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 RESPONSE TO COMMISSIONER OLSON

NOTICE OF FILING

The Anthem Community Council, through its duly assigned representatives, Roger G. Willis and Kristi A. Northcutt, hereby provides a response to the letter docketed by Commissioner Justin Olson on March 19, 2019.

Respectfully submitted this 22nd day of March 2019,

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Arizona Corporation Commission
DOCKETED
MAR 22 2019
BACKGROUND

The Arizona Corporation Commission ("Commission") was unable to reach a majority decision regarding the Recommended Opinion and Order for Docket 17-0257. As a result, Chairman Burns ordered that a new docket (subsequently created as 19-0011) be opened to establish interim rates, and to determine the process by which new, "permanent" rates would be developed.

Representatives of Anthem Community Council ("Council") are not attorneys, and have not joined the debate about the legality of setting interim rates for EPCOR Water Arizona ("EPCOR"). The issue has been the subject of multiple letters/submissions from parties including Commissioners Olson and Burns, RUCO, Commission Staff, EPCOR and Bullhead City, and that was covered extensively by the Administrative Law Judge on pages 7 through 16 of the Recommended Opinion and Order ("ROO") in Docket 19-0011 issued on March 12, 2019. The ROO concludes that "EPCOR’s Interim Rate Application is lawful, and the Commission may grant interim rates" (page 16, line 15 of the ROO).

The ROO also orders that a new permanent rate application be filed by EPCOR no later than December 31, 2019 using a December 31, 2018 test year.

Council recognizes that there are significant differences in opinions expressed by parties who have analyzed the legal basis for setting interim rates. We do not have an opinion one way or the other on this critical issue except that the analysis presented in the ROO is objective and thorough and seems to provide a solid basis for continuing with setting interim rates.

ASSUMING INTERIM RATES ARE LEGAL FOR THIS CASE, COUNCIL PREFERENCES THE INTERIM RATE DESIGN PRESENTED IN THE ROO FOR DOCKET 19-0011

Throughout the proceedings of Docket 17-0257 and Docket 19-0011, Council has focused our efforts on achieving fair and reasonable rates for Anthem customers and reducing the growing divergence ("gap")
in bill amounts for similar customers in Anthem compared to the district with the lowest rates (Sun City). For the typical residential customers in those two districts:

- The current bill amounts for Anthem and Sun City, respectively, are $50.91 and $19.68, or a "gap" of $31.23. The bill amount for the Anthem customer is 2.59 times that of the Sun City Customer.
- The ROO for Docket 17-0257 recommended permanent bill amounts of $81.01 and $29.25, respectively, or a "gap" of $51.76. The bill amount for the Anthem customer would be 4.11 times that of the Sun City customer.
- The ROO for Docket 19-0011 recommends interim bill amounts of $64.31 and $27.16, respectively, or a "gap" of $37.15. The bill amount for the Anthem is 2.37 times that of the Sun City customer.

Council acknowledges that these amounts are computed based on accepted rate-setting principals. However, Council continues to object to the large gaps that exist between similar customers for what is unarguably a necessity of human life.

The interim rate design recommended in the ROO for Docket 19-0011 is less onerous for Anthem customers than the recommended rate design in the ROO for Docket 17-0257, and Council strongly prefers it to the recommended rate design in the ROO for Docket 17-0257.

**COUNCIL REQUESTS THAT ALL PARTIES CONSIDER ALTERNATIVE RATE DESIGNS IN ADDITION TO STANDALONE AND FULL CONSOLIDATION FOR THE "PERMANENT" RATES**

Council remains very concerned that a standalone rate design will be harmful to Anthem customers, as was clearly demonstrated in the ROO for Docket 17-0257. During the proceedings
for 17-0257, certain parties suggested that some form of partial or regional consolidation might be preferable to standalone or full consolidation. However, no suitable alternatives were seriously considered.

A few days after the ROO for 17-0257 was issued, EPCOR provided several parties in the proceeding with a preliminary concept for regional consolidation. The results were far more favorable to Anthem and other customers than the recommended standalone design. Council therefore respectfully requests that alternative rate designs be given serious consideration whenever proceedings begin/resume to develop the permanent rate design.

CONCLUSION

Council emphasizes that our focus is on achieving just, fair and reasonable rates for Anthem customers. Our comparisons to rates and bill amounts for Sun City customers, for example, are not intended to pit Anthem residents against Sun City residents. Rather, our basis for citing Sun City rates is to demonstrate what Anthem customers consider to be unrealistically high water rates compared to other EPCOR customers.

Whether or not the Commission approves interim rates for EPCOR, Council respectfully requests that alternative rate designs be given serious consideration for the “permanent” rate design. Standalone as presented in the ROO for 17-0257 is unacceptable to Anthem customers, while full consolidation is unacceptable to other districts. The ultimate objective of this series of rate cases should be for EPCOR and the Commission to treat all districts fairly and to protect all consumers from unjust, unfair and unreasonable rates.
An Original and Thirteen Copies of the foregoing filed this 22nd day of March 2019 with:

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