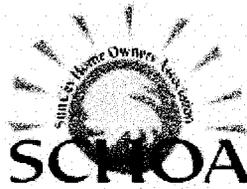




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**Docket No.: W-01303A-09-0343  
SW-01303A-09-0343**

NOV 3 2014

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**SURREBUTTAL TESTIMONY  
OF  
GREG EISERT  
ON BEHALF OF  
SUN CITY HOME OWNERS ASSOCIATION  
November 3, 2014**

**Greg Eisert testifies that:**

I am appearing on behalf of the Sun City Home Owners Association (SCHOA). SCHOA has intervened in this proceeding on behalf of Sun City wastewater users that are customers of EPCOR Water Arizona, Inc. (EPCOR). The purpose of my testimony is to address our position regarding full consolidation of EPCOR's Wastewater Districts relating to EPCOR's Testimony as received and docketed by the Commission on October 20, 2014.

This writer was quite surprised that the Company, in its Rebuttal Testimony, elected not to refute key numbers and issues presented against the Company position for "full district consolidation." Instead, the Company focused on the premise that "Customers were confused" about the volumetric component of rate design. Thus, it is best to go to a flat- rate system.

Throughout Arizona as well as the rest of the country, numerous utilities including gas, electric and water/wastewater utilize volumetric rate design. Most customers are not perplexed concerning this practice. If we have an understanding issue, it is with the plethora of "add-ons" and SIB items which constantly vary over short periods of time. Certainly not with the simplistic items noted by the Company.

Another item worth noting was the statement by EPCOR that "any customer that has unique characteristics can still have a rate tailored to those characteristics even with consolidated pricing." Of course, there is no doubt this is possible, but what happened to the premise of "Customer Confusion?" Before we have a determination, EPCOR is already opening the door to possible exceptions. More proof attesting to a continued "no change" policy regarding "full district consolidation."

**City of Volunteers**

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This writer stands behind the assertions put forward in SCHOA's Direct and Rebuttal Testimonies as Docketed. The data offered as evidence by this writer still stands unrefuted by EPCOR or any other intervener in this case.

It is critical to again note that in this case it is apparent that the extent of cost averaging through single-tariff pricing (full consolidation) would constitute an inappropriate level of subsidy, undue price discrimination, or more generally, an abuse of monopoly power. Particularly, given the numbers offered by EPCOR as noted in this writer's Direct and Rebuttal Testimony, the Sun City ratepayers would forever be subsidizing the smaller user-base district ratepayers.

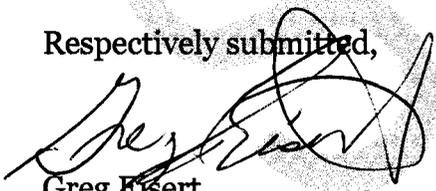
Further, tariff pricing (full consolidation) contradicts fundamental regulatory principles and conventions as well as undermines the commission's oversight responsibility: it breaks the connection between costs and rates. It is a fundamental tenet of utility ratemaking policy that the cost causer should also be the cost payer. Single tariff pricing runs counter to this principle. Importantly, single-tariff pricing is a *pricing* strategy, not a *costing* strategy.

So there is no misunderstanding, the numbers used by this writer were published by EPCOR. Sun City was not party to previous consolidation/deconsolidation decisions as evidenced that Sun City and Youngtown haven't and still do not utilize any EPCOR wastewater plant facilities. The Sun City District exists as a standalone entity with a totally differentiated cost structure.

The record speaks for itself as evidenced by historically proven methodologies, use of time-tested cost causer/payer strategies and Commission decisions based on such.

Rather than rewriting the book, I refer the readers of this surrebuttal testimony to the writer's rebuttal testimony as docketed on 10/17/2014 for further detail pertinent to the only logical and irrefutable conclusion that "full EPCOR district consolidation" should be denied by the Commission.

Respectively submitted,



Greg Eisert  
Sun City Homeowners Association  
Director, Chairman Government Affairs

CC: Thirteen copies hand delivered per ACC request.  
Copies have be emailed to attached service provider list 11/03/14

**City of Volunteers**

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W-01303A-09-0343

Docket

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Service List

Service List:

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