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Brenda Burns, Commissioner
Arizona Corporations Commission
1200 West Washington
Phoenix, Arizona 85007

2014 DEC 10 A 11: 55

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Re: Epcor Water Arizona Inc., Docket Nos. W-01303a-09-0343 and
SW-01303A-09-0343

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Ms. Burns,

In response to your questions, Diane Smith, Regina Shanney-Saborsky and Doug Edwards of the community of Corte Bella, respond as follows:

RESPONSE TO QUESTION 1 –

The residents of Corte Bella, including the intervenors, Smith, Edwards and Shanney-Saborsky, have always supported the concept of full consolidation as a means to provide equitable and non-discriminatory water services to the citizens of Arizona. We were vehemently opposed to the deconsolidation of Anthem/Agua Fria on the grounds that it would impose draconian rates on various communities in the West Valley leading to financial crisis – which, has in fact, occurred. But to reconsolidate now, is a step backwards. It is time to move forward – address the issues of rate discrepancies within the context of future infra-structure modifications and remedial measures and create a comprehensive water system based on the policy considerations required in our state constitution - fairness and equity of rates and services.

Based on information received from this Commission, RUCO and others, the original petitioners requested a consolidation with Sun City West which would mirror the Anthem situation and temporarily alleviate the financial crisis. While petitioners would have preferred a full consolidation approach, the implication was that various agencies and even perhaps the water company would not support a move of that nature given this Commission’s request for information over the past several years, which has been ignored. As soon as the testimony revealed the inaccuracy of that belief – as stated by Epcor – petitioners alerted this Commission

that it would support a full consolidation approach as the resolution of economic and constitutional issues faced by the communities in the West Valley.

It is the belief of the Corte Bella petitioners and intervenors that the significant constitutional arguments and issues require that the Commission equalize the rates paid for similar services. Not only are the West Valley rates financially unfeasible, the economic crisis results in personal loss of homes, home values and critical choices between water and other essential services. We are not speaking about ten dollars; we are speaking about hundreds of dollars. While we recognize the position taken by our neighbors – the Sun Cities – does this Commission realize the high percentage of Sun City residents who maintain 2 homes on their fixed incomes. Our state constitution requires fair and equitable rates for similar services. It does not promise that rates will remain low – just that rates must be fair and equitable. Consolidation will provide the mechanism to achieve that end result – now and in the future.

RESPONSE TO QUESTION 2 –

The Settlement Agreement, while temporary in nature, provides some economic relief to the financial crisis being experienced by many consumers in Agua Fria. It does not change the position for full consolidation voiced by the intervenors and residents of Corte Bella but it does offer a foundation upon which to build toward full consolidation of the water and waste water districts.

RESPONSE TO QUESTION 3 –

Yes, we believe that the Settlement Agreement could be the first step towards a fully consolidated water/waste water district. While we would defer to EPCOR regarding the need for a full rate case, we understand the position taken by the staff and RUCO as to why this process is necessary if a fully consolidated system is an alternative. The Settlement Agreement provided interim relief for many consumers without unnecessary rate shock on other groups of consumers. But it is not enough. The rates are still disparate, still unfair, still, for many, a financial crisis.

The data from the full rate case will support a rate structure which is within the constitutional boundaries and provide the mechanism to move into the future. Some groups of consumers are rooted in the past and see only the few dollars per month increase which will be reflected in their bills. They fail to recognize that the water company is not a static entity but dynamic and fail to recognize that the infra-structure modifications (many of which are not known today) must be

accommodated within any rate policy. This is not a political issue; this is not a numbers game. The Settlement Agreement provides the forum for full discussion of the issues as well as the ability to frame a rate policy which is fair/equitable and able to accommodate current and future concerns.

It is our belief that after the full rate case, it will be possible to enter into a final stage which will encompass full consolidation for the best interest of all consumers as well as provide cost efficiencies for any governing commission and the water company.

RESPONSE TO QUESTION 4 –

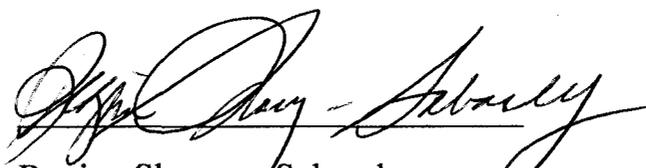
The Settlement Agreement is the first step towards full consolidation. It demonstrated that the various communities, many with opposing perspectives, can join together and reach consensus with the water company. It provides an avenue for additional communication which is required. A major issue in this phase of the case was the misinformation being given to certain communities. On various occasions, members of other communities had occasion to be in the Sun Cities and when residents were questioned, the Sun Cities residents were signing petitions without knowing why or what they were signing. Their response – we were told we had to come and sign. Due to the timing, there were political implications given the voter base of the Sun Cities. This is a water issue not a political issue. We believe that the Settlement Agreement indicates that full consolidation is a reality which can be achieved and as an interim step, it permits further exploration of infra-structure issues which will paramount as we move forward.

We look forward to the commission's decision in this matter.

Respectively Submitted,


Diane Smith 12-8-14


Doug Edwards 12/8/14


Regina Shanney-Saborsky 12-8-14