



15626 N. Del Webb Blvd.
Sun City, AZ 85351-1602

IMPORTANT INFORMATION FROM EPCOR

Printed on Recycled Paper

PUBLIC NOTICE OF HEARING ON THE APPLICATION OF EPCOR WATER ARIZONA INC. FOR APPROVAL OF A SYSTEM IMPROVEMENT BENEFITS MECHANISM FOR ITS ARIZONA WASTEWATER DISTRICT.

(DOCKET NO. WS-01303A-16-0145)

SUMMARY

EPCOR requests approval of a System Improvement Benefits ("SIB") mechanism for its Arizona Wastewater District, to recover a return on and of net investments made between rate cases for pipe and manhole replacement and rehabilitation in its Sun City and Sun City West service area collection systems.

EPCOR plans to complete the projects over a five-year timeframe to control costs and reduce rate shock and estimates the following annual costs by wastewater service area:

| Program Year | Sun City Area | | | Sun City West Area | | |
|--------------|---------------|-------------|--------------|--------------------|-------------|-------------|
| | Pipes | Manholes | Total | Pipes | Manholes | Total |
| 2017 | \$1,710,000 | \$1,142,328 | \$2,852,328 | – | \$194,715 | \$194,715 |
| 2018 | \$918,750 | \$1,388,967 | \$2,307,717 | \$500,000 | \$1,038,480 | \$1,538,480 |
| 2019 | \$1,475,000 | \$1,025,499 | \$2,500,499 | \$500,000 | \$960,594 | \$1,460,594 |
| 2020 | \$1,010,000 | \$1,401,948 | \$2,411,948 | \$500,000 | \$1,051,461 | \$1,551,461 |
| 2021 | \$400,000 | \$1,116,366 | \$1,516,366 | \$500,000 | \$1,168,290 | \$1,668,290 |
| TOTAL | \$5,513,750 | \$6,075,108 | \$11,588,858 | \$2,000,000 | \$4,413,540 | \$6,413,540 |

EPCOR proposes for its SIB mechanism to include: (1) filing of financial statements and an earnings test schedule; (2) a 5-percent surcharge efficiency credit; (3) reconciliation and true-up; (4) a 5-percent annual cap on the revenue requirement; (5) no more than 5 SIB surcharge requests between rate cases; and (6) other protections detailed in the proposed plan of administration included with the Application.

EPCOR estimates that the monthly surcharge amount per customer for each customer class will be as follows:

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-----------------------|--------|--------|--------|--------|--------|
| Monthly SIB Surcharge | \$0.41 | \$0.93 | \$1.46 | \$2.00 | \$2.43 |

EPCOR estimates that the monthly individual efficiency credit per customer (for each customer class) for each year will be as follows:

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|-------------------|----------|----------|----------|----------|----------|
| Efficiency Credit | (\$0.02) | (\$0.05) | (\$0.08) | (\$0.11) | (\$0.12) |

NEITHER THE COMMISSION'S UTILITIES DIVISION ("STAFF") NOR ANY INTERVENOR HAS YET MADE ANY RECOMMENDATION REGARDING EPCOR'S APPLICATION. THE COMMISSION IS NOT BOUND BY THE PROPOSALS OF EPCOR, STAFF, OR ANY INTERVENORS. THE COMMISSION WILL DETERMINE THE APPROPRIATE RELIEF TO BE GRANTED IN RESPONSE TO EPCOR'S APPLICATION BASED ON THE EVIDENCE PRESENTED IN THIS MATTER. IF A SIB MECHANISM IS APPROVED BY THE COMMISSION, THE SURCHARGES AND EFFICIENCY CREDITS COULD BE HIGHER, LOWER, OR DIFFERENT THAN THE ESTIMATES INCLUDED IN THIS NOTICE.

If you have any questions concerning how the Application may affect your bill or other substantive questions about the Application, you may contact EPCOR at 2355 W Pinnacle Peak Road, Suite 300, Phoenix, AZ 85027, online at epcor.com/wastewaterconsolidation, by telephone at 1.800.383.0834, or by email at RateCaseQuestions@epcor.com.

How You Can View or Obtain a Copy of the Application

Copies of the Application are available at the Commission's offices at 1200 West Washington, Phoenix, Arizona 85007, for public inspection during regular business hours, and on the Internet via the Commission's website (www.azcc.gov) using the e-Docket function. A copy of the Application is also available on the company's website at www.epcor.com/wastewaterconsolidation and at EPCOR's offices at 15626 N. Del Webb Boulevard, Sun City, AZ 85351; 860 Gemstone Avenue, Bullhead City, AZ 86442; and 2355 W. Pinnacle Peak Road, Suite 300, Phoenix, AZ 85027. This Application is in the same docket as the general rate case filing – Docket No. WS-01303A-16-0145.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning **April 30, 2018, at 10:00 a.m.**, at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona. Public comments will be taken on the first day of the hearing.

Written public comments may be submitted by mailing a letter referencing Docket No. **WS-01303A-16-0145** to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by submitting comments on the Commission's website (www.azcc.gov) using "I Want To" and "Submit a Public Comment." If you require assistance, you may contact the Consumer Services Section at 602-542-4251 or 1-800-222-7000.

If you do not intervene in this proceeding, you will receive no further notice of the proceedings in this docket. However, all documents filed in this docket are available online (usually within 24 hours after docketing) at the Commission's website (www.azcc.gov) using the e-Docket function. **Parties who intervened in the first phase of this matter remain parties in this second phase.**

About Intervention

The law provides for an open public hearing at which, under appropriate circumstances, interested persons may intervene. An interested person may be granted intervention if the outcome of the case will directly and substantially impact the person, and the person's intervention will not unduly broaden the issues in the case. Intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other parties' witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case.

To request intervention, you must file an **original and 13 hard copies** of written request to intervene with Docket Control, 1200 West Washington, Phoenix, AZ 85007, **no later than March 19, 2018**. You also **must** serve a copy of the request to intervene on each party of record, on the same day that you file the request to intervene with the Commission. Information about intervention and sample intervention requests are available on the Commission's website (www.azcc.gov) using "I Want To" and "Learn about Intervention in a Utility Case" and "Intervene in a Utility Case."

Your request to intervene must contain the following:

1. Your name, address, and telephone number, and the name, address, and telephone number of any person upon whom service of documents is to be made, if not yourself;
2. A reference to **Docket No. WS-01303A-16-0145**;
3. A short statement explaining:
 - a. Your interest in the proceeding (e.g., a customer of EPCOR, etc.),
 - b. How you will be directly and substantially affected by the outcome of the case, and
 - c. Why your intervention will not unduly broaden the issues in the case;
4. A statement certifying that you have served a copy of the request to intervene on EPCOR or its attorney and all other parties of record in the case; and
5. If you are not represented by an attorney who is an active member of the Arizona State Bar, and you are not representing yourself as an individual, sufficient information and any appropriate documentation to demonstrate compliance with Arizona Supreme Court Rules 31, 38, 39, and 42, as applicable.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before **March 19, 2018**.

ADA/Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Kacie Cannon, E-mail KCannon@azcc.gov, voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.