March 18, 2019

Parties to Docket No. WS-01303A-19-0011:

The attached filing was received by the Hearing Division on March 13, 2019.

Because the filing does not indicate that it was provided to all parties to this proceeding, it is being provided to you at this time.

Respectfully,

Belinda A. Martin
Administrative Law Judge
On this 48th day of March, 2019, the foregoing document was filed with Docket Control as a Hearing Division Memorandum, and copies of the foregoing were mailed on behalf of the Hearing Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

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By:  
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Grace Beltran  
Assistant to Belinda A. Martin
March 8, 2019

VIA U.S. MAIL

Arizona Corporation Commission
Hearing Division
1200 West Washington Street
Phoenix, Arizona 85007

Re:  EPCOR Arizona Rate Case (Docket No. WS-01303A-19-0011)

Dear Chairman Burns and Honorable Commissioners:

I serve as the Town Attorney for the Town of Fountain Hills (the “Town”). Following the approval of the pro forma merger of EPCOR Arizona and Chaparral City Water Company in August 2017, Chaparral City Water Company became one of eleven districts managed and served by EPCOR Arizona. The current EPCOR rate case (Docket No. WS-01303A-19-0011) affects the Town and its residents because the Town belongs to and is serviced by EPCOR’s Chaparral District (the “District”).

The Town, on behalf of itself and its residents, opposes the proposed interim rate increase for the District. The Commission has in recent years approved several rate adjustments and supplements that have impacted the Town and its residents. Those increases include the following:

- On July 30, 2014, the Commission issued Decision No. 74585 in Docket No. W-02113A-12-0118, ordering corrections to its Order in Decision No. 74568. Decision number 74568 ordered new rates for the Chaparral City Water Company, and both decisions collectively increased the rates for an average District residential customer with a ¾ inch meter by over 20%.

- On April 22, 2016, the Commission issued Decision No. 75526 in Docket No. W-02113A-12-0118, approving a Central Arizona Project (“CAP”) surcharge for the Chaparral City Water Company. The CAP surcharge resulted in a customer charge of $0.0064 per 1000 gallons sold.

- On May 22, 2017, the Commission issued Decision No. 76088 in Docket No. W-02113A-12-0118. Chaparral City Water Company requested a System Improvement
Benefit ("SIB") surcharge to recover certain capital costs in the amount of $1,648,736. The Commission approved the request, resulting in an annual revenue increase of $237,114. The approved monthly SIB surcharge increased the rates for an average District residential customer with a ¾ inch meter by 2.31%.

The above-listed Decisions have increased the average Fountain Hills customer’s water bill by more than 22%. Now, EPCOR Arizona proposes for the District a surcharge of approximately $1.0546 per Kgal. According to EPCOR’s estimates, this would result in an average bill increase of approximately 17.02% for District residential customers with a ¾ inch meter. See EPCOR Arizona, Interim Arizona Water Rates, available at https://www.epcor.com/products-services/water/rate-cases-usa/interim-arizona-water-rates/Pages/default.aspx. Commission staff has alternatively recommended an $8.34 surcharge per District customer, which would result in an average bill increase of approximately 19.01%. See Arizona Corporation Commission Utilities Division, Staff Report, Docket No. WS-01303A-19-0011, available at http://docket.images.azcc.gov/0000196013.pdf.

EPCOR’s and Commission staff’s proposed and recommended interim rate increases each represent a likely bill increase of approximately 40% since 2014. This dramatic increase, on its face, is unacceptable and will place a significant burden on the Town and its residents. For these reasons, the Town opposes the proposed and recommended interim rate increases for the District.

Sincerely,

/s/Aaron D. Arnsen

Aaron D. Arnsen

ADA/kmc

cc: Mayor & Town Council, Town of Fountain Hills
Grady E. Miller, Town Manager, Town of Fountain Hills
Elizabeth A. Burke, Town Clerk, Town of Fountain Hills