

ORIGINAL



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WS-01303A-14-0010

Teresa Tenbrink

From: James Swiggett <j.swiggett@att.net>
Sent: Thursday, February 26, 2015 12:13 PM
To: BitterSmith-Web
Subject: Water rates

Dear Commissioner Smith

You are faced with a tough problem when confronting matters such as the rate case involving Epcore. We do not envy your situation.

We reside in Tubac which is one of a number of the smaller segments of the Epcore served communities. We are sure you will receive much material from other members of our community regarding the statistics about the radical differences between our water prices and those of larger served areas. These are facts which we are sure you understand.

As we see, it the primary issue confronting the ACC and Epcore is consolidation. We understand consolidation is mixed with a host of other elements but it is the one factor that has the power to fix matters for the long term. The job of the ACC is to oversee the actions of corporations so that the interests of the citizens of Arizona are fairly served. The most straight forward way for ACC to task Epcore is to ask them to consolidate prices and treat Arizona as one customer. Remember Epcore purchased the water business for Arizona. It is not ACC's job to run their business but to see that all citizens are treated uniformly.

Thank you for your consideration.

James and Carol Swiggett
PO Box 4046
Tubac, AZ 85646
j.swiggett@att.net

Arizona Corporation Commission

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Teresa Tenbrink

From: Mike and Debbie Brims <aussiebrims@gmail.com>
Sent: Wednesday, February 25, 2015 10:16 AM
To: BitterSmith-Web; RBurns-Web; stumpl-web@azcc.gov; Little-Web; Forese-Web
Subject: Tubac Epcor Water Increase

Dear ACC,

I am sending this email in regards to the unjust requested increase of our water rates in Tubac. To be very honest, if I knew this is the way things were done in Arizona I would not have decided to move to Arizona. My husband and I moved to the state to care for an elderly father as it was impossible to move him out of state.

I have been attending the meetings of the Santa Cruz Citizens Council and the meeting you had a few months back regarding this increase. Epcor knew what they were buying! It is very unfair for them to come in and try to increase our rates in this matter. If it was not a money maker for them, they should have gone elsewhere to make their purchase. Also noting that Epcor is not even an American company. It is Canadian.

I am sure you are aware of all the talking points such as:

My bill of \$53.00 will increase to \$100.00

We in Tubac already pay 3 to 4 times more than the Districts in Mohave, Paradise Valley and Sun City

Mostly, if you look at the Arizona Constitution, Article 15, Section 12, it states that this can not be done.

Arizona Constitution: Article 15, Section 12.

<http://www.azleg.gov/FormatDocument.asp?inDoc=/const/15/12.htm>

Charges for service; discrimination; free or reduced rate transportation

Section 12. All charges made for service rendered, or to be rendered, by public service corporations within this state **shall be just and reasonable**, and **no discrimination in charges**, service, or facilities shall be made between persons or places for rendering a like and contemporaneous service, except that the granting of free or reduced rate transportation may be authorized by law, or by the corporation commission, to the classes of persons described in the act of Congress approved February 11, 1887, entitled An Act to Regulate Commerce, and the amendments thereto, as those to whom free or reduced rate transportation may be granted.

Regards,
Debbie and Mike Brims
Year Round Residents of Arizona

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Mike and Debbie Brims

520 398-2313 - Home Phone

7 Circulo Nomada, Tubac, AZ 85646-1981

email - aussiebrims@gmail.com

Teresa Tenbrink

From: rtubac@aol.com
Sent: Tuesday, February 24, 2015 3:05 PM
To: BitterSmith-Web; RBurns-Web; Stump-Web; Little-Web; Forese-Web
Subject: EPCOR proposed rate hike for Tubac

Commissioners, Please prohibit the proposed rate hike. It is unfair, unreasonable and hurtful to rate-payers. I live on a fixed income of Social Security and cannot afford a drastic increase in my water bill. Social Security raised my income by 1.7% and the water company wants to raise its rates 88%? That is outrageous. This increase is far and above what the average water bill is for Arizona citizens in other parts of the state. Please exercise your positions of authority to ensure an equitable water rate and prohibit this unfair hike. Thank you, Richard Hunter, Tubac residential property owner and EPCOR customer.

Teresa Tenbrink

From: Frank Cooper <frankcoop@gmail.com>
Sent: Saturday, February 21, 2015 9:52 AM
To: BitterSmith-Web; RBurns-Web; Stump-Web; Little-Web; Forese-Web
Subject: Epcor Water AZ Docket #WS-01303A-14-0010

The Honorable ACC Commissioners:

As a new resident of Tubac, AZ, I was appalled to read that Epcor Water AZ was seeking a rate increase which would nearly double the water rates from those established about five years ago. As one who has had substantial experience in the public utility regulatory field, namely as the Director of Regulatory Services for the US West telephone Company in Montana, I immediately recognized that the rate filing did not properly represent Epcor's revenue needs for the water service in Tubac.

After reviewing the rate filings and testimony for the Epcor Water rate filing, I would offer the following comments and conclusions:

1. The most peculiar part of the filing is the attempt to establish rates for each "individual" town or locality rather than a consolidated filing for the company as a whole. I do not know of any other utility that attempts to establish revenue requirements or customer rates in this fashion. All other utilities utilize the "postage stamp" approach, i. e. the same rate for all. The electrical companies, telephone companies, US Postal Service, etc. all establish their revenue requirements by using the financials for a large entity. Attempting to establish a model for determining a rate base, revenue requirements, ROE, and rates for a unit as small as Tubac with less than 600 customers is an exercise in futility. Accounting anomalies, large investments on a one-time basis, and the prorating of all general services contribute to skewing the accounting for a small entity. I would recommend the ACC require the Epcor Company to withdraw their current filing and resubmit on a consolidated basis for their services in Arizona.
2. Epcor Water AZ is requesting a return on equity (ROE) of over 11%. It is not uncommon for a public utility to request a much higher ROE than is necessary as they then attempt to negotiate a more reasonable value. I know of no investor who wouldn't welcome an 11% ROE on their portfolio. The company has very little risk of its investment and the ROE should reflect this fact.
3. Epcor Water AZ has requested it be allowed to recover the cost of this rate filing, which is in excess of \$500,000. I do not question their accounting for this expense, but would suggest that it is overly excessive due to the accounting for each small locality. This huge expense only adds impetus to file on a consolidated basis which would dramatically reduce this regulatory expense.

Thank you for allowing me to comment on this matter.

Sincerely, Frank Cooper, Box 4214, Tubac, AZ 85646

Teresa Tenbrink

From: Stephen Smith <stevesmith1966@gmail.com>
Sent: Tuesday, February 17, 2015 10:23 AM
To: BitterSmith-Web; RBurns-Web; Stump-Web; Little-Web; Forese-Web
Subject: Tubac Rate Case-EPCOR Water

A few years ago EPCOR bought from American Water the Tubac Water District. For them to now ask for an 88% rate increase just doesn't pass the "smell" test as a good business practice. If this rate increase request is approved, it would result in my water costs almost doubling!

When I compare that to the other districts they operate (Mohave, Paradise Valley, and Sun City) my rates in Tubac will be almost triple of these other districts!

I do not have the number of customers in these other districts but my guess is they are many times larger than the Tubac customer base of 482 customers. So even if we were to pay an exorbitant rate increase it does not help their total bottom line as much as it would if they increased all rates a more reasonable amount. It just seems to me that EPCOR is discriminating against the small water district of Tubac and me as a resident here. Ideally, I would like to see rate consolidation over all the EPCOR customer base.

Thank you.
Stephen and Jean Smith
105 Cerro Pelon
Tubac, AZ 85646

Teresa Tenbrink

From: Janelle McDonald <janelle4887@gmail.com>
Sent: Monday, February 16, 2015 12:45 PM
To: BitterSmith-Web
Subject: My concern regarding EPCOR proposed rate hike for Tubac

Dear Commissioner:

I am an Epcor Water customer in the Tubac district, and I am extremely concerned about the proposed rate increase. I hope you will do whatever is within your power to ensure that our water rates do not increase too drastically.

Although I conserve water, my monthly bill is already considerably higher than bills in other Epcor districts. Considering that I use less water than the average consumer, I would expect my bill to be lower. Instead, I pay far more. This is unfair. The proposed increase, if approved, would leave me paying 400% more for my water than a customer in Paradise Valley will pay. This is simply not fair.

I would like to see Epcor consolidate their districts and charge one rate to all their customers. This seems fair and equitable. I believe it is your responsibility as an Arizona Corporation Commissioner to ensure that I pay an equitable share of my public utilities — water included. Please do your best to ensure that this happens.

Thank you in advance for your attention to this extremely important matter.

Janelle McDonald
Tubac Epcor Customer

Teresa Tenbrink

From: Robert Reid <bob@speedgauge.net>
Sent: Monday, February 16, 2015 12:58 PM
Subject: Epcor Water proposed rate hike in the Tubac Water District

Dear Commissioner:

As an Epcor Water user in the Tubac Water District, and I am extremely concerned about the proposed rate increase. I hope you will do whatever is within your power to ensure that our water rates do not increase too drastically.

I would like to see Epcor consolidate their districts and charge one rate to all their customers. This seems fair and equitable. As it stands, the proposed increase would leave me paying 400% more than a customer in Paradise Valley would pay for the same amount of water. This is simply not fair.

As an Arizona Corporation Commissioner, it is within your power to ensure that EPCOR does not take unfair advantage of consumers in small districts. Please do your best to ensure that this does not happen.

Thank you for your time and consideration,

Robert Reid
Tubac Resident