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December 10, 2014

Commissioner Brenda Burns  
 Arizona Corporation Commission  
 1200 W. Washington Street  
 Phoenix, AZ 85007

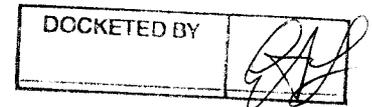
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EPCORP COMMISSION  
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Arizona Corporation Commission  
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DEC 10 2014



Re: Docket W-01303A-09-0343 &amp; SW-01303A-09-0343

In your recent letter of December 2, 2014, several questions are posed to interested parties and stakeholders related to this docket concerning consideration of the Interim-Settlement Agreement. I am providing my responses to these questions as noted below.

- 1. Prior to the Settlement Agreement, what was your position on deconsolidation and consolidation? (Were you in favor or opposed to full consolidation, full deconsolidation, partial consolidation or deconsolidation, or a reversal of the Anthem/Agua Fria deconsolidation? Other?)**

Prior to the Settlement Agreement my position opposed consolidation/deconsolidation in any form. In addition, this included deconsolidation of Corte Bella from Aqua Fria, as originally proposed by Corte Bella. The Corte Bella complaint letter requested consolidation into the Sun City West Wastewater District (March 7, 2014.)

Deconsolidation of Anthem from the Aqua Fria District (AFD), (ACC Decision 73145) seems to be the start of the snowball effect in rising rates for the AFD. The increasing rates generated an overwhelming number of customer complaints drawing Sun City West into the docket to protect its own low wastewater rates.

My position prior to the Settlement Agreement was an obvious need for current EPCOR cost-of-service data. Without such data, the snowball is expected to continue to roll year-after-year until the Commission requires EPCOR to file a full rate case.

- 2. Since the Settlement Agreement has your position changed?**

No, my position remains as recommended in my direct testimony of October 6, 2014, that the Commission require EPCOR to file a rate case with current cost-of-service studies.

The proposed order, which comes before the Commission, addresses my concerns by requiring EPCOR to file a permanent rate case. Administrative Law Judge Nodes, Recommended Opinion and Order (ROO, December 2, 2014, page 35, lines 1-8).

**3. Do you see the Settlement Agreement as the first step toward your position?**

Yes, the signed settlement agreement is the first step towards replacing 2008 cost-of-service data with 2014 cost-of-service data.

The outcome of the rate case will allow the Commission to come to a fully informed decision.

**4. How does the Settlement Agreement advance or hinder the position you support?**

The interim-settlement agreement will allow all interested parties and stakeholders to evaluate the EPCOR proposal/s based on a common set of current data points.

I suggest that the outcome of the rate case will validate the Commission ratemaking principle, those that cause cost-of-service should pay for the cost-of-service.

Thank you for the opportunity to respond to your questions.

Sincerely,

A handwritten signature in cursive script that reads "Albert E. Gervenack". The signature is written in black ink and includes a long horizontal flourish extending to the right.

Albert E. Gervenack  
14751 W. Buttonwood Drive  
Sun City West, AZ 85375