

PUBLIC NOTICE OF HEARING ON THE RATE APPLICATION OF EPCOR WATER ARIZONA, INC., FOR WASTEWATER UTILITY SERVICE IN ITS AGUA FRIA, ANTHEM, MOHAVE, SUN CITY, AND SUN CITY WEST WASTEWATER DISTRICTS AND FOR CONSIDERATION OF CONSOLIDATION AND DECONSOLIDATION PROPOSALS. DOCKET NO. WS-01303A-16-0145

Summary

In Decision No. 74881 (December 23, 2014), the Arizona Corporation Commission (“Commission”) ordered EPCOR Water Arizona, Inc. (“EPCOR”) to file a permanent rate case for all five of its wastewater districts (Agua Fria, Anthem, Mohave, Sun City, and Sun City West) and to include in the rate case filing a revenue requirement for each district, a cost-of-service study for each district, and a fully deconsolidated rates proposal by wastewater system.

On April 29, 2016, EPCOR filed with the Commission an application for a determination of the fair value of its utility plant and property and for increases/decreases in its rates and charges for wastewater utility service in its Agua Fria, Anthem, Mohave, Sun City, and Sun City West Wastewater Districts and for consideration of consolidation and deconsolidation proposals (“Application”). EPCOR supports full consolidation of the five wastewater districts, but included proposals for stand-alone district rates and deconsolidated rates by wastewater system/facility.

EPCOR proposes the following revenue increases by district:

Wastewater District	Fair Value Rate Base	Revenue Increase	Percentage Increase
Agua Fria	\$14,685,691	\$471,679	7.8%
Anthem	\$20,837,799	\$1,041,624	15.0%
Mohave	\$5,534,484	\$205,526	13.7%
Sun City	\$36,618,889	\$1,360,718	15.2%
Sun City West	\$32,821,488	\$2,074,076	28.3%
Overall	\$110,498,351	\$5,153,623	16.8%

EPCOR proposes a phase-in of consolidated rates over a three-year period for the residential rate class and a two-year phase-in of consolidated rates for the commercial class. EPCOR’s proposed charges for residential class customers, on either a standalone or consolidated basis, are summarized below:

Wastewater District	Current Residential Rate*	Stand-Alone Proposed Rate	CONSOLIDATED		
			Year 1 Phase-In Rate	Year 2 Phase-In Rate	Year 3 Phase-In Rate
Agua Fria	\$71.16	\$76.09	\$65.65	\$53.83	\$41.02
Anthem	\$60.33	\$61.48	\$54.89	\$47.76	\$41.02
Mohave	\$78.53	\$89.44	\$68.00	\$51.74	\$41.02
Sun City	\$22.11	\$25.03	\$29.82	\$35.78	\$41.02
Sun City West	\$32.46	\$42.00	\$42.00	\$41.02	\$41.02

*Current residential rates assume 7,000 gallons of water usage.

On a fully deconsolidated basis by wastewater treatment facility, EPCOR's proposed revenue increases would result in approximately the following rate impacts for residential customers:

Wastewater Treatment Facility	Current Residential Rate	Proposed Deconsolidated Residential Rate
Northwest Valley Wastewater	\$32.46	\$45.65
Anthem Wastewater	\$60.33	\$61.48
Wishing Well Wastewater	\$78.53	\$82.69
Arizona Gateway Wastewater	N/A	N/A
Sun City Wastewater	\$22.11	\$25.03
Verrado Wastewater	\$71.16	\$89.63
Russell Ranch Wastewater	\$71.16	\$153.99

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 RATEMAKING TREATMENT OF THE REVENUES AND EXPENSES RELATED TO EPCOR'S APPLICATION BASED ON THE EVIDENCE PRESENTED IN THIS PROCEEDING. THE FINAL RATES APPROVED BY THE COMMISSION MAY BE HIGHER, LOWER, OR DIFFERENT THAN THE RATES PROPOSED BY EPCOR OR BY OTHER PARTIES.

If you have any questions concerning how the Application may affect your bill or other substantive questions about the Application, you may contact the Company 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 from EPCOR online at epcor.com/wastewaterconsolidation and at the following EPCOR locations: 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. Copies of the application can also be found at the Anthem Civic Building (3701 W Anthem Way, Anthem, AZ 85086), the Mohave County Library (5744 S. Highway 95, Ste. 102, Fort Mohave, AZ 86426), the Fairway Branch Library (10600 W Peoria Avenue, Sun City, AZ 85351) and the R.H. Johnson Library (13801 W Meeker Boulevard, Sun City West, AZ 85375); at the Commission's Docket Control Center at 1200 West Washington Street, Phoenix, Arizona, and 400 West Congress Street, Suite 218, Tucson, Arizona, during regular business hours; and on the Commission website (www.azcc.gov) using the e-Docket function.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning **January 23, 2017, at 10:00 a.m.**, at the Commission's offices, Hearing Room #1, 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 the "Submit a Public Comment for a Utility" function. 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.

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 a written request to intervene with Docket Control, 1200 West Washington, Phoenix, AZ 85007, **no later than August 1, 2016**. 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 the "Intervention in Utility Cases" link.

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 August 1, 2016.

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, Shaylin Bernal, E-mail SBernal@azcc.gov, voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.