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Memorandum
From the office of
Chairman Doug Little
Arizona Corporation Commission
1200 W. WASHINGTON
PHOENIX, ARIZONA
(602) 542-0745

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AZ CORP COMMISSION
DOCKET CONTROL
2016 JUL 21 A 10:53

TO: Docket Control
DATE: July 21, 2016
FROM: Chairman Doug Little's Office
SUBJECT: EPCOR WS-01303A-16-0145

Chairman Little's office received 1 email referencing an incorrect docket number (E-01345-16-0036). The Chairman replied to the email with the corrected docket number, WS-01303A-16-0145. The email, and the Chairman's reply, can be viewed via the Docket link on the website, or in Docket.

Arizona Corporation Commission

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JUL 21 2016

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Andrea Gaston

From: Doug Little
Sent: Wednesday, July 20, 2016 3:43 PM
To: Dennis Epley
Subject: Re: DOCKET E-01345A-16-0036

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Mr. Epley,

Thank you for your email. I always appreciate hearing from ratepayers, even though "ex-parte" rules prevent me from providing you with a substantive response as it relates to any pending rate case.

In this case however, there are some factual misconceptions on your part that don't involve any pending rate cases, and I feel obligated to correct these misconceptions as I want you to have accurate data on which to base your opinions.

First, the docket number you refer to in your email is the docket number for the Arizona Public Service rate case. It has nothing to do with EPCOR. The correct docket that you probably want to follow regarding the EPCOR case is Docket - WS--013003A-16-0145.

Second, based on the date reference of the conversation you referred to in your email, you are probably referring to discussions that were held during a Water and Wastewater Policy workshop that the Commission held on June 24th. I want to state this as clearly as I possible can without offending you in any way. On June 24th in our Water Policy workshop we were not discussing the EPCOR rate case in any form or fashion. To have done so would have been a violation of our "ex-parte" rules. We cannot have any conversation about a rate case outside of its own specific hearing process.

On June 24th, 2016, the Commission held a Water Policy Workshop under Docket W-00000C-16-0151. As a part of that workshop we were discussing a very serious problem we have here in Arizona regarding small water utilities. Believe it or not, we have around 300 small water companies with less than 1000 customers for each company. Many of those small water companies may only have 200-300 customers. The vast majority are owned by small "Mom and Pop" type companies that have very limited access to capital for maintenance or improvement of their water systems.

They often have major problems funding "enhancements" they have to add to their systems because of more stringent environmental regulations. Recently, one company with less than 100 customers had to spend over \$250,000 on equipment to lower arsenic levels in the water based on EPA regulations. I think you can appreciate that kind of expenditure made by a system with so few customers would hurt those customers a lot. We were trying to figure out a way to try and help those small water company customers in the workshop.

In the Water Policy workshop, the Commission was talking about providing incentives for larger water companies like EPCOR, Liberty Water and Global Water to go out and purchase troubled small water companies. The "consolidation" we were discussing involved taking very small water companies and consolidating them into larger water companies so that expenses like the one in my small water company example above are spread over a customer base of several thousand people instead of a few hundred people. The large companies would also be able to reduce ratepayer expenses since they already have staff for billing, customer service, maintenance and treatment.

You should understand that the discussion we were having on June 24th it was about "how do we reduce the number of small water companies and take greater advantage of economic scale to reduce costs to individual ratepayers while providing safer water and more reliable service." It had absolutely nothing to do with EPCOR's pending rate case and did not express any opinion, one way or the other, about what we should do in that rate case. I even said at the beginning of the Water Policy Workshop that any discussions we had during the workshop are in no way related to any pending rate case.

Further, I can assure you that any decisions we make on the EPCOR rate case will be based only on the record in that specific case. I also do appreciate your observations and will make sure they become a part of the official record so that all of the Commissioners and parties to the case can understand the views you express.

I just didn't want you to operate under the misconception that something had been decided in the June 24th Water Policy meeting that affected the EPCOR rate case when that was explicitly not the case.

Best regards,

Doug

Doug Little
Chairman

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<http://www.azcc.gov>

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From: Dennis Epley <dnsepley@yahoo.com>
Reply-To: Dennis Epley <dnsepley@yahoo.com>
Date: Tuesday, July 19, 2016 at 1:17 PM
To: Doug Little <dlittle@azcc.gov>
Subject: DOCKET – E-01345A-16-0036

Dear Arizona Corporate Commission Commissioner;

Last night I attended the EPCOR Sun City propaganda presentation regarding proposed new wastewater rates and consolidation (**DOCKET – E-01345A-16-0036**). It was not a surprise that the Canadian company is again pushing consolidation of rates, I was shocked to learn that you, the Commission, told the company on June 24th that:

- You want consolidation
- You want EPCOR to return with consolidation for the water rates as well by 2018 (They said: ho boy, let's do that next year)

If this is true, the process is a sham. You have already decided to shove the senior citizens of Sun City under the bus.

Make no mistake. We, the senior citizens of Sun City, will not take this outrageous act lying down. We are not stupid people. We have fully paid our way all along. We are not asking for subsidy, just fairness. There is NO excuse for you to put the burden of short sighted government policies on our backs. We did not create the environment that allowed special interest developers the ability to skirt investment in infrastructure so they could sell homes more cheaply. We did not knowingly purchase expensive property, only to then complain about sewer and water rates. If one can afford a half a million dollar property to build on, one can afford to pay the associated freight.

To add further insult to injury, you apparently have enticed the Canadian company to add further injustice by doing the same to our water rates. Again, after at least 3 times of going through this that I know of since beginning our research for property in the Southwest. We looked long and hard as to where to invest our modest savings. We settled on Sun City because it was the most affordable in terms of home values and ongoing expenses such as property, and utility costs. We were further impressed with the available facilities, relatively low annual fees, and character of the people and neighborhoods. You threaten nearly all of the economic factors in our decision. Further, you potentially threaten some of

the environmental factors as well with exploding sewer, water and rec fee rates. Some folks will just not be able to keep their properties up as well as they do now (if at all).

Apparently you ignore petitions with more than 10,000 signatures in favor of special interest groups with more money. Never the less, I will work without rest to fight this injustice. I will encourage friends and neighbors to do the same. I will do everything I can to ensure everyone knows of the travesty of justice you, the Commission, has perpetrated on us if the June 24th statements are true. You will not be able to sweep this under the rug, nor will I stop until all of you are all replaced on the Commission. This is not a threat, it is a promise.

Sincerely,

Dennis E. Epley dnsepley@cox.net

10814 West Lola Drive

Sun City AZ 85373