APPLICATION FOR REHEARING OF DECISION NO. 77147

by Marshall Magruder

This Application for a Rehearing of Decision No. 77147 of 8 April 2019 is filed in accordance with A.R.S. § 40-253 because of discriminatory rates were again approved by this Commission. The facts in Magruder Exceptions of 22 March 2019 and his Exceptions in the underlying 0257 case are clear:

1. The Commission is required to follow the Arizona Constitution and implementing Statutes, prior Commission decisions, Attorney General Opinions, common practices cited therein.

2. The Commission failed to comply with the cited Legal Requirements that require all rates, charges and fees it approves not to be deliberately different (e.g., rated discrimination), for the rate payers in a Rate Class, regardless of a customer’s location, that receive the “same contemporaneous service” in Section 12 of Title XV of the Constitution that is never cited by the Commission.

3. EPCOR proposed and supported a fully compliant consolidated rate structure in the underlying rate case.

4. The Commission Staff approved and endorsed a consolidated rate structure. A recommended Order in that case was for a non-compliant “standalone” rate structure.

5. EPCOR is the only Public Service Corporation in this case. The Commission Staff affirmed.

6. “Districts” in this Order are not public service companies but “administrative units” or “profit centers” and, in general, are ruminants of service areas acquired by prior owners, including Citizens Utilities, American Arizona Water Company and EPCOR over the past 50 years.

7. No district has a Certification of Convenience and Need (CC&N) held by the Public Service Corporation, EPCOR, in this case, the legal authority to comply with the law.

8. No district, home ownership association, city or town represented have any cited legal authority or responsibilities assigned to EPCOR.
9. The law requires public service companies not discriminate based on the location of customers for the same service. The Decision orders eleven different sets of fixed charges, volumetric rates, one to six rate tiers, different tier breakpoints, different rate classes, and other significant unreasonable and unfair rate differences.

10. Many intervenors in this and underlying case represent “districts” and support or oppose these unique rate differences associated for the district represented. These differences exist only because some districts are overcharged while others are undercharged for the same service.

11. A public service corporation that overcharges ratepayers is required to refund such overcharges, with interest, pursuant to A.R.S. §40-248. A typical example shows the residential monthly rate for one district for its first 1000 gallons of water is presently $0.72 and the Order increased to $0.73 while another district present rate is $1.90 and increased to $2.76 only because these customers were at a different location, the core legal issue of this filing and my prior filings. This difference (and most others) are not reasonable and unfair, and present blatant rate discrimination.

12. Tables 1 to 4 in the Magruder Exceptions show such rate discrimination for average residential ratepayers and other previously filed tables, show significant different Service Charges; Fees; Rate Classes, Categories and Tiers and other ‘surcharges’ and ‘fees’ based on location.

13. Tables 5 and 6 below continue such differences. Table 5, for the “average” monthly usage, the present bill and its cost/1000 gallons and the interim surcharge change, and new bill based on this Decision, and cost/1000 gallons, arranged in order of average usage volumes. Table 6 shows the same for the “median” user.

### Table 5. Differences in the Decision for the “Average” Ratepayer’s monthly bill.

<table>
<thead>
<tr>
<th>Area</th>
<th>Average Usage (gal)</th>
<th>Present Bill ($)</th>
<th>Per 1000 Gals ($)</th>
<th>Surcharge Change (± $)</th>
<th>Decision Bill ($)</th>
<th>Per 1000 Gals ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Willow Valley</td>
<td>2818</td>
<td>37.94</td>
<td>13.35</td>
<td>+5.76</td>
<td>43.70</td>
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<td>Sun City West</td>
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<td>5.72</td>
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<td>0.00</td>
<td>52.34</td>
<td>8.41</td>
</tr>
<tr>
<td>Agua Fria</td>
<td>6523</td>
<td>43.94</td>
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<td>-4.09</td>
<td>39.84</td>
<td>5.65</td>
</tr>
<tr>
<td>Sun City</td>
<td>6802</td>
<td>20.58</td>
<td>3.03</td>
<td>+7.81</td>
<td>27.90</td>
<td>4.10</td>
</tr>
<tr>
<td>Anthem</td>
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<td>37.21</td>
<td>4.27</td>
</tr>
</tbody>
</table>

14. It is clear, the cost/1000 gallons decrease as one uses more water, an obvious negative signal for water conservation. Furthermore, even those with similar usage have significantly different, unreasonable, and clearly show major differences for the same service.
Table 6. Differences in the Decision for the “Median” Ratepayer’s monthly bill.

<table>
<thead>
<tr>
<th>Area</th>
<th>Mean Tier (gallons)</th>
<th>Present Bill ($)</th>
<th>Surcharge Change (± $)</th>
<th>Decision Bill ($)</th>
<th>Per 1000 Gallons ($)</th>
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</thead>
<tbody>
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<td>6.84</td>
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<tr>
<td>Tubac</td>
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</table>

15. Further, Table 7, has a higher “required revenue” than in the resultant Decision (about 10% higher), and based on Tables 1 to 4 in the cited Exceptions, shows average bills for an example four regional consolidation option. The bill differences in cost/1000 gallons is reduced but remains significantly different and continues to charge LESS when one uses more water.

Table 7. A Four Regional Consolidation Example for Average User’s monthly bill.

<table>
<thead>
<tr>
<th>Area</th>
<th>Average Usage (gal)</th>
<th>Present Bill ($)</th>
<th>Per 1000 Gals ($)</th>
<th>EPCOR Regional Consolidation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
<td>Consolidated Bill A (± $)</td>
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<td></td>
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<td></td>
<td></td>
<td>New Bill ($)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Per 1000 Gals ($)</td>
</tr>
<tr>
<td>Willow Valley</td>
<td>2818</td>
<td>37.94</td>
<td>13.35</td>
<td>-10.90</td>
</tr>
<tr>
<td>Sun City West</td>
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<td>32.05</td>
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<td>8.41</td>
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<tr>
<td>Sun City</td>
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<td>20.58</td>
<td>3.03</td>
<td>+10.59</td>
</tr>
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<td>Anthem</td>
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</table>

16. A total consolidated bill would have the same cost/1000 gallons with the only billing differences due to more rate tiers and resultant rate increase steps as the ratepayer uses more water.

Recommendation. That the Decision be modified to require a-companywide rate consolidation proposal, with at least five tiers, be recommended in the permanent rate case.

RESPECTFULLY SUBMITTED this 3rd day of September, 2019.

[Signature]

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