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BEFORE THE ARIZONA CORPORATION COMMISSION

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Commissioner

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Commissioner

Arizona Corporation Commission  
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Commissioner

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SUSAN BITTER SMITH  
Commissioner

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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, SUN CITY WASTEWATER )  
DISTRICT, AND SUN CITY WEST )  
WASTEWATER DISTRICT )

DOCKET NOS. SW-01303A-09-0343  
W-01303A-09-0343

**NOTICE OF FILING  
TESTIMONY SUMMARIES**

EPCOR Water Arizona, Inc. ("EWAZ") provides notice of the filing of Testimony  
Summaries (attached to this Notice) for its witnesses, Sheryl L. Hubbard and Shawn  
Bradford.

RESPECTFULLY SUBMITTED this 7th day of November, 2014.

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1 ORIGINAL and thirteen (13) copies  
2 of the foregoing filed  
3 this 7th day of November, 2014, with:

4 The Arizona Corporation Commission  
5 Utilities Division – Docket Control  
6 1200 W. Washington Street  
7 Phoenix, Arizona 85007

8 Copy of the foregoing hand-delivered  
9 this 7th day of November, 2014, to:

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**TESTIMONY SUMMARIES FOR  
SHERYL L. HUBBARD AND  
SHAWN BRADFORD**

17  
18 **SUMMARY OF MS. HUBBARD'S DIRECT TESTIMONY**

19 Ms. Hubbard's direct testimony in response to Arizona Corporation Commission  
20 ("Commission") Decision No. 74588 supports the full consolidation of Epcor Water  
21 Arizona Inc.'s ("EWAZ" or "Company") wastewater districts. After setting out her  
22 background and qualifications, Ms. Hubbard summarizes the procedural history that has  
23 led to the present proceedings and explains the impact the phase-in of rates ordered in  
24 Decision No. 73277 has on the Company's ability to file a rate case.  
25  
26

1 Ms. Hubbard then testifies as to the factual basis for the Company's position with  
2 respect to the consolidation/deconsolidation scenarios set forth in Decision No. 74588.  
3 Specifically, Ms. Hubbard testifies, based on the Company's analysis of its wastewater  
4 districts and rate structures, that the Company supports full consolidation of its wastewater  
5 districts. Ms. Hubbard provides, and will sponsor, exhibits showing the Company's  
6 current rate structure, the numbers of billing units, the Company's proposed rate design  
7 under consolidation, and various comparisons between present rates and the proposed  
8 consolidated rates. Ms. Hubbard further explains the Company's proposal to combine, in  
9 a revenue neutral manner, the current differing rate structures for both residential and  
10 commercial customers into a limited number of consolidated flat rate schedules. She also  
11 explains the rationale for special rates relating to a mobile home park in Sun City, for rates  
12 in the Mohave Wastewater District and for a wholesale flume flow rate to be offered to the  
13 City of Phoenix. In addition, Ms. Hubbard explains how the proposed consolidated rates  
14 compare to present rates and the Company's proposal for incorporating the final rate  
15 design in the pending Mohave Wastewater rate case into the proposed consolidated rates.  
16 Ms. Hubbard also discusses the Company's proposed effluent rate and proposal to include  
17 revenue from sales of effluent in the Company's wastewater districts' operating income,  
18 rather than as part of the operating income for the Company's water districts.

19 With respect to the deconsolidation scenario, Ms. Hubbard explains that only the  
20 Agua Fria Wastewater District could be further deconsolidated, and provides an  
21 explanation of the time consuming and costly steps that would be required to fully analyze  
22 deconsolidation of that district. Ms. Hubbard then describes the Company's necessarily  
23 limited analysis of the impacts of further deconsolidation on customer's rates, and  
24 provides the results of that analysis.

25 Finally, Ms. Hubbard discusses the re-consolidation of the Anthem and Agua Fria  
26 Wastewater Districts and the associated customer impacts of such a course of action.  
27



1 discusses the history of the consolidated Anthem/Agua Fria Wastewater District, and the  
2 Commission's deconsolidation of that district in Decision No. 73227.

3 Mr. Bradford also explains the Company's continued support of full consolidation  
4 of its wastewater districts and the benefits of and justifications for full consolidation. Mr.  
5 Bradford then notes that the lack of proximity and/or interconnections between the  
6 Company's wastewater districts does not present an impediment to consolidation. Mr.  
7 Bradford also discusses the impact of consolidation on customers, the Company's  
8 expectations with respect to capital improvements and how future capital improvements in  
9 each district would be impacted by consolidation. He also explains that consolidation will  
10 decrease the impacts large capital expenditures will have on individual wastewater  
11 districts.

#### 12 **SUMMARY OF MR. BRADFORD'S REBUTTAL TESTIMONY**

13 In his rebuttal testimony, Mr. Bradford responds to certain issues raised by the  
14 intervenors in this docket. Specifically, Mr. Bradford explains why the Commission  
15 should act now to move forward with the full consolidation of the Company's wastewater  
16 districts, rather than delaying that decision. Mr. Bradford also reiterates the benefits of  
17 consolidation and emphasizes the benefits detailed by Mr. Simer in his direct testimony.

18 Mr. Bradford then addresses Staff's concern with the rate impact on Sun City  
19 customers, and discusses the company's proposal for the timing of future rate cases. He  
20 also discusses why a full cost of service study will not alter the consolidation analysis and  
21 again recommends that a policy decision be made at this time.

22 Mr. Bradford also discusses various intervenors' proposals to phase-in the full  
23 consolidation of rates and recommends that any phase-in of rates follow the Company's  
24 proposal.

25 Mr. Bradford finally addresses Staff's and RUCO's recommendations with respect  
26 to implementation of the third phase of deconsolidation for the Anthem and Agua Fria  
27 Wastewater Districts. Mr. Bradford explains why the Company does not support the

1 recommendations put forward by Staff and RUCO and questions the impact RUCO's  
2 recommendation would have on the Company's ability to earn its authorized revenue.

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