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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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ARIZONA CORP COMMISSION DOCKET CONTROL

ORIGINAL

IN THE MATTER OF THE APPLICATION OF 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 ANTHEM WATER DISTRICT AND ITS SUN CITY WATER DISTRICT, AND POSSIBLE RATE CONSOLIDATION FOR ALL OF ARIZONA-AMERICAN WATER COMPANY'S DISTRICTS.

DOCKET NO. W-01303A-09-0343

Arizona Corporation Commission

DOCKETED

OCT 06 2014

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF 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 ANTHEM/AGUA FRIA WASTEWATER DISTRICT, ITS SUN CITY WASTEWATER DISTRICT AND ITS SUN CITY WEST WASTEWATER DISTRICT, AND POSSIBLE RATE CONSOLIDATION FOR ALL OF ARIZONA-AMERICAN WATER COMPANY'S DISTRICTS.

DOCKET NO. SW-01303A-09-0343

**Direct Testimony of Albert Gervenack, Individual Intervener
October 6, 2014**

My name is Albert Gervenack; I am a resident and homeowner living in Sun City West, a Retirement Community (SCWRC), Maricopa County, Arizona. As an EPCOR customer within the SCW Wastewater District, I am testifying in opposition to the EPCOR proposal for full consolidation of five of their wastewater districts, Aqua Fria, Anthem, Sun City, Sun City West, and Mohave districts.

BACKGROUND

On March 7, 2014, a complaint petition was mailed to each of the Commissioners at the Arizona Corporation Commission (ACC) and on March 13, 2014, the complaints were docketed under numbers W-01303A-09-0343 and SW-01303A-09-0343. Thirteen hundred (1,300) homeowners signed the petition to request deconsolidation of Corte Bella (CB) subdivision from the Aqua Fria Wastewater District and join Sun City West Wastewater District. An additional complaint letter (April 10, 2014) with 2,320 signatures of homeowners in the CB subdivision and Sun City West was filed at the ACC.

One of my many concerns involves the recent EPCOR Customer Complaints and petition filed by the Corte Bella subdivision. Their proposed solution to their concerns draws SCWRC into the docket. The words "Sun City West" is not only an age restricted retirement community but also is used by the United States Postal Service (USPS) Zip Code 85375 as a mailing address area that extends well beyond the boundaries of our retirement community. I would suggest that based on the current EPCOR low wastewater rates for the SCWRC, that the 1,300 CB signatures and the 1,020 from the USPS area do not include any SCWRC signatures. There seems to be no logical reasons to have the ACC initiate a review the low wastewater rates of the SCWRC of approximately 18,000 rooftop customers.

EPCOR PROPOSAL

On August 8, 2014, EPCOR filed their ACC response to the customer complaint letters and ACC staff questions. EPCOR recommended a total consolidation of their five (5) Wastewater Districts (Aqua Fria, Anthem, Sun City, Sun City West, Mohave) as their optimal solution.

MY POSITION

I disagree and am opposed to the EPCOR proposal to full consolidation of its five (5) Wastewater Districts to resolve/solve EPCOR customer complaint letters, outside of a company initiated full rate case finding.

1 The CB request for deconsolidation from the Aqua Fria Wastewater District and joining
2 by consolidating with the Sun City West District would place an unfair burden on
3 customers of the SCWRC with individual rate increases. The SCWRC customers have
4 an average age of 75.6 years-of-age, many on limited income, and limited or no
5 financial savings. We as customers expect to pay our fair share for future system
6 improvements and upgrades for our district, but have never expected to pay for
wastewater areas in the same zip code or other locations within Arizona.

7 The basic ACC ratemaking principle, of those that cause cost-of-service should pay for
8 the cost-of-service finding by the Commission. This principle must not be compromise
9 or negotiated away by the commission.

10 What appears to be happening through various complaint letters to the ACC is that the
11 complainants are wastewater-district shopping for the best rates at the time.

12 EPCOR is currently in compliance with passed ACC wastewater rate decision and is
13 expected to comply through the final rate adjustment period of January 1, 2015.

14 **CONSOLIDATION RATE IMPACT**

15 Under the proposed EPCOR full consolidation solution, SCWRC and Sun City districts
16 will both receive a major increase in their wastewater rates. Our two retirement
17 communities encompass 70% of the residential customer base of the five districts. The
18 EPCOR proposal will affect the communities with 100 % of the rate change increase
19 while affording the other 30% of the customer base within the three other districts, a
20 major rate change decrease. It becomes obvious that the EPCOR proposal was
21 weighted to benefit EPCOR with its current and future expansion while penalizing the
22 existing customer base of SCWRC and Sun City Districts. Our two Districts currently
23 have the lowest wastewater rates of the five Districts identified in the EPCOR proposal.

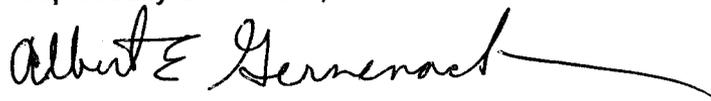
24 The role of the ACC Commissioners is to investigate, deliberate, and contemplate what
25 is the cost of service. It becomes very difficult for one to argue the Commission against
26 low rates until proven in a full rate design case initiated by the utility.

1 **MY RECOMMENDATION**

2 Should the ACC elect to move forward with a process of consideration of consolidation
3 of EPCOR's wastewater districts, the question is raised as to why there would be any
4 consideration of future rate design/consolidation issues outside a full rate case, until
5 such time that EPCOR elects to file with the ACC for a rate decrease or increase.

6 My recommendation, to the Commission, is to require EPCOR to file a rate case with
7 current cost-of-service studies.

8 Respectfully submitted,

9 

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15 Original and thirteen (13) copies
16 of the foregoing filed this
17 6th day of October 2014, with:

18 The Arizona Corporation Commission
19 Utilities Division – Docket Control
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22 Copy of the forgoing hand-delivered/mailed
23 this 6th day of October 2014, to:

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