Exceptions

BEFORE THE ARIZONA CORPORATION COMMISSION

BOB BURNS, CHAIRMAN
ANDY TOBIN, COMMISSIONER
BOYD DUNN, COMMISSIONER
JUSTIN OLSON, COMMISSIONER
SANDRA KENNEDY, COMMISSIONER

IN THE MATTER OF THE APPLICATION OF
EPCOR WATER ARIZONA INC. FOR INTERIM
WATER RATES PURSUANT TO A.A.C. R14-2-
103(B)(11)(H)

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

ANTHEM COMMUNITY COUNCIL'S EXCEPTIONS TO THE
RECOMMENDED OPINION AND ORDER

NOTICE OF FILING

The Anthem Community Council, through its duly assigned representatives, Roger G. Willis and Kristi A. Northcutt, hereby provides notice of filing its Exceptions to the Recommended Opinion and Order issued by the Administrative Law Judge on March 12, 2019.

Respectfully submitted this 22nd day of March 2019,

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INTRODUCTION

Anthem Community Council ("Council") hereby presents our Corrections/Clarifications and Exceptions to the Recommended Opinion and Order ("ROO"), issued March 12, 2019, to Arizona Corporation Commission ("Commission") docket number WS-01303A-19-0011 ("Instant Case").

Council intervened in the Instant Case because of the excessively high interim rates proposed by EPCOR Water ("Company"), and the ever-increasing disparity/gap between prices paid by Anthem customers compared to customers in other EPCOR districts. The scope of our efforts was primarily limited to the impact of the Company’s proposals on, and the details related specifically to, EPCOR’s customers in the Anthem district. Council did not argue the legality of the case, the procedural time clock, what classifies as “emergency” for EPCOR, or other legal issues as outlined in the ROO.

I. CORRECTIONS AND CLARIFICATIONS TO THE ROO

Council proposes the following clarification to the ROO:

On page 12-13 of the ROO, Council’s position was omitted as it related to responses from those intervening in the case at the Feb. 20-21 hearing. Council stated on the record that the gap created by the Company’s proposed interim rate increase for Anthem is more than the rates of five districts. In closing arguments, Council stated that the interim rates as proposed by the Company made the situation worse for Anthem and many other districts.

Council proposes the following correction to the text of the ROO:

Page 22, line 1 - ROO states: “Anthem CC requests that the Commission authorize the rate design recommended in the ROO for Anthem in the first year of District-wide consolidation.”

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Correction: Replace the underlined text above with the following text: “...for all districts in the first year of District-wide consolidation.”

II. COUNCIL’S EXCEPTIONS TO THE ROO

Council supports two key elements of the ROO compared to EPCOR’s application:

1. The ROO proposes the same flat percentage increase in the interim rates across all customers in each district. This is preferable to EPCOR’s proposed uniform volumetric increase in rates across all customers in each district. The approach proposed in the ROO does not unfairly burden the customer based on usage.

2. For the typical residential customer in Anthem, the bill amount proposed in the ROO is less than the bill amount proposed by EPCOR.

The bill amounts based on the recommended interim rates in the ROO continue the trend of ever-increasing disparity between the bills for similar Anthem vs. Sun City customers. Strictly following the “numbers” in this case results in the disparity, and we do not argue that point. Rather, Council continues to point to the fact that, unlike electricity and natural gas, water is an absolute necessity of life. It is the responsibility of the Commission to establish fair and reasonable rates for ALL consumers. No reasonable person would conclude that a typical consumer in Anthem paying 2.37 times the amount that a typical consumer in Sun City pays for this necessity of life ($64.30 vs. $27.18 as proposed in the ROO) is anywhere close to “protecting the consumer.”

It is for the above reason that Council recommended that the Commission adopt the Step 1 Consolidated rate design for all districts, as illustrated in the ROO for docket 17-0257, as a more reasonable interim design. That design results in bill amounts for the typical customers in Anthem and Sun City of $55.89 and $30.57, respectively, resulting in the Anthem customer paying a more reasonable, but still significant,
1.83 times the amount that the Sun City customer pays. Council also agrees that these amounts should be adjusted for changes in the revenue requirements proposed in this ROO.

III. CONCLUSION

Council does not argue for or against the need for interim rates in this situation, nor do we argue for or against the need for a new rate case using a more current test year of 2018. We acknowledge that the rate design recommended in the ROO for the Instant Case and the resulting bill amounts are preferable to the rate design and bill amounts proposed in EPCOR's application for interim rates.

However, we argue that neither the interim rates recommended in the ROO nor those proposed in EPCOR's application “protect the consumer” from the unreasonable disparity between bill amounts for similar water usage. We therefore prefer that the Commission adopt the rate design for District-wide Step 1 Consolidated, as presented in the ROO for 17-0257.

An Original and Thirteen Copies of the foregoing filed this 22nd day of March 2019 with:

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