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Tom Forese, Commissioner  
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February 4, 2015

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AZ CORP COMMISSION  
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### Depreciation Fund

Epcor Water and Sun Cities

Recently, I requested from your office, addressed to Patrick Quinn (now gone), the balance of the Depreciation Fund mandated by ARS 40-222 in regards to the Sun City infrastructure overseen by Epcor Water. Epcor Water being fully owned by the City of Edmonton, Canada. I was told to contact Epcor Water, which I have and have not heard a response.

In the meantime, I also contacted the Residential Utility Consumer Office (RUCO) concerning the Sun City and Epcor Water System. Their response was "I can tell you that we have raised the depreciation issue and the Commission has chosen not to require companies to set aside a depreciation account for the specific purpose of replacing/repairing infrastructure."

With the infrastructure of Sun City already beyond its life expectancy, and with four of the five previous companies benefiting from the Historic Value (original cost) and the Test Year/Fair Value studies and the subsequent rate increases permitted, it seems Sun City is in the cross-hairs of a catastrophe which will render the area a health risk and possibly converting it into a ghost town. Where are the funds? Have the funds disappeared as profits? City of Edmonton published that they received \$112 Million for the year 2013 from Arizona and New Mexico. What will Sun City do if there is a problem?

Can you please explain the reasoning behind your decision not to require a Depreciation Fund?

Sincerely, Helmuth Hack  
9061 N. 115<sup>th</sup> Drive  
Youngtown, Arizona 85363  
(Resident connected with Sun City)

Arizona Corporation Commission  
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Carbon Copy to:

State Legislatures:

Rick Gray; Tony Rivero; David M. Gowan Sr. ; David Livingston ; Steve Montenegro ; Bob Robson ; Sonny Borrelli; Regina Cobb; Debbie Lesko; Steve Yarbrough ; Andy Biggs ; Sylvia Allen ; Kelli Ward

Miscellaneous Contacts:

Attorney General; 12 News; Arizona Republic; Your West Valley; Arizona Local Media; East Valley Tribune