

ORIGINAL

OPEN MEETING



0000169345

MEMORANDUM

RECEIVED

Arizona Corporation Commission

DOCKETED

2016 MAR 31 A 11: 50

TO: THE COMMISSION

FROM: Utilities Division

MAR 31 2016

AZ CORP COMMISSION
DOCKET CONTROL

DATE: March 31, 2016

DOCKETED BY *JK*

RE: EPCOR WATER ARIZONA INC. FOR APPROVAL OF TARIFFS FOR AGUA FRIA WATER, SUN CITY WATER AND SUN CITY WEST WATER DISTRICTS AT VARIANCE WITH ARIZONA ADMINISTRATIVE CODE R14-2-410.A.2 AND FOR TARIFFS FOR SHARING CUSTOMER WATER CONSUMPTION INFORMATION WITH THE CITY OF SURPRISE, A MUNICIPAL PROVIDER OF WASTEWATER SERVICE. (WS-01303A-16-0029)

On January 27, 2016, EPCOR Water Arizona, Inc. ("EPCOR" or "Company") filed an application for approval of new tariffs associated with water services termination agreements between EPCOR and the City of Surprise ("City") dated October 23, 2015 that grant a variance from Arizona Administrative Code ("A.A.C.") R14-2-410.A.2, thereby permitting the Company to enter into an agreement with the City of Surprise for its Agua Fria Water, Sun City Water and Sun City West Water districts.

The Company further requests approval of tariffs for affected water districts governing the sharing of customer water consumption information with the City. The City has requested that the Company share information regarding water consumption in order to assist the City in billing for wastewater utility service to its customers.

Due to the bifurcated nature of water and wastewater utility services within the City, it has become increasingly difficult for the City to collect delinquent wastewater bills without a corresponding ability to disconnect water service, where such water service is provided by the Company. In order to aid with the collection of delinquent wastewater utility bills, the City has requested that the Company file this variance and sharing of customer water consumption information request with the Commission.

EPCOR provides water service to portions of the City, but does not provide wastewater service in the City. Wastewater service is provided by the City and is not regulated by the Arizona Corporation Commission ("Commission"). Commission approval of a variance from A.A.C. R14-2-410.A.2 was granted in Decision No. 68917. Requested modifications to the terms of the October 2005 Agreement resulted from increased cost in providing service and increased revenue loss during times of water shutoffs. The October 2015 Agreement is modeled after the previously approved October 2005 Agreement and is attached as Exhibit A.

The Company has requested an increase in the Disconnect Cancellation Fee and the Monthly Lost Revenue Fee. An increase in these fees will compensate EPCOR for lost revenue.

The City will only request that EPCOR disconnect water service when the wastewater utility account remains unpaid and becomes delinquent. The City will notify the customer in writing and by posting notice to the customer's premises. Ten (10) business days will be allowed for the customer to make payment or payment arrangements for the delinquent balance.

Staff recommends that the Commission approve the Water Services Termination Agreement with the City of Surprise tariff (Exhibit B) and the Customer Water Consumption Information Sharing with the City of Surprise, Wastewater Provider tariff (Exhibit C) for Agua Fria Water, Sun City Water and Sun City West Water districts.

Staff recommends EPCOR notify affected customers by either direct mail or bill insert and that these tariffs not become effective until the first day of the month after the Company provides notice to all its customers that are provided wastewater service by the City.



for

Thomas M. Broderick
Director
Utilities Division

TMB:TM:red\RRM

ORIGINATOR: Trish Meeter

EXHIBIT A

**AGREEMENT TO TERMINATE WATER SERVICE AND
PROVIDEWATER CONSUMPTION
INFORMATION OF SHARED CUSTOMERS**

This AGREEMENT is made this 23 day of October, 2015, by and between EPCOR Water Arizona Inc., an Arizona corporation ("EWAZ"), and City of Surprise, an Arizona municipal corporation duly organized and existing under the laws of the State of Arizona ("the City").

RECITALS:

- A. EWAZ provides water utility service under a Certificate of Convenience and Necessity ("CC&N") issued by the Arizona Corporation Commission (the "Commission"), and the City provides wastewater utility service to certain of those EWAZ's customers ("Shared Customers");
- B. The City has requested that EWAZ provide information to the City regarding customer water consumption in order to assist the City in billing for wastewater utility services to its customers described above; and
- C. EWAZ and the City desire to enter into a written agreement specifically setting forth the duties, obligations, responsibilities, and liabilities of each party to the other.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, EWAZ and the City, in each case intending to be legally bound by this Agreement, do hereby agree as follows:

1. Customer Information. EWAZ agrees to provide water consumption information and listing of new and closed accounts for the Shared Customers to the City for the City's use in billing for wastewater services. In order for EWAZ to provide this service, the City will submit to EWAZ a map or legal description of its wastewater service area, and addresses of the Shared Customers. The City agrees that it is only authorized to use such water consumption information for purposes of wastewater services billing and is not authorized to

disclose such information to any other party except as may be required by law. Such information will be provided by EWAZ to the City on a monthly basis by the fifth business day of each calendar month, or other mutually agreed upon time interval, as such information becomes available to EWAZ in the ordinary course of its business. The format of the data shall be as mutually agreed to between the City and EWAZ, but should include, at least, EWAZ account number, customer name, account, service address, account mailing address, city, state, postal code, monthly water consumption, premise type, and phone number.

2. Fees. The City will pay EWAZ an administrative fee of \$0.50 per customer per report for information provided to the City under the terms outlined in Paragraph 1 above. EWAZ will account for its out-of-pocket costs to obtain Commission approval of this Agreement, including the costs for the required notice and tariff and any outside counsel expenses incurred, and EWAZ will invoice the City for the total of such out-of-pocket costs, and the City shall pay such billed amount within 30 days after its receipt of EWAZ's invoice.

3. Water Service Termination. The City, by electronic or written notice to EWAZ (a "Termination Request"), may request that EWAZ terminate water service to a Shared Customer who is then liable to the City for overdue sewer charges ("Delinquent Shared Customer").

3.1 Each Termination Request will constitute the City's representation and warranty to EWAZ that the applicable Shared Customer is then a Delinquent Shared Customer and has been provided the notice contemplated in subparagraph 3.2.A, below. Upon EWAZ's receipt of a Termination Request, EWAZ will promptly commence its service termination process with respect to that Shared Customer in compliance with the terms of this Agreement and in compliance with any requirements imposed upon EWAZ by the Commission. The City will perform its own collection process for overdue sewer utility service charges, and will not request termination of water utility service by EWAZ unless and until the City could have terminated water service to that Delinquent Shared Customer if that Delinquent Shared Customer was a water service customer of the City. Termination Requests from the City will be processed by EWAZ each week, and the City

may cancel any Termination Request without charge by providing electronic or written notice to that effect to EWAZ prior to noon on the date EWAZ's water utility service is scheduled to be shut off. For each request made after that time, the City will be charged a Disconnect/Reconnect Cancellation Fee (as defined in Exhibit A).

3.2 In order for EWAZ to shut off water service to a Delinquent Shared Customer, the City will:

A. notify the applicable Delinquent Shared Customer, in writing ~~or~~ and by posting notice in the form set forth in Exhibit B at the premise where the applicable Delinquent Shared Customer receives water service from EWAZ and sewer utility service from the City (the "Shut-off Premises"), that water service by EWAZ will be terminated ten (10) days after the date of the delinquent notice as a result of that Delinquent Shared Customer's delinquent sewer bill with the City; and

B. notify EWAZ by Termination Request, which shall be delivered by e-mail, to terminate the water service of the applicable Delinquent Shared Customer in accordance with procedures in paragraph 3.1.

3.3 The City will pay a Disconnect/Reconnect Fee in accordance with Exhibit A for each Termination Request delivered to EWAZ, such Disconnect Fee will be consideration for EWAZ taking the necessary steps to terminate its water utility service to the applicable Delinquent Shared Customer, unless the City withdraws its Termination Request prior to actual disconnection in accordance with paragraph 3.1, above. Following EWAZ's receipt of a Termination Notice, EWAZ shall:

A. shut off the water source to the Shut-off Premises in accordance with EWAZ's customer shut-off procedures;

B. notify the City by e-mail of the date water service was shut off to the Shut-off Premises;

C. keep a separate record detailing all of the Termination Requests under this Agreement;

and

D. water utility service to the Shut-off Premises will resume in accordance with EWAZ's turn-on procedures after being notified by the City, in writing delivered by e-mail, that the delinquent sewer bill has been paid or that payment arrangements have been made.

E. The City expressly acknowledges and agrees that EWAZ shall have no other obligations or responsibilities under this Agreement with respect to the shut off of water utility service to Delinquent Shared Customers other than those expressly set forth above in this paragraph 3.3.

3.4 In addition to payment of the applicable Disconnect Fees, the City will pay EWAZ a Monthly Lost Revenue Fee in accordance with Exhibit A for each Delinquent Shared Customer whose water utility service is terminated under this Agreement for all or a portion of the applicable month. The Monthly Lost Revenue Fee is intended to compensate EWAZ for the loss of revenue that EWAZ would have received from that Delinquent Shared Customer if the water utility service had not been terminated. EWAZ may, from time to time by written notice to the City, revise the Monthly Lost Revenue Fee as appropriate to reflect any changes in EWAZ's water rates approved by the Commission. The Monthly Lost Revenue Fee shall be prorated for any period less than 30 days. EWAZ will invoice the City for all Monthly Lost Revenue Fees under this Agreement on a monthly basis, and the City shall process invoices and pay EWAZ promptly in accordance with the City's customary business practices without unreasonable delay. The City will not pay interest on unpaid invoices.

4. Indemnification. The City will indemnify, defend, and hold harmless EWAZ from and against all claims, losses, liability, costs, or expenses, including reasonable attorneys' fees (collectively, "claims"), arising out of the City's use of the customer consumption information provided to the City by EWAZ hereunder, except where the information provided is erroneous.

5. Term. The term of this Agreement will be for one year. Unless and until either party serves upon the other party a written notice of non-renewal not less than ninety days prior to expiration, this Agreement will

automatically renew for successive one year terms. Nevertheless, either party may terminate this Agreement with or without cause upon service of a notice to terminate not less than ninety days prior to termination. This Agreement, with the exception of Section 3 which will be effective immediately upon execution of both parties, will be in full force and effect only upon execution by the parties hereto and the Commission's approval of this Agreement and grant of a variance from the restrictions under A.A.C. R14-2-410.A.2; and will continue until expired or terminated in accordance with the provisions herein set forth.

6. Commission Regulation. The City acknowledges that:

- (i) EWAZ is a public service corporation as such term is defined in the Arizona Constitution and, as such, the terms of this Agreement must be subject to any applicable Commission rules, regulations, and orders, including, but not limited to, A.A.C. R14-2-410.A.2 and Decision No. 65453 (Dec. 12, 2002) (the "Decision");
- (ii) pursuant to A.A.C. R14-2-410.A.2, EWAZ is precluded from disconnecting its water utility service as the result of the failure of the customer to pay for services or equipment which are not regulated by the Commission;
- (iii) the City's sewer utility services are not regulated by the Commission, therefore requiring EWAZ to obtain from the Commission a variance from the restrictions under A.A.C. R14-2-410.A.2 in order to proceed as contemplated in this Agreement;
- (iv) pursuant to the Decision, EWAZ is required to submit notice to the Commission at least 180 days in advance of any sharing of customer information, including billing information, and the Decision further requires EWAZ to file a tariff with the Commission setting forth appropriate customer notification procedures to inform customers of the information sharing arrangements; and

themselves of such remedies as either may have for any breach or breaches of such provisions. The waiver of any specific provision or requirement of this Agreement will not constitute a waiver of any other provision or requirement. Any such waiver of any specific provision or requirement of this Agreement will be in writing signed by both parties.

10. Governing Law. This Agreement will be construed and enforced in accordance with the laws of the State of Arizona, including, without limitation, the Commission's rules, regulations, and orders. Venue will be exclusively in the Superior Court of Maricopa County and each party hereby expressly waives any objection or challenge to venue in said Court.

11. Other Miscellaneous Provisions. This Agreement contains the entire agreement between parties hereto with respect to the transactions contemplated herein. This Agreement supersedes all previous written and verbal agreements on the subject of this Agreement, including without limitation that certain Water Service Termination Agreement, dated October 3, 2005, by and between Arizona-American Water Company (n/k/a EPCOR Water Arizona Inc.) and the City. This Agreement will not be amended or modified except in writing signed by all of the parties hereto. This Agreement will be binding upon and inure to the benefit of all parties hereto and their respective successors and assigns. This Agreement shall be subject to cancellation pursuant to the provisions of ARIZ. REV. STAT. §38-511 in the event on a conflict of interest. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition of unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. This Agreement may be executed to one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto on the date first written above.

"THE CITY"

EWAZ

CITY OF SURPRISE

EPCOR WATER ARIZONA INC.

By: [Signature]
Name: BOB WINGERTH
Title: CITY MANAGER

By: [Signature]
Name: John Bradford
Title: VP of Corporate Services

Attest:

[Signature]
City Clerk

Approved as to Form:

[Signature]
City Attorney (Interim)
Robert Wingert

EXHIBIT A

**Disconnect/Reconnect Fee
Disconnect Cancellation Fee
And
Monthly Lost Revenue Fee**

Disconnect/Reconnect Fee	
Normal Hours, same day service (8 a.m. – 3 p.m.)	\$113.66
After Hours, same day service (3 p.m. – 4 p.m.)	\$154.07
*Next Day Service (after 4 p.m.)	\$113.66
Monthly Lost Revenue Fee	\$ 46.96
Disconnect Cancellation Fee	\$ 30.00

*Notification received after 4 p.m. will be handled as "Next Day Service" and will be charged at the "Normal Hours" rate.

EXHIBIT B
SEE FOLLOWING PAGES



SURPRISE
ARIZONA

(Managed by  AMERICAN WATER)

IMPORTANT NOTICE

**YOUR SERVICE IS SCHEDULED FOR
DISCONNECTION**

DATE: _____

ADDRESS: _____

Your sewer utility bill from the City of Surprise is past due. Unless the delinquent amount due is received by _____, EPCOR Water will be instructed to disconnect your water service without further notice.

DELINQUENT AMOUNT DUE

\$ _____

Please see reverse side
for further details.

To make a payment or to report a payment made on your account, please call American Water Customer Service at:

1-888-300-3569



SURPRISE
ARIZONA

(Managed by  AMERICAN WATER)

IMPORTANT NOTICE

**YOUR SERVICE IS SCHEDULED FOR
DISCONNECTION**

DATE: _____

ADDRESS: _____

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DELINQUENT AMOUNT DUE

\$ _____

Please see reverse side
for further details.

To make a payment or to report a payment made on your account, please call American Water Customer Service at:

1-888-300-3569

ATTENTION:

Only an authorized representative is allowed to restore water service.

Please call 1-888-300-3569 to have service restored.

If payment is made after the City of Surprise instructs EPCOR Water to disconnect your water service, you will be required to reimburse the City of Surprise for administrative expenses relating to the disconnection of service order, whether or not your water service is actually disconnected.

In addition, if your water service is disconnected, you will be required to pay reconnect fees to EPCOR Water to re-establish your water service.

Visit us on the Web:

For online account information and self-service, please visit My H2O online at: www.amwater.com

ATTENTION:

Only an authorized representative is allowed to restore water service.

Please call 1-888-300-3569 to have service restored.

If payment is made after the City of Surprise instructs EPCOR Water to disconnect your water service, you will be required to reimburse the City of Surprise for administrative expenses relating to the disconnection of service order, whether or not your water service is actually disconnected.

In addition, if your water service is disconnected, you will be required to pay reconnect fees to EPCOR Water to re-establish your water service.

Visit us on the Web:

For online account information and self-service, please visit My H2O online at: www.amwater.com

EXHIBIT B

EPCOR Water Arizona Inc.
(Name of Company)

Sun City West Water District
(Name of Service Area)

WATER SERVICES TERMINATION AGREEMENT
WITH THE CITY OF SURPRISE
WSTA-1

EPCOR Water Arizona Inc. ("Company") has been granted a variance from Arizona Corporation Commission Rule A.A.C. R14-2-410.A.2 for the limited purpose of entering into a Water Services Termination Agreement ("Agreement") with the City of Surprise ("City"), a municipal provider of wastewater service, for common customers purchasing water from the Company and wastewater from the City. The purpose of this Tariff, and the authorized variance from A.A.C. R14-2-410.A.2, is to assist the City in collecting delinquent payments for wastewater utility service provided to common customers of the Company.

The Company shall comply with the terms and conditions of the Agreement.

The Agreement with the City is attached to and incorporated into this tariff.

ISSUED: MONTH DAY, YEAR EFFECTIVE: MONTH DAY, YEAR
Month Day Year Month Day Year
ISSUED BY: Sheryl L. Hubbard, Director, Regulatory & Rates
2355 W. Pinnacle Peak Road, Phoenix, AZ 85027

Decision No. XXXXX

EXHIBIT C

EPCOR Water Arizona Inc.
(Name of Company)

Original SHEET NO. 7
SHEET NO. _____

Agua Fria Water District
(Name of Service Area)

CUSTOMER WATER CONSUMPTION INFORMATION SHARING
WITH CITY OF SURPRISE, WASTEWATER PROVIDER

EPCOR Water Arizona Inc. ("EWAZ" or "Company") is authorized to share water consumption information of individual customers with the City of Surprise ("the City"), a municipal provider of wastewater service for common customers purchasing water from EWAZ and wastewater from the City. The purpose of this Tariff, and the authorized provision of customer water consumption information, is to assist the City in billing for wastewater utility services. City agrees that it is only authorized to use such water consumption information for purposes of wastewater services billing and is not authorized to disclose such information to any other party except as may be required by law.

EWAZ entered into an Agreement with the City for providing individual water consumption data, in a form materially similar to the standard form agreement. The Agreement was subject to Arizona Corporation Commission ("Commission") review as set forth in Section 6 of the agreement.

EWAZ shall notify all water utility customers affected by the agreement between the Company and the City pursuant to this Tariff, by means of a billing insert during the first billing cycle immediately after said tariff is approved.

ISSUED: MONTH DAY, YEAR EFFECTIVE: MONTH DAY, YEAR
Month Day Year Month Day Year
ISSUED BY: Sheryl L. Hubbard, Director, Regulatory & Rates
2355 W. Pinnacle Peak Road, Suite 300, Phoenix, AZ 85027

Decision No. XXXXX

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BEFORE THE ARIZONA CORPORATION COMMISSION

DOUG LITTLE
Chairman
BOB STUMP
Commissioner
BOB BURNS
Commissioner
TOM FORESE
Commissioner
ANDY TOBIN
Commissioner

IN THE MATTER OF EPCOR WATER ARIZONA, INC FOR APPROVAL OF TARIFFS FOR AGUA FRIA WATER, SUN CITY WATER AND SUN CITY WEST WATER DISTRICTS AT VARIANCE WITH A.A.C.R14-2-410.A.2 AND FOR SHARING CUSTOMER WATER CONSUMPTION INFORMATION WITH THE CITY OF SURPRISE, A MUNICIPAL WASTEWATER PROVIDER OF WASTEWATER SERVICE

DOCKET NO. WS-01303A-16-0029
DECISION NO. _____
ORDER

Open Meeting
April 12 and 13, 2016
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. EPCOR Water Arizona Inc. ("EPCOR" or "Company") is certified to provide water service as a public service corporation in the State of Arizona. EPCOR provides water utility service to residents within the State of Arizona pursuant to the Certificate of Convenience and Necessity issued by the Arizona Corporation Commission ("Commission").
2. On January 27, 2016, the Company filed an application for approval of new tariffs associated with water services termination agreements between EPCOR and the City of Surprise ("City") that grant a variance from Arizona Administrative Code ("A.A.C.") R14-2-410-A.2, thereby permitting the Company to enter into an agreement with the City of Surprise for its Agua Fria Water, Sun City Water and Sun City West Water districts to allow termination of water service being provided by EPCOR, as well as share water consumption data with the City. A.A.C. R14-2-410.A.2 prohibits

1 utilities from disconnecting service to customers for failure to pay for services not regulated by the
2 Commission. At the time of the Commission's approval of a variance from A.A.C. R14-2-410.A.2 in
3 Decision No. 68917, the Company was providing billing services to the City of Surprise for its
4 wastewater customers. At the present time, EPCOR is not providing any billing services to the City
5 which necessitates revising the terms of the October 2005 Agreement. Further modifications to the
6 terms of the October 2005 Agreement resulted from increased costs to provide this service and
7 revenues lost during times of water shutoffs having increased due to changes in water tariffs since
8 2005.

9 3. The City will make the Company whole by payment of a Monthly Lost Revenue fee
10 for each customer whose service is terminated under this Agreement. The fee is based on the
11 thousand gallon rate to capture full average usage. This fee is intended to compensate EPCOR for the
12 loss of revenue that the Company would have received from the customer, if water utility service had
13 not been disconnected.

14 4. The Company further requests approval of a tariff for affected water districts
15 governing the sharing of customer water consumption information with the City (Exhibit C). The
16 City has requested that the Company share information regarding water consumption in order to assist
17 the City in billing for wastewater utility service to its customers.

18 5. EPCOR provides water service to portions of the City, but does not provide
19 wastewater service in the City. Wastewater service is provided by the City and is not regulated by the
20 Arizona Corporation Commission ("Commission").

21 6. Due to the bifurcated nature of water and wastewater utility services within the City, it
22 has become increasingly difficult for the City to collect delinquent wastewater bills without a
23 corresponding ability to disconnect water service, where such water service is provided by the
24 Company. In order to aid with the collection of delinquent wastewater utility bills, the City has
25 requested that the Company file this variance and sharing of customer water consumption
26 information request with the Commission.

27 7. The City will only request that EPCOR disconnect water utility service to a customer
28 when the customer's sewer utility account remains unpaid and becomes delinquent subject to the

1 City's termination of service procedures. Once an account is determined to be delinquent, the City
2 will notify the customer in writing and by posting notice to the customer's premises in the form
3 attached hereto as Exhibit B within the Agreement. This notice gives special attention to why water is
4 scheduled to be disconnected for customers who may be in good standing with EPCOR Water and
5 will allow the customer 10 business days to make payment or payment arrangements for the
6 delinquent balance with the City in order to prevent water utility service from being disconnected.

7 8. The October 2015 Agreement is modeled after the previously approved October 2005
8 Agreement.

9 9. A copy of the October 2015 Agreement is attached as Exhibit A.

10 10. Draft tariffs for the Water Services Termination Agreement with the City of Surprise,
11 for Agua Fria Water, Sun City Water, and Sun City West Water Districts are attached as Exhibit B.
12 Draft tariffs for the Customer Water Consumption Information Sharing with the City of Surprise,
13 Wastewater Provider are attached as Exhibit C.

14 11. Staff recommends approval of the tariffs as discussed herein.

15 12. Staff further recommends that the Company provide notice to its customers as soon as
16 possible by direct mail or bill insert in its next regular scheduled billing in a format acceptable to Staff.
17 The Company shall file a copy of the notice with Docket Control as a compliance matter in this case
18 within thirty (30) days of providing notice to its customers.

19 13. Staff further recommends that the tariffs not become effective until the first day of the
20 month after EPCOR provides notice to all of its customers that are provided wastewater service by
21 the City.

22 CONCLUSIONS OF LAW

23 1. EPCOR Water Arizona, Inc. provides water utility service to residents within the State
24 of Arizona pursuant to multiple certificates of convenience and necessity issued by the Commission.
25 While EPCOR also provides wastewater service to some of its water customers, wastewater service in
26 EPCOR's certificated service areas is often provided by a municipal provider.

27 2. The Commission has jurisdiction over EPCOR and the subject matter in this
28 application.

1 IT IS FURTHER ORDERED that EPCOR Water Arizona, Inc. shall notice its customers
2 that are provided wastewater service by the City of Surprise of the tariff filings and approval as soon
3 as possible in a form acceptable to Staff.

4 IT IS FURTHER ORDERED that these tariffs shall become effective on the first day of the
5 month after EPCOR Water Arizona, Inc. has notified all customers receiving wastewater service from
6 the City of Surprise.

7 IT IS FURTHER ORDERED that this decision shall become effective immediately.

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9

10 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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12

CHAIRMAN

COMMISSIONER

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14

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COMMISSIONER

COMMISSIONER

COMMISSIONER

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17

IN WITNESS WHEREOF, I, JODI JERICH, Executive
Director of the Arizona Corporation Commission, have
hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this _____ day of _____, 2016.

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JODI JERICH
EXECUTIVE DIRECTOR

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DISSENT: _____

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DISSENT: _____

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TMB:TM:red\RRM

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1 SERVICE LIST FOR: EPCOR Water Arizona, Inc.
2 DOCKET NO. WS-01303A-16-0029

3 Ms. Sheryl Hubbard
4 EPCOR Water Arizona, Inc.
5 2355 West Pinnacle Peak Road
6 Suite 300
7 Phoenix, Arizona 85027

8 Mr. Thomas M. Broderick
9 Director, Utilities Division
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007

13 Ms. Janice M. Alward
14 Chief Counsel, Legal Division
15 Arizona Corporation Commission
16 1200 West Washington Street
17 Phoenix, Arizona 85007

18 Mr. Dwight Nodes
19 Chief Administrative Law Judge, Hearing Division
20 Arizona Corporation Commission
21 1200 West Washington Street
22 Phoenix, AZ 85007

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EXHIBIT A

**AGREEMENT TO TERMINATE WATER SERVICE AND
PROVIDEWATER CONSUMPTION
INFORMATION OF SHARED CUSTOMERS**

This AGREEMENT is made this 23 day of October, 2015, by and between EPCOR Water Arizona Inc., an Arizona corporation ("EWAZ"), and City of Surprise, an Arizona municipal corporation duly organized and existing under the laws of the State of Arizona ("the City").

RECITALS:

- A. EWAZ provides water utility service under a Certificate of Convenience and Necessity ("CC&N") issued by the Arizona Corporation Commission (the "Commission"), and the City provides wastewater utility service to certain of those EWAZ's customers ("Shared Customers");
- B. The City has requested that EWAZ provide information to the City regarding customer water consumption in order to assist the City in billing for wastewater utility services to its customers described above; and
- C. EWAZ and the City desire to enter into a written agreement specifically setting forth the duties, obligations, responsibilities, and liabilities of each party to the other.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, EWAZ and the City, in each case intending to be legally bound by this Agreement, do hereby agree as follows:

1. Customer Information. EWAZ agrees to provide water consumption information and listing of new and closed accounts for the Shared Customers to the City for the City's use in billing for wastewater services. In order for EWAZ to provide this service, the City will submit to EWAZ a map or legal description of its wastewater service area, and addresses of the Shared Customers. The City agrees that it is only authorized to use such water consumption information for purposes of wastewater services billing and is not authorized to

disclose such information to any other party except as may be required by law. Such information will be provided by EWAZ to the City on a monthly basis by the fifth business day of each calendar month, or other mutually agreed upon time interval, as such information becomes available to EWAZ in the ordinary course of its business. The format of the data shall be as mutually agreed to between the City and EWAZ, but should include, at least, EWAZ account number, customer name, account, service address, account mailing address, city, state, postal code, monthly water consumption, premise type, and phone number.

2. Fees. The City will pay EWAZ an administrative fee of \$0.50 per customer per report for information provided to the City under the terms outlined in Paragraph 1 above. EWAZ will account for its out-of-pocket costs to obtain Commission approval of this Agreement, including the costs for the required notice and tariff and any outside counsel expenses incurred, and EWAZ will invoice the City for the total of such out-of-pocket costs, and the City shall pay such billed amount within 30 days after its receipt of EWAZ's invoice.

3. Water Service Termination. The City, by electronic or written notice to EWAZ (a "Termination Request"), may request that EWAZ terminate water service to a Shared Customer who is then liable to the City for overdue sewer charges ("Delinquent Shared Customer").

3.1 Each Termination Request will constitute the City's representation and warranty to EWAZ that the applicable Shared Customer is then a Delinquent Shared Customer and has been provided the notice contemplated in subparagraph 3.2.A, below. Upon EWAZ's receipt of a Termination Request, EWAZ will promptly commence its service termination process with respect to that Shared Customer in compliance with the terms of this Agreement and in compliance with any requirements imposed upon EWAZ by the Commission. The City will perform its own collection process for overdue sewer utility service charges, and will not request termination of water utility service by EWAZ unless and until the City could have terminated water service to that Delinquent Shared Customer if that Delinquent Shared Customer was a water service customer of the City. Termination Requests from the City will be processed by EWAZ each week, and the City

may cancel any Termination Request without charge by providing electronic or written notice to that effect to EWAZ prior to noon on the date EWAZ's water utility service is scheduled to be shut off. For each request made after that time, the City will be charged a Disconnect/Reconnect Cancellation Fee (as defined in Exhibit A).

3.2 In order for EWAZ to shut off water service to a Delinquent Shared Customer, the City will:

A. notify the applicable Delinquent Shared Customer, in writing ~~or~~ and by posting notice in the form set forth in Exhibit B at the premise where the applicable Delinquent Shared Customer receives water service from EWAZ and sewer utility service from the City (the "Shut-off Premises"), that water service by EWAZ will be terminated ten (10) days after the date of the delinquent notice as a result of that Delinquent Shared Customer's delinquent sewer bill with the City; and

B. notify EWAZ by Termination Request, which shall be delivered by e-mail, to terminate the water service of the applicable Delinquent Shared Customer in accordance with procedures in paragraph 3.1.

3.3 The City will pay a Disconnect/Reconnect Fee in accordance with Exhibit A for each Termination Request delivered to EWAZ, such Disconnect Fee will be consideration for EWAZ taking the necessary steps to terminate its water utility service to the applicable Delinquent Shared Customer, unless the City withdraws its Termination Request prior to actual disconnection in accordance with paragraph 3.1, above. Following EWAZ's receipt of a Termination Notice, EWAZ shall:

A. shut off the water source to the Shut-off Premises in accordance with EWAZ's customer shut-off procedures;

B. notify the City by e-mail of the date water service was shut off to the Shut-off Premises;

C. keep a separate record detailing all of the Termination Requests under this Agreement;

and

D. water utility service to the Shut-off Premises will resume in accordance with EWAZ's turn-on procedures after being notified by the City, in writing delivered by e-mail, that the delinquent sewer bill has been paid or that payment arrangements have been made.

E. The City expressly acknowledges and agrees that EWAZ shall have no other obligations or responsibilities under this Agreement with respect to the shut off of water utility service to Delinquent Shared Customers other than those expressly set forth above in this paragraph 3.3.

3.4 In addition to payment of the applicable Disconnect Fees, the City will pay EWAZ a Monthly Lost Revenue Fee in accordance with Exhibit A for each Delinquent Shared Customer whose water utility service is terminated under this Agreement for all or a portion of the applicable month. The Monthly Lost Revenue Fee is intended to compensate EWAZ for the loss of revenue that EWAZ would have received from that Delinquent Shared Customer if the water utility service had not been terminated. EWAZ may, from time to time by written notice to the City, revise the Monthly Lost Revenue Fee as appropriate to reflect any changes in EWAZ's water rates approved by the Commission. The Monthly Lost Revenue Fee shall be prorated for any period less than 30 days. EWAZ will invoice the City for all Monthly Lost Revenue Fees under this Agreement on a monthly basis, and the City shall process invoices and pay EWAZ promptly in accordance with the City's customary business practices without unreasonable delay. The City will not pay interest on unpaid invoices.

4. Indemnification. The City will indemnify, defend, and hold harmless EWAZ from and against all claims, losses, liability, costs, or expenses, including reasonable attorneys' fees (collectively, "claims"), arising out of the City's use of the customer consumption information provided to the City by EWAZ hereunder, except where the information provided is erroneous.

5. Term. The term of this Agreement will be for one year. Unless and until either party serves upon the other party a written notice of non-renewal not less than ninety days prior to expiration, this Agreement will

automatically renew for successive one year terms. Nevertheless, either party may terminate this Agreement with or without cause upon service of a notice to terminate not less than ninety days prior to termination. This Agreement, with the exception of Section 3 which will be effective immediately upon execution of both parties, will be in full force and effect only upon execution by the parties hereto and the Commission's approval of this Agreement and grant of a variance from the restrictions under A.A.C. R14-2-410.A.2; and will continue until expired or terminated in accordance with the provisions herein set forth.

6. Commission Regulation. The City acknowledges that:
- (i) EWAZ is a public service corporation as such term is defined in the Arizona Constitution and, as such, the terms of this Agreement must be subject to any applicable Commission rules, regulations, and orders, including, but not limited to, A.A.C. R14-2-410.A.2 and Decision No. 65453 (Dec. 12, 2002) (the "Decision");
 - (ii) pursuant to A.A.C. R14-2-410.A.2, EWAZ is precluded from disconnecting its water utility service as the result of the failure of the customer to pay for services or equipment which are not regulated by the Commission;
 - (iii) the City's sewer utility services are not regulated by the Commission, therefore requiring EWAZ to obtain from the Commission a variance from the restrictions under A.A.C. R14-2-410.A.2 in order to proceed as contemplated in this Agreement;
 - (iv) pursuant to the Decision, EWAZ is required to submit notice to the Commission at least 180 days in advance of any sharing of customer information, including billing information, and the Decision further requires EWAZ to file a tariff with the Commission setting forth appropriate customer notification procedures to inform customers of the information sharing arrangements; and

themselves of such remedies as either may have for any breach or breaches of such provisions. The waiver of any specific provision or requirement of this Agreement will not constitute a waiver of any other provision or requirement. Any such waiver of any specific provision or requirement of this Agreement will be in writing signed by both parties.

10. Governing Law. This Agreement will be construed and enforced in accordance with the laws of the State of Arizona, including, without limitation, the Commission's rules, regulations, and orders. Venue will be exclusively in the Superior Court of Maricopa County and each party hereby expressly waives any objection or challenge to venue in said Court.

11. Other Miscellaneous Provisions. This Agreement contains the entire agreement between parties hereto with respect to the transactions contemplated herein. This Agreement supersedes all previous written and verbal agreements on the subject of this Agreement, including without limitation that certain Water Service Termination Agreement, dated October 3, 2005, by and between Arizona-American Water Company (n/k/a EPCOR Water Arizona Inc.) and the City. This Agreement will not be amended or modified except in writing signed by all of the parties hereto. This Agreement will be binding upon and inure to the benefit of all parties hereto and their respective successors and assigns. This Agreement shall be subject to cancellation pursuant to the provisions of ARIZ. REV. STAT. §38-511 in the event on a conflict of interest. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition of unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. This Agreement may be executed to one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

Exhibit A

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto on the date first written above.

"THE CITY"

EWAZ

CITY OF SURPRISE

EPCOR WATER ARIZONA INC.

By: [Signature]
Name: BOB WINGERT
Title: CITY MANAGER

By: [Signature]
Name: Shawn Bradford
Title: VP of Corporate Services

Attest:

[Signature]
City Clerk

Approved as to Form:

[Signature]
City Attorney (Interim)
Robert Wingert

EXHIBIT A**Disconnect/Reconnect Fee
Disconnect Cancellation Fee
And
Monthly Lost Revenue Fee**

Disconnect/Reconnect Fee	
Normal Hours, same day service (8 a.m. – 3 p.m.)	\$113.66
After Hours, same day service (3 p.m. – 4 p.m.)	\$154.07
*Next Day Service (after 4 p.m.)	\$113.66
Monthly Lost Revenue Fee	\$ 46.96
Disconnect Cancellation Fee	\$ 30.00

*Notification received after 4 p.m. will be handled as "Next Day Service" and will be charged at the "Normal Hours" rate.

EXHIBIT B

SEE FOLLOWING PAGES



SURPRISE

ARIZONA

(Managed by  AMERICAN WATER)

IMPORTANT NOTICE

**YOUR SERVICE IS SCHEDULED FOR
DISCONNECTION**

DATE: _____

ADDRESS: _____

Your sewer utility bill from the City of Surprise is past due. Unless the delinquent amount due is received by _____, EPCOR Water will be instructed to disconnect your water service without further notice.

DELINQUENT AMOUNT DUE

\$ _____

Please see reverse side
for further details.

To make a payment or to report a payment made on your account, please call American Water Customer Service at:

1-888-300-3569



SURPRISE

ARIZONA

(Managed by  AMERICAN WATER)

IMPORTANT NOTICE

**YOUR SERVICE IS SCHEDULED FOR
DISCONNECTION**

DATE: _____

ADDRESS: _____

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DELINQUENT AMOUNT DUE

\$ _____

Please see reverse side
for further details.

To make a payment or to report a payment made on your account, please call American Water Customer Service at:

1-888-300-3569

ATTENTION:

Only an authorized representative is allowed to restore water service.

Please call 1-888-300-3569 to have service restored.

If payment is made after the City of Surprise instructs EPCOR Water to disconnect your water service, you will be required to reimburse the City of Surprise for administrative expenses relating to the disconnection of service order, whether or not your water service is actually disconnected.

In addition, if your water service is disconnected, you will be required to pay reconnect fees to EPCOR Water to re-establish your water service.

Visit us on the Web:

For online account information and self-service, please visit My H2O online at: www.amwater.com

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EXHIBIT B

EPCOR Water Arizona Inc.
(Name of Company)

Sun City Water District
(Name of Service Area)

WATER SERVICES TERMINATION AGREEMENT
WITH THE CITY OF SURPRISE
WSTA-1

EPCOR Water Arizona Inc. ("Company") has been granted a variance from Arizona Corporation Commission Rule A.A.C. R14-2-410.A.2 for the limited purpose of entering into a Water Services Termination Agreement ("Agreement") with the City of Surprise ("City"), a municipal provider of wastewater service, for common customers purchasing water from the Company and wastewater from the City. The purpose of this Tariff, and the authorized variance from A.A.C. R14-2-410.A.2, is to assist the City in collecting delinquent payments for wastewater utility service provided to common customers of the Company.

The Company shall comply with the terms and conditions of the Agreement.

The Agreement with the City is attached to and incorporated into this tariff.

ISSUED: MONTH DAY, YEAR EFFECTIVE: MONTH DAY, YEAR

Month Day Year Month Day Year

ISSUED BY: Sheryl L. Hubbard, Director, Regulatory & Rates
2355 W. Pinnacle Peak Road, Suite 300, Phoenix, AZ 85027

Decision No. XXXXX

Decision No. _____

EPCOR Water Arizona Inc.
(Name of Company)

Sun City West Water District
(Name of Service Area)

WATER SERVICES TERMINATION AGREEMENT
WITH THE CITY OF SURPRISE
WSTA-1

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Month Day Year Month Day Year
ISSUED BY: Sheryl L. Hubbard, Director, Regulatory & Rates
2355 W. Pinnacle Peak Road, Phoenix, AZ 85027

Decision No. XXXXX

Decision No. _____

EXHIBIT C

EPCOR Water Arizona Inc.
(Name of Company)

Original SHEET NO. 7
SHEET NO. _____

Agua Fria Water District
(Name of Service Area)

**CUSTOMER WATER CONSUMPTION INFORMATION SHARING
WITH CITY OF SURPRISE, WASTEWATER PROVIDER**

EPCOR Water Arizona Inc. ("EWAZ" or "Company") is authorized to share water consumption information of individual customers with the City of Surprise ("the City"), a municipal provider of wastewater service for common customers purchasing water from EWAZ and wastewater from the City. The purpose of this Tariff, and the authorized provision of customer water consumption information, is to assist the City in billing for wastewater utility services. City agrees that it is only authorized to use such water consumption information for purposes of wastewater services billing and is not authorized to disclose such information to any other party except as may be required by law.

EWAZ entered into an Agreement with the City for providing individual water consumption data, in a form materially similar to the standard form agreement. The Agreement was subject to Arizona Corporation Commission ("Commission") review as set forth in Section 6 of the agreement.

EWAZ shall notify all water utility customers affected by the agreement between the Company and the City pursuant to this Tariff, by means of a billing insert during the first billing cycle immediately after said tariff is approved.

ISSUED: MONTH DAY, YEAR EFFECTIVE: MONTH DAY, YEAR
Month Day Year Month Day Year
 ISSUED BY: Sheryl L. Hubbard, Director, Regulatory & Rates
2355 W. Pinnacle Peak Road, Suite 300, Phoenix, AZ 85027

Decision No. XXXXX

Decision No. _____

EPCOR Water Arizona Inc.
(Name of Company)

Sun City Water District
(Name of Service Area)

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WITH CITY OF SURPRISE, WASTEWATER PROVIDER**

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Month Day Year Month Day Year
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2355 W. Pinnacle Peak Road, Suite 300, Phoenix, AZ 85027

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Decision No. _____

EPCOR Water Arizona Inc.
(Name of Company)

Sun City West Water District
(Name of Service Area)

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WITH CITY OF SURPRISE, WASTEWATER PROVIDER**

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