding information is completed.

EXHIBIT B

WILEY, TODD

From: Appelhans, Courtney <cappelhans@epcor.com>
Sent: Friday, May 23, 2014 9:18 AM
To: dpozefsky@azruco.gov
Cc: rmease@azruco.gov; Hubbard, Sheryl; Tanner, Roland; SHAPIRO, JAY; WILEY, TODD; BIRK, WHITNEY; 'rmitchell@azcc.gov'; 'mlaudone@azcc.gov'; 'bbaxter@azcc.gov'; 'ptsan@azcc.gov'; 'bcamargo@azcc.gov'
Subject: 14-0010 EWAZ Supplemental Response to RUCO 1.52
Attachments: RUCO 1.52 1st Supp.-Plant Additions & Retirements.doc; RUCO 1.52 AZ Corporate UPIS activity by year July 2010-Jan. 2012.xlsx; RUCO 1.52 Mohave Water UPIS activity by year July 2010-Jan. 2012.xlsx; RUCO 1.52 Mohave WW UPIS activity by year 2008-Jan. 2012.xlsx; RUCO 1.52 Paradise Valley UPIS activity by year 2008- Jan. 2012.xlsx; RUCO 1.52 Sun City Water UPIS activity by year 2009- Jan. 2012.xlsx; RUCO 1.52 Tubac UPIS activity by year 2008- Jan 2012.xlsx

Please see attached supplemental response to RUCO DR 1.52.

Thank you,
Courtney



Courtney Appelhans
Administrative Assistant
EPCOR Water
2355 W. Pinnacle Peak Road, Suite 300
Phoenix, AZ 85027

O 623.445.2458
F 623.445.2454

epcor.com

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COMPANY: EPCOR Water Arizona Inc.
DOCKET NO: WS-01303A-14-0010

Response provided by: Sheryl L. Hubbard
Title: Director, Regulatory & Rates

Address: 2355 W. Pinnacle Peak Road, Suite 300
Phoenix, AZ 85027

Company Response Number: RUCO 1.52 1st Supplement

Q: Plant Additions and Retirements – Please provide a schedule of plant additions and retirements by year and by line item (e.g., 307 Wells and Springs) in excel format, for each of the intervening years since the test year in the Company's prior rate case through the end of the test year in the current filing. In addition, provide the invoices and other supporting documentation for all of these additions and Retirements.

In addition, please include post-test year invoices.

A: The plant additions, retirements, and adjustments by year and NARUC plant account number for the intervening periods since the test year in each district's last rate case thru January 31, 2012 are attached and labeled as follows:

"RUCO 1.52 Mohave Water UPIS Activity by year July 2010–January 2012.xlsx"
"RUCO 1.52 Mohave WW UPIS Activity by year 2008–January 2012.xlsx"
"RUCO 1.52 Paradise Valley UPIS Activity by year 2008–January 2012.xlsx"
"RUCO 1.52 Sun City Water UPIS Activity by year 2009–January 2012.xlsx"
"RUCO 1.52 Tubac UPIS Activity by year 2008–January 2012.xlsx"

Also attached is the same information for the AZ Corporate plant activity for the period July 2010 thru January 31, 2012 labeled "RUCO 1.52 AZ Corporate UPIS Activity by year July 2010–January 2012.xlsx".

This response will be supplemented as soon as the remaining information is available.