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)

Pursuant to A.A.C. R14-3-110, EPCOR Water Arizona Inc. (“Company”) files the following limited exceptions to the Administrative Law Judge’s Recommended Opinion and Order (“ROO”) dated March 12, 2019. The Company respectfully requests that the Arizona Corporation Commission (“Commission”) amend the ROO to modify the rate case filing date to April 30, 2020, using a December 31, 2019 test year.

I. RATE CASE FILING REQUIREMENT

Based on Commission Staff’s recommendation, the ROO recommends requiring the Company to file a rate case by December 31, 2019, using a December 31, 2018 test year.\(^1\) Although the Company supports a rate case filing, as noted during the hearing in

\(^1\) Recommended Opinion and Order (“ROO”) at 24.
this matter, the Company does not have the resources available to meet the recommended filing deadline. In an effort to address concerns raised regarding the length of time interim rate would be in effect, the Company is now requesting only four additional months to prepare the rate application and will commit to an April 30, 2020 deadline. Given the requested time extension, the Company believes using a December 31, 2019 test year provides all of the parties the most representative data to effectively process this rate application.

As further explained by the Company during the hearing, this additional time would allow the Company to ensure that its filing meets the sufficiency requirements under the Commission’s rules.2 A rate case filing for all districts is a major undertaking, and the Company is concerned that it will not have sufficient time to make that filing prior to December 31, 2019. Finally, as Ms. Hubbard testified, using a 2018 test year as proposed by Commission Staff will likely result in more complexity and substantial adjustments as opposed to a 2019 test year.3 A December 31, 2019 test year will be a more accurate and realistic representation of the Company’s rate base, revenues and expenses (versus using a 2018 test year) going forward.

Given these factors, it is appropriate and reasonable to move the filing deadline to April 30, 2020. This extends Staff’s suggested deadline by only four months and would allow for a more appropriate and current test year of December 31, 2019.

Attached as Exhibit A to these Exceptions is a proposed amendment to address this request.

II. CONCLUSION

For the reasons stated above, the Company respectfully requests that the Commission amend the ROO consistent with these Exceptions. In addition, the

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2 Exhibit AI-2 (Hubbard) at 6; Hearing Transcript ("Tr.") at 39-40.
3 Id.
Company notes that the Plan of Administration (POA) attached to the ROO for the Low Income Program will require revision to address the amount of the low income credit and the type of surcharge used. The Company will work with Commission Staff to address the POA prior to filing the POA with the Commission.

RESPECTFULLY SUBMITTED this 22nd day of March, 2019.

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ORIGINAL and thirteen (13) copies of the foregoing filed this 22nd day of March, 2019 with:

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Exhibit A

Amendment 1

Amending the Rate Case Filing Deadline and Test Year

(1) DELETE Page 25, Lines 18-22.

(2) INSERT at Page 25, Line 13: “We conclude that EPCOR’s proposed modification to the test year to December 31, 2019 is appropriate given the timing of the implementation of these interim rates. We find that a filing date of April 30, 2020 is reasonable and should be approved. We also find that this requirement should terminate if the Commission resolves the 17-0257 Docket on or before July 31, 2019.”

(3) DELETE Page 31, lines 13-16.

(4) INSERT at Page 31, line 13: “IT IS FURTHER ORDERED that EPCOR Water Arizona, Inc. shall file a permanent rate application by April 30, 2020, using a December 31, 2019, test year. This requirement shall terminate if the Commission issues a Decision in Docket No. WS-01303A-17-0257 on or before July 31, 2019.”

MAKE ALL CONFORMING CHANGES