

Diana Smith

OPEN MEETING AGENDA ITEM

SW-01303A-09-0343
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Presentation to
Arizona Corporation Commission Open Meeting
July 22, 2014



I. Introduction-

Thank you to all Commissioners, Staff, EPCOR and residents in attendance for this opportunity to address the ACC. Our goal as ratepayers and customers of EPCOR is to reach a fair and equitable resolution to our discriminatory and arbitrary water and wastewater rates: **either by consolidation of the Northeast Agua Fria customers (Corte Bella, Dos Rios, Cross River and Cold Water Ranch) into the Sun City West District, or provide a single rate structure for all Epcor customers that share the Northwest Valley Treatment Plant.**

In the spirit of good faith and customer service, **we the customers that have endured a 133.9% wastewater rate increase and 58% water rate increase since 2010 need a remedy now.** In the four years since these hearings have taken place and decisions rendered, nothing has been submitted or proposed by the water company to alleviate or mitigate our plight.

We recognize that Epcor may want to review wastewater issues and resolve before water issues: however, we submit that these 2 sets of issues are 2 sides of the same coin. Delaying addressing the water concern at this time will only extend this problem until we are faced with yet another increase in 2016.

ORIGINAL

A. Refer To timeline graph~

- 1. In 2010 -Order was given by ACC to the water company to return to the ACC with a process for consolidation of all of its systems, minus Sun City. Decision # 72047 _Page 123 Line 15-17.**
- 2. In 2012- Order was given by ACC to water company to return with a recommendation for consolidation for all of its systems, with and without Sun City, for gradual transition toward consolidated rates. Decision # 73227**

- a. Consolidation would offer and could be a long term solution
- b. Lower administrative costs, unified customer accounting and billing systems
- c. Reduction in the number of rate cases and associated expenses
- d. Elimination of distorted cost allocations among districts in rate filings

Arizona Corporation Commission

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- e. Standard customer service policies and related service rates and charges
- f. Improved rate stability and elimination of rate shock
- g. Stop customer confusion with respect to water company's differing rate schedules.

B. Our situation is not only waste water, but water rates as well.

- 1. May 1st, 2012 Decision # 73145 allowed the water company to put the entirety of the White Tanks Water Treatment Plant in the rate base for the Agua Fria Water District (\$78,926.399). The result: a 58% increase in water rates.**
- 2. June 5th, 2012 Decision 73227 deconsolidated Anthem from the Anthem/Agua Fria Wastewater District. The result: a 133.9% increase in wastewater rates for the new Agua Fria Wastewater District.**
- 3. Each of these decisions included a three year phase-in for the new rates to "mitigate rate shock".**
- 4. Our wastewater/water rates do not reflect the Arizona Constitutional Standard- "you pay for what you use".**
- 5. Wastewater/Water rates - Discriminate between areas by age and location.**
- 6. Agua Fria Sewer Volume rate charges the customer for 100% of water usage as wastewater, up to 7000 gallons. This is in addition to the basic sewer service charge.**

Recommendations:

C. In the spirit of cooperation and efficiency we would suggest a consideration of the following remedies.

- 1. Customers shall pay for the water they use.**
- 2. All users of the Northwest Valley Treatment Plant shall pay the same waste water rates.**
- 3. Eliminate the 100% Sewer Volume 'Scheme' - base the wastewater rates on 30% of water usage per the analysis and**

testimony of the City of Phoenix in the 2012 decision. Phoenix stated that their wastewater, as measured at the flume, was 30% of the metered water. Phoenix was granted this 30% rate. We pay for 100% of water used as wastewater. This is a prime example of the discriminatory treatment of the Agua Fria customers.

4. We recognize an economic solution is necessary for the White Tanks Water Treatment Plant. All West Valley well water users directly benefit from this facility. We submit that these well water users (the customers of both municipal and private providers) pay a nominal surcharge to offset the lack of users of this facility at this time.

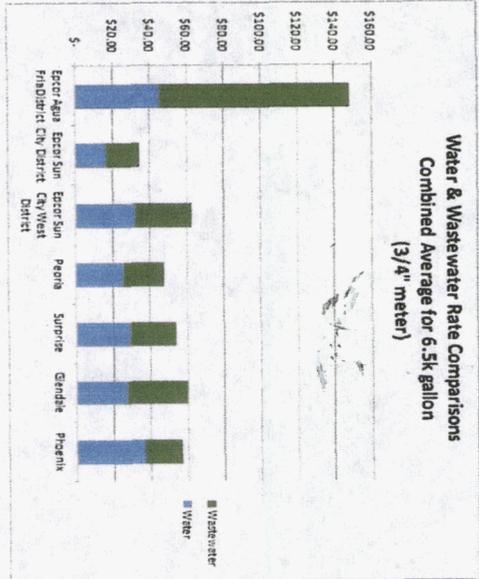
5. As more users come on line, the surcharge could be reduced proportionally.

CONCLUSIONS:

We request a new and open atmosphere in these processes that have so deeply affected the welfare and livelihood of water users. Water is a basic necessity of life. Arizonans should be able to rely on safe, *affordable*, available water, and should not experience 'severe sticker shock' for the ability to receive this necessary commodity of life. As such, we respectfully request that this commission order that Epcor provide options (within a reasonable period of time) to restructure the rate structure and eliminate discriminatory and disparate practices.

2014 Rates Comparison (6500 gallons)			
Entity	Total Water	Total Sewer	Total
Epcor Agua Fria District	\$ 45.65	\$ 102.72	\$ 148.37
Epcor Sun City District	\$ 16.39	\$ 18.11	\$ 34.50
Epcor Sun City West District	\$ 31.82	\$ 30.96	\$ 62.78
Peoria	\$ 26.02	\$ 21.59	\$ 47.61
Surprise	\$ 29.15	\$ 24.78	\$ 53.93
Gendle	\$ 27.56	\$ 32.34	\$ 59.90
Phoenix	\$ 36.69	\$ 20.71	\$ 57.40

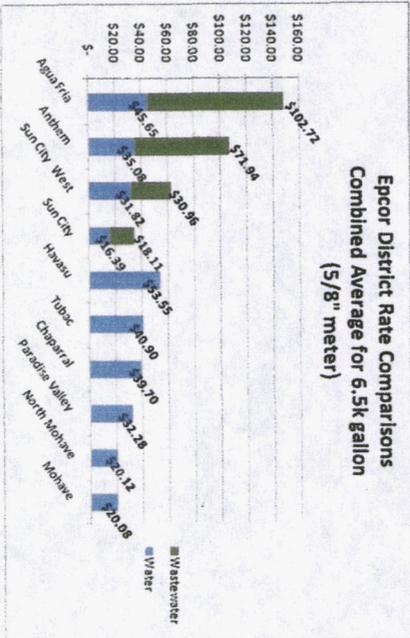
Agua Fria District Rate Comparison to Local Municipalities



*Updated with Jul2014 Rate Change

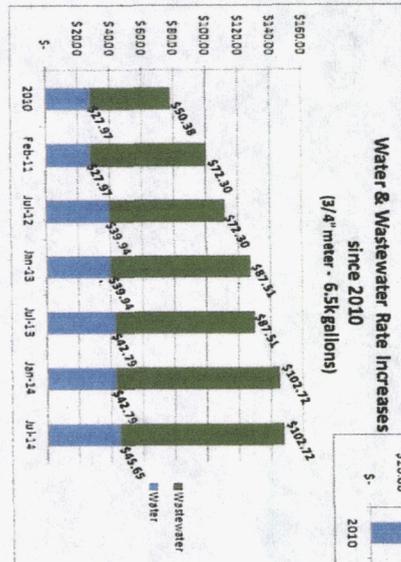
2014 Rates Comparison (6500 gallons)			
Entity	Total Water	Total Sewer	Total
Agua Fria	\$ 45.65	\$ 102.72	\$ 148.37
Anthem	\$ 35.08	\$ 71.94	\$ 107.01
Sun City West	\$ 31.82	\$ 30.96	\$ 62.78
Sun City	\$ 16.39	\$ 18.11	\$ 34.50
Havasu	\$ 39.55	-	\$ 39.55
Tubac	\$ 40.90	-	\$ 40.90
Chaparral	\$ 39.70	-	\$ 39.70
Paradise Valley	\$ 32.28	-	\$ 32.28
North Mohave	\$ 20.12	-	\$ 20.12
Mohave	\$ 20.08	-	\$ 20.08

EPCOR District Rate Comparisons

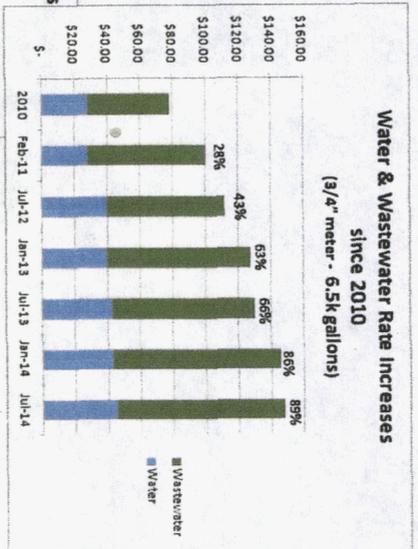


Rate Increase Percentages (3/4" Water - 6500 gallons)				
Date	Total Water	Total Sewer	Total	Percent Increase
2010	\$ 27.97	\$ 30.38	\$ 58.35	-
Feb-11	\$ 27.97	\$ 72.30	\$ 100.27	28%
Jul-12	\$ 39.94	\$ 72.30	\$ 112.24	43%
Jan-13	\$ 39.94	\$ 67.51	\$ 107.45	63%
Jul-13	\$ 42.79	\$ 87.51	\$ 130.30	66%
Jan-14	\$ 42.79	\$ 102.72	\$ 145.51	86%
Jul-14	\$ 45.65	\$ 102.72	\$ 148.37	89%

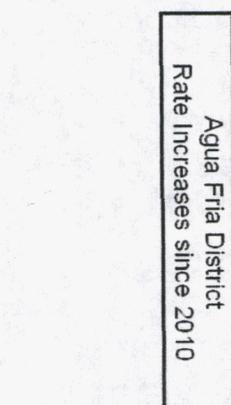
Water & Wastewater Rate Increases since 2010 (3/4" meter - 6.5k gallons)



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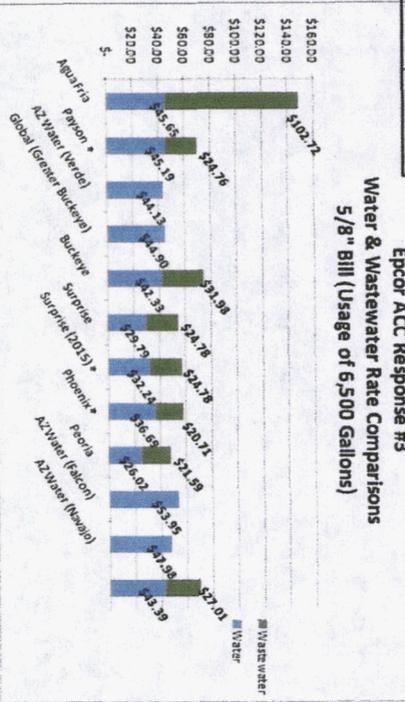
Agua Fria District Rate Increases since 2010



EPCOR Response to ACC Inquiry 2014-115737 Question #3 with Wastewater Rates Included

2014 Rates Comparison (6500 gallons)			
Entity	Total Water	Total Sewer	Total
Agua Fria	\$ 45.65	\$ 102.72	\$ 148.37
Payson	\$ 45.19	\$ 24.76	\$ 69.95
AZ Water (Verde)	\$ 44.13	-	\$ 44.13
Global (Greaser Buckeye)	\$ 44.90	-	\$ 44.90
Buckeye	\$ 42.33	\$ 31.98	\$ 74.30
Surprise	\$ 29.79	\$ 24.78	\$ 54.57
Surprise (2015)	\$ 32.24	\$ 24.78	\$ 57.02
Phoenix	\$ 36.69	\$ 20.71	\$ 57.40
Peoria	\$ 26.02	\$ 21.59	\$ 47.61
AZ Water (Falcon)	\$ 39.95	-	\$ 39.95
AZ Water (Navajo)	\$ 47.98	-	\$ 47.98
El Mirage	\$ 43.39	\$ 27.03	\$ 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