

Fran Noe



W 01303A-10-0448

Open Water AZ  
Response to ACC  
2014-115737

Page 3  
April 18, 2014

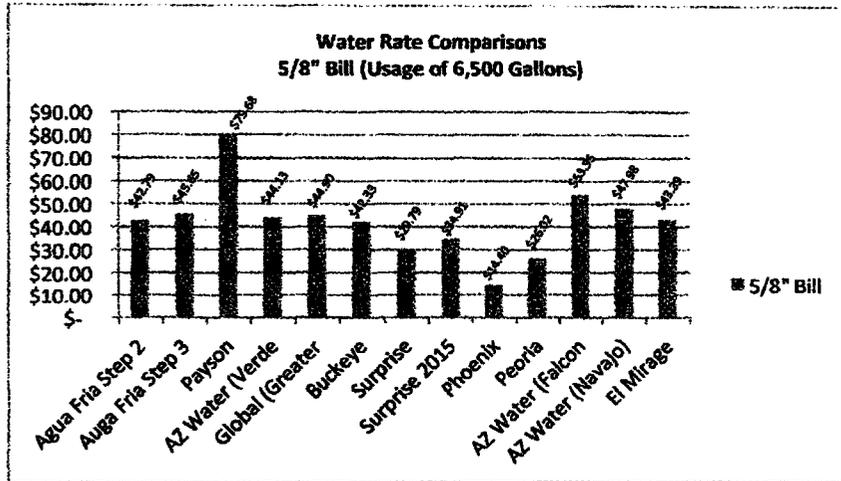
- 2. Consolidation of Corte Bella, Cross River, Dos Rios, and Coldwater Ranch in the Agua Fria District is inconsistent with cost of service ratemaking principles (who uses service pays for service) and contrary to good public policy that requires correct assignment of cost responsibilities.

The rates in effect in the Agua Fria Wastewater district are high due to the total cost of service and the number of customers in the district. Wastewater treatment costs are typically high due to the regulatory requirements for waste disposal. The costs to customers are dependent upon the customer base over which these fixed costs can be spread. Privately-owned water/wastewater companies typically serve customers in areas where water and wastewater services were not otherwise available and housing developments were in demand. The rates that are charged to the customers in Corte Bella, Cross River, Dos Rios, and Coldwater Ranch have been authorized by the ACC and are consistent with cost of service ratemaking principles. Unfortunately, with the deconsolidation of the Anthem-Agua Fria Wastewater district, the costs of the Agua Fria Wastewater district have a smaller base over which to be spread. Further deconsolidation of the Agua Fria Wastewater district to remove Corte Bella, Cross River, Dos Rios, and Coldwater Ranch may further exacerbate this.

ORIGINAL

- 3. Consolidation of Corte Bella, Cross River, Dos Rios, and Coldwater Ranch in the Agua Fria District does not result in just and reasonable rates. Corte Bella, Cross River, Dos Rios, and Coldwater Ranch does not use, nor can it use, the facilities, which resulted in the disparity in rates due to geographical separation, and no interconnection facilities.

The rates that Corte Bella, Cross River, Dos Rios, and Coldwater Ranch pay for water are comparable to other water providers in the state of Arizona as shown in the table below, so it is not necessary to discuss deconsolidation of the Agua Fria Water district.



Arizona Corporation Commission  
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JUL 15 2014

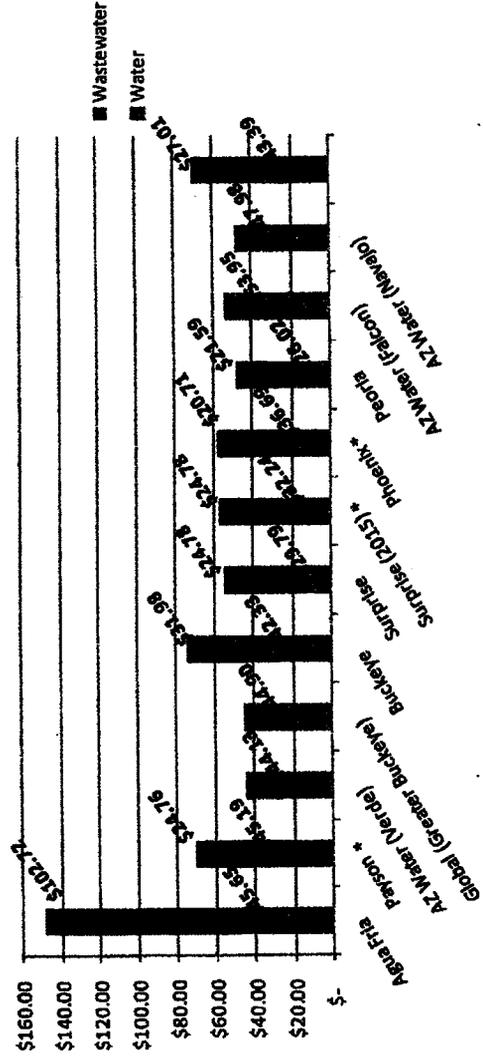
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AZ CORPORATION COMMISSION  
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**EPCOR Response to ACC  
Inquiry 2014-115737  
Question #3 with Wastewater  
Rates Included**

2014 Rates Comparison (6500 gallons)		
Entity	Total Water	Total Sewer
Agua Fria	\$ 45.65	\$ 102.72
Payson	\$ 45.19	\$ 24.76
AZ Water (Verde)	\$ 44.13	\$ -
Global (Greater Buckeye)	\$ 44.90	\$ -
Buckeye	\$ 42.33	\$ 31.98
Surprise	\$ 29.79	\$ 24.78
Surprise (2015)	\$ 32.24	\$ 24.78
Phoenix	\$ 36.69	\$ 20.71
Peoria	\$ 26.02	\$ 21.59
AZ Water (Falcon)	\$ 53.95	\$ -
AZ Water (Navajo)	\$ 47.98	\$ -
El Mirage	\$ 43.39	\$ 27.01
		\$ 70.39

**Epcor ACC Response #3  
Water & Wastewater Rate Comparisons  
5/8" Bill (Usage of 6,500 Gallons)**



**\*Note: EPCOR  
incorrectly calculated  
Payson, Surprise  
(2015) & Phoenix water  
rates**