



ARIZONA CORPORATION COMMISSION

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Commission Approves EPCOR Rates Application

(Phoenix) After lengthy consideration and intense public comment, the Arizona Corporation Commission approved a rate application for EPCOR Water Company, in a vote of 4 to 1, which includes the full consolidation of EPCOR's five wastewater systems. EPCOR's Agua Fria, Anthem, and Mohave wastewater customers will all see a decrease in their bills while its other two systems, Sun City and Sun City West, will see modest increases over the next five years as the new rates are phased in.

The application passed with amendments that minimized the rate impacts to customers.

An amendment by Commissioner Boyd Dunn modified the percentage of revenue apportioned among the five systems.

EPCOR originally requested an increase of \$5.1 million in revenues, the Commission approved an increase of approximately \$3.1 million.

"This case is enormous and the work that had to be considered by the Administrative Law Judge in making an opinion in this case was difficult if not daunting," said Commissioner Dunn. "I certainly sympathize with those who oppose consolidation but feel that it needs to be done. My feeling though is it needs to be done gradually to not overwhelm customers who may be facing economic need."

Commissioner Andy Tobin's amendments helped reduced the company's rate increase by approximately \$360,000, fixes situations where customers are charged when they should not have been, and expanded some low income programs that will minimize the impact of the rate increase for the most vulnerable citizens,

"At the end of the day we need to know that the company can ensure a good water supply and have the economic means to do so without overburdening or worse devastating the ratepayer," said Commissioner Tobin. "With my amendments and Commissioner Dunn's, the most financially vulnerable will see a decrease from their current rate for the next three years."

The Commission also passed Tobin's amendment which increases eligibility for EPCOR's "Low-Income Program" in order to create a comprehensive plan to assist seniors on fixed incomes and veterans who are under the federal poverty level.

The attached chart gives an estimate of the rate impact prior to the other amendments that were adopted. Those numbers will be revised once the final numbers are updated, but could reduce the final consolidated rates that all customers will pay by as much as \$0.57 per customer per month to reflect the drop in revenue adopted in Commissioner Tobin's amendment. The final calculations being done by Staff should be completed by next week.

“We have heard from all sides and this is clearly one of the most difficult decisions I have had to make during my time here,” said Chairman Forese. “Creating the appropriate balance is challenging to put it mildly. Consideration and compassion for the people impacted has made this decision pain-staking. Ultimately, this is the best option.”

Commissioner Burns was the only dissenting vote.

“I have generally been supportive of the concept of consolidation, but my support has applied more to system consolidation to assist struggling small water companies, rather than rate consolidation as is the case here,” said Commissioner Burns. “We need to look at proposed consolidations on a case-by-case basis and because I see more losers than winners here, I cannot support consolidation in this case.”

Another option was to deconsolidation the systems even further to eliminate any subsidization. All parties rejected that option due to significant financial to customers.

Established by Article 15 of the state’s constitution, the Arizona Corporation Commission is responsible for the regulation of public utilities, overseeing the incorporation or registration of companies wishing to do business in Arizona. Additionally, the Corporation Commission registers and oversees securities offerings and dealers, and enforces railroad and pipeline safety. The five commissioners that make up the Commission are elected by the people of Arizona for a four-year term, with the option of serving for two consecutive terms. To learn more about the Arizona Corporation Commission and the Commissioners, please check out <http://www.azcc.gov/Divisions/Administration/about.asp>