



## PUBLIC NOTICE OF HEARING ON EPCOR WATER ARIZONA INC.'S APPLICATION FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND INCREASES/DECREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS AGUA FRIA, ANTHEM, CHAPARRAL, HAVASU/BROOKE, MOHAVE, NORTH MOHAVE, PARADISE VALLEY, SUN CITY, SUN CITY WEST, TUBAC, AND WILLOW VALLEY WATER DISTRICTS AND FOR CONSIDERATION OF CONSOLIDATION PROPOSALS

(DOCKET NO. WS-01303A-20-0177)

### SUMMARY

On April 16, 2019, in Decision No. 77147, the Arizona Corporation Commission ("Commission") ordered EPCOR Water Arizona Inc. ("EPCOR" or "Company") to file a new rate case for its 11 water districts in Arizona. On June 15, 2020, EPCOR filed with the Commission an application for a determination of the fair value of its plant and property used to provide water utility service to its Agua Fria, Anthem, Chaparral, Havasu/Brooke, Mohave, North Mohave, Paradise Valley, Sun City, Sun City West, Tubac, and Willow Valley water districts; for increases/decreases in its rates and charges for such water utility service; and for consideration of consolidating some, all, or none of its water districts. EPCOR's application uses a test year ending on December 31, 2019, and proposes an overall revenue increase of approximately \$16.6 million, or approximately 14.1 percent over adjusted test year revenues of \$117,661,203.

EPCOR also requests approval of a Power Cost Adjustor Mechanism ("PCAM") and a Purchased Water Adjustor Mechanism ("PW AM") to recover/refund all future changes to purchased power and purchased water expenses rather than having those operating expenses factored into and recovered through EPCOR's base rates. In addition, EPCOR has requested approval of a CIAC/AIAC tax adjustor surcharge and a rate case expense surcharge. Further, EPCOR requests approval of changes to its hook-up fee tariffs and service line and meter installation charges to make them uniform for all districts.

EPCOR requests renewed approval of the Company's existing Low Income, Disabled Veterans, and Deployed Service Member customer assistance programs currently approved and available in each water district.

Additional requests are set forth in EPCOR's application and related filings. District-specific information in the application and related filings is available on the Commission's website at [www.azcc.gov](http://www.azcc.gov) or at [www.epcor.com/waterratereview](http://www.epcor.com/waterratereview).

As required by Commission Decision No. 77147, EPCOR has provided the Commission with multiple scenarios to consider how its water districts might be consolidated into one or more regional district(s). The five scenarios presented in this case are as follows: the 11 stand-alone districts would remain as they exist today; three separate scenarios on how current districts might be regionally consolidated; and a full consolidation scenario. The proposed scenarios are shown below.

Scenario 1	<b>GROUP A:</b> Agua Fria, Anthem, Chaparral, Havasu/Havasu (Brooke), Tubac, Willow Valley	<b>GROUP B:</b> Mohave, North Mohave	Sun City (Stand-Alone)	Sun City West (Stand-Alone)	Paradise Valley (Stand-Alone)
Scenario 2	<b>GROUP C:</b> Agua Fria, Anthem, Chaparral, Tubac	<b>GROUP B:</b> Mohave, North Mohave	<b>GROUP D:</b> Sun City, Sun City West	<b>GROUP E:</b> Havasu/Havasu (Brooke), Willow Valley	Paradise Valley (Stand-Alone)
Scenario 3	<b>GROUP F:</b> Agua Fria, Anthem, Tubac	<b>GROUP B:</b> Mohave, North Mohave	Chaparral, Sun City, Sun City West, Paradise Valley, Havasu/Havasu (Brooke), and Willow Valley remain as separate districts (i.e. Stand-Alone).		
Scenario 4	<b>GROUP G:</b> All Water Districts are fully consolidated				
Scenario 5	All Water Districts remain as Stand-Alone Districts				

**Additional Notice to Brooke Customers.** EPCOR will update the rate impacts on Brooke customers described below through an additional filing with the Commission on or before November 1, 2020. EPCOR will provide the update through a timely bill insert, which will also include notice and details of a meeting held by the Company that will be open to the public to explain the rate impacts and answer any questions.

**Potential Impact to Bills.** The examples below (next page) illustrate how residential bills **may** be impacted under each scenario as proposed by the Company **if** a residential customer has a 5/8-inch meter and uses the average monthly water usage in that customer's district. **Each customer's bill, however, is specific to individual usage, meter size and customer classification. Actual bill impacts will vary.** Customers can use the H4 tables provided in EPCOR's application and subsequent filings available on [www.azcc.gov](http://www.azcc.gov) and [www.epcor.com](http://www.epcor.com), or contact EPCOR at [ratecasequestions@epcor.com](mailto:ratecasequestions@epcor.com) or 1-800-383-0834 to determine the potential change to their bill. Proposed scenarios and various examples of bill impacts are available at [www.epcor.com/waterratereview](http://www.epcor.com/waterratereview).

District	Average Water Usage/ Month	Bills Current Rates	POTENTIAL BILL IMPACTS Under Proposed Unification Scenarios				
			Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Agua Fria	6,523	\$38.35	\$16.26	\$15.61	\$16.66	\$7.60	\$10.57
Anthem*	7,275	\$70.80	\$(12.37)	\$(13.07)	\$(11.92)	\$(22.12)	\$19.93
Chaparral*	6,898	\$53.70	\$2.82	\$2.15	\$5.81	\$(6.38)	\$5.81
Havasas	6,113	\$51.87	\$0.66	\$12.05	\$6.13	\$(7.40)	\$6.13
Havasas (Brooke)	2,374	\$33.83	\$0.42	\$9.90	\$5.67	\$5.79	\$5.67
Mohave	5,780	\$32.22	\$8.08	\$8.08	\$8.08	\$11.04	\$7.81
North Mohave	7,532	\$34.93	\$12.42	\$12.42	\$12.42	\$14.69	\$15.44
Paradise Valley 5/8"	17,323	\$54.61	\$17.26	\$17.26	\$17.26	\$35.20	\$17.26
Paradise Valley 1"	51,778	\$174.11	\$34.22	\$34.22	\$34.22	\$84.99	\$34.22
Sun City	6,238	\$26.43	\$1.84	\$6.59	\$1.84	\$18.49	\$1.84
Sun City West	5,770	\$35.20	\$0.90	\$(2.46)	\$0.90	\$8.02	\$0.90
Tubac	6,609	\$52.60	\$2.45	\$1.79	\$2.85	\$(6.34)	\$19.78
Willow Valley	2,616	\$40.00	\$(4.80)	\$4.83	\$17.23	\$(7.88)	\$17.23

\*3/4-inch meters - all others are 5/8-inch unless otherwise noted.

**NEITHER THE COMMISSION'S UTILITIES DIVISION ("STAFF") NOR ANY INTERVENOR HAS YET MADE ANY RECOMMENDATION REGARDING THE 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. 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 EPCOR at 2355 W Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027, online at [www.epcor.com](http://www.epcor.com), by telephone at 1-800-383-0834 or by email at [ratecasequestions@epcor.com](mailto:ratecasequestions@epcor.com).

#### How You Can View or Obtain a Copy of the Application

Copies of the application are available from EPCOR on [www.epcor.com](http://www.epcor.com), 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](http://www.azcc.gov)) using the e-Docket function. Please note that access to Commission buildings may be restricted due to the COVID-19 pandemic.

#### Public Comment

Written public comments may be submitted by mailing a letter referencing **Docket No. WS-01303A-20-0177** 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](http://www.azcc.gov)) using "Cases and Open Meetings" and "Make a Public Comment in a Docket." If you require assistance, you may contact the Consumer Services Section at 602-542-4251 or 1-800-222-7000.

#### Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning **March 22, 2021, at 10:00 a.m.**, at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona. For those members of the public who wish to provide public comment, the Commission will allow telephonic public comment on March 22, 2021, at the beginning of the hearing at 10:00 a.m. To provide telephonic public comments, call 1-866-705-2554 and enter this code: 241497#.

**If you do not intervene in this proceeding (see the section below regarding intervention), you will receive no further notice of the proceedings in this docket unless you sign up to Follow the 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](http://www.azcc.gov)) using the e-Docket function. **Information on how to Follow a Docket is available on the Commission's website by clicking on "Cases and Open Meetings" and "Follow a Docket or Document Type."**

#### 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. **Intervention is not required for you to appear at the hearing and provide public comment, to file written comments in the record of the case, or to receive emailed notice of each filing made in the case by following the docket.**

**Information about what intervention means, including an explanation of the rights and responsibilities of an intervenor, is available on the Commission's website ([www.azcc.gov](http://www.azcc.gov))** by clicking on "Cases and Open Meetings" and then clicking on "Intervene in a Case." The information includes a Sample Intervention Request and a Fillable Intervention Request Form.

To request intervention, you must file a written request to intervene, either (a) by filing a hard copy request (meeting filing requirements) with Docket Control (Docket Control, 1200 West Washington, Phoenix, AZ 85007), or (b) by eFiling the request. Your request **must be filed or eFiled no later than October 19, 2020**. Instructions and restrictions for eFiling are available on the Commission's website at <http://azcc.gov/hearing/efilefor-utilities-instruction>. 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.

Your request to intervene **must** contain the information below:

- Your name, address, and telephone number;
- The docket number for the case in which you are requesting to intervene;
- A short statement explaining:
  - Your interest in the proceeding (e.g., a customer of the regulated company involved, a property owner in an area to be affected by the case, etc.);
  - How you will be directly and substantially affected by the outcome of the case, and
  - Why your intervention will not unduly broaden the issues in the case;
- If a hearing has not been scheduled, whether and why you believe a hearing is needed;
- A statement certifying that you have sent a copy of your request to intervene to the regulated company or its attorney and to all other parties of record in the case; and
- 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. This only applies if you are NOT representing yourself and you are not a licensed attorney.

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 **October 19, 2020**.

#### 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, Carolyn Buck, E-mail [ADACoordinator@azcc.gov](mailto:ADACoordinator@azcc.gov), voice phone number 602-542-2247. Requests should be made as early as possible to allow time to arrange the accommodation.