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COMMITTEES:
TRANSPORTATION,
CHAIRMAN
ENERGY, ENVIRONMENT AND
NATURAL RESOURCES,
VICE-CHAIRMAN
AGRICULTURE AND WATER

Arizona House of Representatives
Phoenix, Arizona 85007

October 28, 2014

ORIGINAL

Dear Chairman Bob Stump,

Several of my constituents from Anthem have discussed with me their serious concerns regarding recent actions by the Arizona Corporation Commission to reconsider, among other options, the deconsolidation of the Anthem Wastewater District and Agua Fria Wastewater District as ordered in Decision 73227. If re-consolidation were to be ordered by the Commission, it would reinstate a \$2.4M annual subsidy paid by Anthem ratepayers to offset the costs of operating the wastewater facilities in the Agua Fria district. Anthem ratepayers would then be the ONLY ratepayers in the EPCOR family of wastewater districts paying a subsidy to another district with which there is no physical connection or sharing of facilities.

I understand the frustrations of the Agua Fria Wastewater District customers with the rates that they are paying for their wastewater service. However, after reviewing the history that led to Decision 73227, I have concluded that reconsolidating the Anthem and Agua Fria districts is excessively unfair to the Anthem ratepayers.

1. As part of a previously negotiated settlement with Anthem, the Commission made a commitment to the Anthem ratepayers in December 2010 to eliminate the \$2.4M annual subsidy in exchange for concessions from Anthem to drop their pursuit of a legal challenge to certain payments being included in rate base for both wastewater AND water service.
2. Now, more than 3-1/2 years later, the Commission appears to be eliminating a very favorable aspect of that settlement for Anthem without offering any compensating concession to the Anthem ratepayers.

Such an action is simply not fair to Anthem. While it may provide necessary rate relief to the Agua Fria ratepayers, it punishes Anthem for believing they made a fair deal in December 2010. That is neither a good business practice nor is it in the public interest.

I urge you to immediately cease consideration of the reconsolidation of the Anthem Wastewater District and the Agua Fria Wastewater District. There are other means of providing rate relief to the Agua Fria customers without renegeing on a previous commitment and punishing the ratepayers in Anthem.

Sincerely,

Representative Karen Fann

CC: Commissioner Gary Pierce
Commissioner Brenda Burns
Commissioner Susan Bitter Smith
Commissioner Bob Burns

Arizona Corporation Commission

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