

W-01303A-09-0343
SW-01303A-09-0343 OPEN MEETING AGENDA ITEM



ARIZONA CORPORATION COMMISS

UTILITY COMPLAINT FORM
RECEIVED

Investigator: Deb Reagan

Phone: 2014 SEP 10 P 3:38

Fax:

Priority: Respond Within Five Days

Opinion No. 2014 - 118515

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Date: 9/10/2014

Complaint Description: 08Q EPCOR
N/A Not Applicable

Arizona Corporation Commission
DOCKETED
SEP 10 2014

First: Last:

Complaint By: Jan Ek

Account Name: Recreation Centers of Sun City, Inc.

Home:

Street:

Work:

City: Sun City

CBR:

State: AZ Zip: 85351

is:

DOCKETED BY [Signature]

Utility Company: EPCOR Sewer *AAWC

Division: sewer

Contact Name: Karl Wilkins

Contact Phone:

Nature of Complaint:

***** W-01303A-09-0343 AND SW-01303-09-0343 *****

Customer sent the following -

ORIGINAL

From: Jan Ek [mailto:]
Sent: Monday, September 08, 2014 2:39 PM
To: Bob Stump; gpicrce@azcc.gov; Susan Bitter Smith; Brenda Burns; Bob Burns; Utilities Div - Mailbox
Cc: Debbie Lesko; Rick Gray; PORA - Sun City West
Subject: SW-01303A-09-0343 & WS-01303A-14-0010

Commissioners following is an email being sent to Sun City residents today:

RECREATION CENTERS OF SUN CITY OPPOSES CONSOLIDATION, SIB & ADJUSTER MECHANISMS IN EPCOR WATER & WASTEWATER RATE CASES

EPCOR Water is seeking not only rate increases in water and wastewater as is easily visible and reported in these cases, but they are also seeking significant Adjuster Mechanisms and a System Improvement Benefits ("SIB") mechanism that will more than double the rate increases proposed over the next 5 years in the water case. Should we be upset with EPCOR Water? No, not necessarily, they are simply another corporation asking for everything they can get. Who deserves our focus, frustration and angst should this water rate increase be granted or this wastewater consolidated are our elected Commissioners on the Arizona Corporate Commission ("ACC"). And given the Commission's recent decisions, including EPCOR's recent Fountain Hills case which weighed heavily in favor of EPCOR on most of these same issues, Sun City people have reason to be concerned!

Sun City's fight over not being consolidated with other water districts is not new; we have been very vocal over our opposition to consolidation for years and we cannot let up now as it will cost Sun City residents an 89% increase in their wastewater, plus the increase costs for RCSC operations as well. While claims may be made that consolidation of our water districts are similar to APS consolidation, this is not true; our water and waste

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water systems are separate from one another and in most cases cannot even be linked to provide backup support. In addition, consolidation would give EPCOR a blank check to buy up junk water companies and get their entire customer base to pay for it. EPCOR reportedly plans to spend \$9.3 million in improvements to Sun City's wastewater operations in the next 5 years; however, if we are consolidated, Sun City residents will pay \$31.8 million for those improvements over the next 5 years.

And that's just part of the story, Here's The Rest Of The Story...

While EPCOR Water is requesting a rate increase for Sun City water (in addition to the wastewater increase) of approximately \$3.82 per month, they are also asking for another \$3.80 per month or so for SIB, commonly referred to as infrastructure. As the General Manager of the Recreation Centers of Sun City who owns and operates 10 wells, I completely understand the need for replacement of infrastructure; however, the problem with SIB is three fold: 1) SIB rewards utility companies for not doing proper maintenance or making necessary improvements; 2) SIB is too broad as it applies to 55% of EPCOR Water's total investment; and, 3) it does not meaningfully consider reductions in operating costs, synergies as a result of the new infrastructure and other safeguards meant to protect the Sun City customers. Moreover, our consumer advocate, RUCO has sued the Commission claiming the SIB is unconstitutional. Although some scare tactics have been used in the past that without all these additional fees the infrastructure that makes up our systems could fail or be inadequate; the fact is that EPCOR Water is required by law to provide safe and sufficient water to Sun City residents. Sun City residents should disregard the scare tactics and insist that the Commission act in a just and balanced manner!

And that's still just part of the story, Here's Even More Of The Story...

Sun City residents need to address consolidation, the SIB/System Improvement Benefits and Adjuster Mechanisms with the Arizona Corporate Commission (ACC) because they are the ones who will determine if this occurs. Basically, adjuster mechanisms allow rates to go up between rate cases as utility companies want to be protected for declining usage and other unfavorable factors. While that may be appropriate to assure that EPCOR has the ability to provide safe and sufficient water and wastewater services to Sun City, the issue is that the rate does not go down if there is an increase in usage, which is totally not fair. In addition, some of the adjuster mechanisms are not appropriate such as tank maintenance expenses or employee health care costs, operating costs controllable by the corporation.

- If you want to find out more about these topics, attend the upcoming presentation by the Residential Utility Consumer Office (RUCO) on September 17, 2014 at the Sundial auditorium at 14801 N. 103rd Ave, Sun City, AZ at 6:30pm.

- If you want to ask the ACC candidates their positions on these topics, attend the ACC Candidate Forum on September 26, 2014 also at the Sundial auditorium at 10am.

PLEASE let your elected Commissioners to the Arizona Corporate Commission know what you think!

Mail, email and/or call each of the Commissioners as follows:

ACC, Commissioners Wing, 1200 W Washington Street, 2nd Floor, Phoenix AZ 85007

Bob Stump, Chair bstump@azcc.gov 602-542-3935

Gary Pierce gpierce@azcc.gov 602-542-3933

Susan Bitter Smith sbittersmith@azcc.gov 602-542-3625

Brenda Burns bburns@azcc.gov 602-542-0745

Bob Burns rburns@azcc.gov 602-542-3682

Please reference Docket numbers SW-01303A-09-0343 for the wastewater case and WS-01303A-14-0010 for the water case and copy all written correspondence to mailmaster@azcc.gov.

Jan M. Ek, CMCA, PCAM | General Manager
Recreation Centers of Sun City, Inc.
10626 W Thunderbird Blvd Sun City AZ 85351

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P: I F: E:
End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

Comments entered for the record and filed with Docket Control.
End of Comments

Date Completed: 9/10/2014

Opinion No. 2014 - 118515
