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TO: Arizona Corporation Commission

FROM: Delman Eastes

SUBJECT: Docket # WS-01303A-14-0010

DATE: September 15, 2015

Arizona Corporation Commission

DOCKETED

SEP 22 2015

DOCKETED BY [Signature]

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AZ CORP COMMISSION
DOCKET CONTROL

I and the concerned customers of Ft. Mohave, AZ, receiving Waste Water Service from EPCOR are writing this letter to request a hearing with the Commission, relative to the Commission's approval to EPCOR's increase in Mohave Waste Water Rates..

ORIGINAL

Number 1: The flow of waste water is accomplished by gravity

Number 2: The plant utilizes 1 full time person (Subject Matter Experts are employed as needed).

Number 3 : When increase is fully implemented, the cost to the customer will be \$81.55.

Number 4: In addition, EPCOR is applying for a SIB (System Improvement Benefits), which would generate additional revenue, usually reserved for corporations in dire straits which they are not. Details follow:

The existing EPCOR WW-WWTP and associated waste water collection system was designed and built by Sorenson to serve a limited number of locations in Ft. Mohave. The initial monthly waste cost was established at \$29.99 per month. When Arizona American Water purchased Sorenson Utilities Waste Water operations, the monthly residential rate was increased immediately to \$39.99 and has continued to increase over time and is now \$56.00 –more than 2 times the initial rate

The \$56.00 rate is almost twice the rate that Bullhead City, AZ charges. This is 30% higher than the Fort Mojave Utilities Authority (FMTUA) rates. When comparing adjacent utility rates, it is very important to understand underlying system designs and how that design may impact service. The EPCOR Wastewater collection system serving the Fort Mohave area was designed to maximize gravity

flow. This design minimizes continuing maintenance and operations. The geographic terrain in both Bullhead City and FMUTA dictate that they utilize lift stations to supplement the gravity flow. These lift stations impose significantly greater operation utilities maintenance costs, yet both of these utilities offer much more favorable rates

Additionally, the EPCOR waste water facility actually paid for EPCOR should be substantially depreciated again resulting in downward price pressure NOT upward (depreciation schedule attached). It is important to note that a great deal of the EPCOR wastewater collection system was paid for by developers as various subdivisions were built out and should not be considered in their rate base.

EPCOR or their predecessors received for 546 per household for Project Management / Construction Administration and received \$785 per home site for "hookup" fees from each community developer. This in addition to having developers construct the sewer line, inspect, and hand it over to EPCOR monthly fee of \$56.00 to FMTUA fees. Furthermore, if EPCOR is not competent to own and manage this facility, encourage them to have FMTUA provide wastewater service to this area.

This process should include a full audit of EPCOR, Arizona operations conduct by an independent outside accounting firm agreed upon by both parties.

The following data is taken from Decision 75268, Exhibit E:

Collection Plant

Structures and Improvements

EPCOR Adjusted Original Costs

\$196,581.00

Collection Sewer Forced

\$5385.00

Collection Sewer Gravity

Depreciation Expense

\$ 6563.00

\$77.00

\$2,721,870.00

\$38,554.00

EPCOR Adjusted Original Costs

Depreciation Expense

SPECIAL Collecting Structures

\$138,063.00

\$ 4,602.00

Customer Services

\$530,251.00

\$10,605.00

Flow Measuring Devices

\$218,748.00

\$14,583.00

Total Collection Plant

\$3,810,898.00

75,304

System Pumping Plant

Waste Water Pumping Equipment Electric

\$82,445.00

\$4,122.00

Subtotal System Pumping Plant

\$82,445.00

\$4,122.00

Treatment and Disposal Plant

Waste Water Structures & Improvements Treatment

\$1,047,352.00

\$20,947.00

Power Generation Equipment Treatment

\$142,907.00

\$4,767.00

Treatment and Disposal Equipment

\$1,013,753.00

\$50,688.00

Equipment Grit Removal

\$135,165.00

\$6,758.00

EPCOR Adjusted Original Costs

Depreciation Expense

Equipment Sed. Tanks/Acc

\$336,115.00

\$16,806.00

Equipment Dry Sedi Tanks/acc

\$336,115.00

\$16,806.00

Equipment Dry Sludge Dry/Filt

\$39,113.00

\$1,956.00

Equipment Chemical Treatment Plant

\$232,909.00

\$11,645.00

Equipment Other Disp.

\$28,914.00

\$0.00

Equipment Gen Treatment

\$1,818,565.00

\$90,128.00

Other P/E – CPS

\$3,549.00

\$118.00

Subtotal Transmission and Distribution Plant

\$4,798,334.00

\$206,056.00

EPCOR Adjusted Original Costs

Collection Plant

Structures and Improvements

Depreciation Expense

Computers and Software

\$10,496.00

\$1,050.00

Tool, Shop and garage Equipment

\$71,567.00

\$ 2,863.00

Laboratory Equipment

\$14,336.00

\$573.00

Power Operated Equipment

\$16,703.00

\$863.00

Communication Equipment

\$26,322.00

\$2,632.00

Subtotal General Plant

\$139,424.00

\$7,953.00

Total Direct Plant

\$8,831,474.00

\$293,435.00

Allocated General Plant

Allocated Corporate General Plant

\$34,952.00

\$814.00

Total Plant

\$8,866,427.00

\$294,249