

# **TOWN OF PARADISE VALLEY**

**EPCOR Rate Case  
(Docket WS-01303A-20-0177)**

**Town Council Study Session  
December 2, 2021**



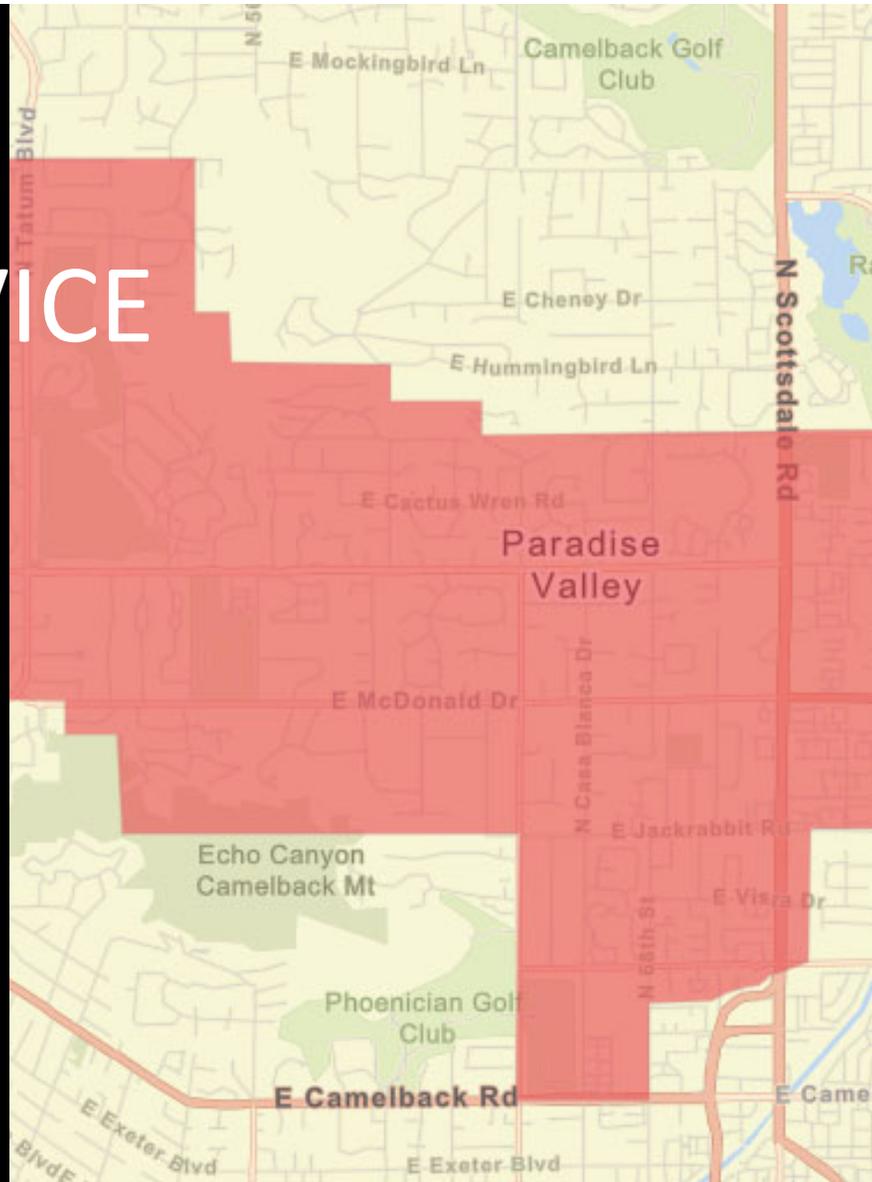
# GOALS FOR TODAY

Update on status of EPCOR water rate case and the Recommended Opinion and Order

Upcoming hearing schedule and participation

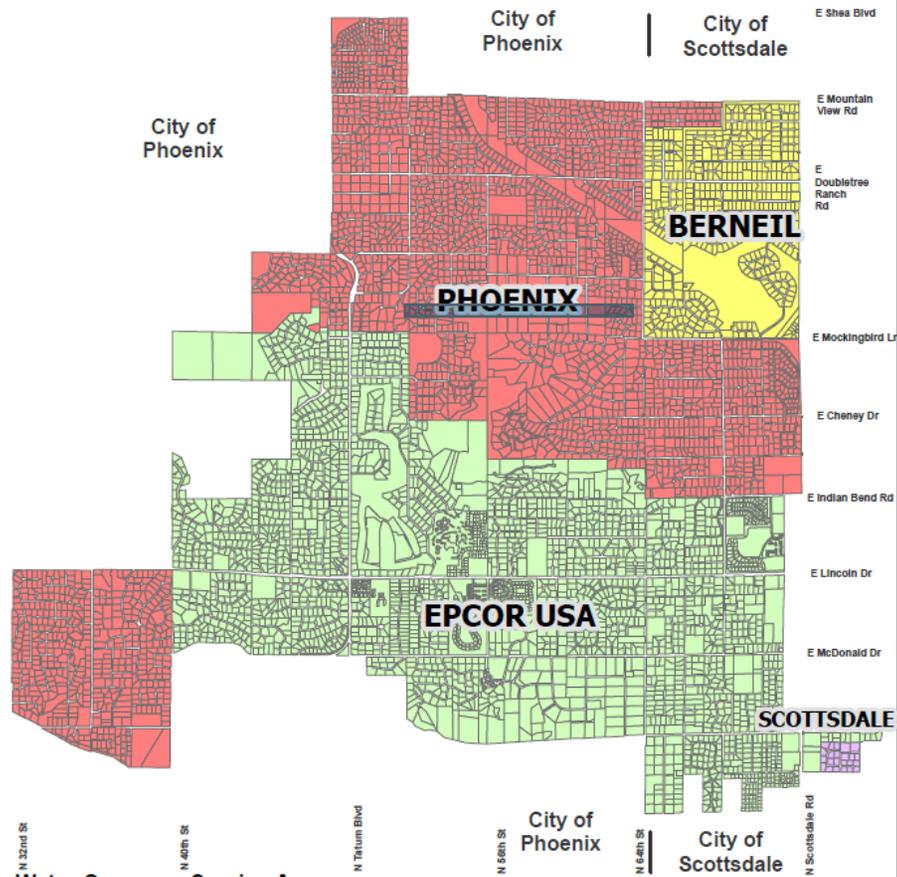


# PV WATER DISTRICT SERVICE AREA





# Town of Paradise Valley, AZ Water Company Map



### Water Company Service Areas

- EPCOR (602-759-5972)
- CITY OF PHOENIX (602-262-6251)
- BERNEIL (480-966-0115)
- CITY OF SCOTTSDALE (480-312-5650)



# **EPCOR WATER RATE CASE (DOCKET WS-01303A-20-0177)**

- June 15, 2020 - EPCOR filed application for rate increase, including 11 water districts:
  - Agua Fria, Anthem, Chaparral, Havasu, Mohave, North Mohave, Paradise Valley, Sun City, Sun City West, Tubac, and Willow Valley
- ACC requested consolidation scenarios
- EPCOR's application included 4 consolidation scenarios; only one (full consolidation) involved PV
- EPCOR testified it ultimately supports full consolidation as most appropriate and fair, and urges some progress in this rate case



# **RATE CASE HISTORY**

## **(DOCKET WS-01303A-20-0177)**

- October 3, 2020 - Town Council authorizes intervention in rate case
- Outside counsel retained (Crockett Law Group)
- Expert witness retained (Thornton Financial Consulting)
- Town opposed consolidation and proposed rate design features, including proposed reduction of current 5-tiers
  - Filed testimony and rebuttal testimony of:
    - Expert Economist (John Thornton)
    - Chief Financial Officer (Doug Allen)



# **RATE CASE HISTORY**

## **(DOCKET WS-01303A-20-0177)**

- ACC decision originally expected July 2021
- Protracted proceeding and 360-day timeclock suspended by ALJ
  - July 15, 2020 – Determination of complete application
  - April 5 – 19, 2021 – Administrative Hearing (ALJ Belinda Martin)
  - May 6, 2021 – Administrative Hearing Reopened for Additional Testimony (1 day) due to questions from Commissioner
  - September 2021 – OIP for Bullhead City in condemnation of Mohave and North Mohave districts-additional filings, conference
  - October 2021 – Arizona Supreme Court upholds consolidation of 5 EPCOR sewer districts, finding consolidation not discriminatory
    - Town Council authorized amicus brief
  - November 12, 2021 – Recommended Opinion and Order filed



# RECOMMENDED OPINION AND ORDER (ROO)

- ALJ hears testimony and issues ROO
- ROO is the ALJ's recommendation to the ACC (cf to PC to Council)
- Arizona Corporation Commission will make final decision at Open Meeting



# RECOMMENDED OPINION AND ORDER (CONT'D)

## ROO Recommendations:

- New revenue requirements
- Rate design implements conservation policy:
  - “Primary feature [of conservation] is to transfer revenue from non-discretionary to discretionary use”
  - “For most customers, 3,000 is non-discretionary”
    - Average PV Customer on 1” meter - 51,778 gal
    - Average PV Use on 5/8” meter – 17,323 gal



# RECOMMENDED OPINION AND ORDER (CONT'D)

## ROO Recommendations (cont'd):

- 3-tier rate system for all districts
  - Tier Crossover Points: 5/8" -3,000 and 7,000  
1" -3,000 and 20,000  
(versus Current PV: 3/4" 3,000, 7,000, 16,000, 25,000, over 25,000  
1" 3,000, 20,000, 30,000, 50,000, over 50,000)
- Consolidation over 3 years
  - 2 Groups: 1) Mohave Districts, and 2) Remaining 9 Districts

- New Rates Effective – January 1, 2022



# RECOMMENDED OPINION AND ORDER (CONT'D) EFFECTS OF CONSOLIDATING RATES

Based on EPCOR consolidation rate schedules filed 11/26:

- TPV residential customers:
  - 5/8" meter with average consumption of 17,000 gallons/month would see bill increase of **57.74%**
  - 1" meter with average consumption of about 52,000 gallons per month would see bill increase by **47.47 %** under consolidation
- Most commercial customers are on 2" meters and their average consumption is about 216,000 gallons per month. Their bills would increase by **56%** under consolidation.



# WHAT IS MY METER SIZE?

- Information on back side of monthly bill

**EPCOR**

TOWN OF PARADISE  
For service at:

**Your Bill**

**Your Account**  
Account Number  
District

**Your Balance**  
Amount of your bill  
Your payments on it  
Total Prior Balance

**Current Charges**  
(See Numbers 1, 2)

**Total Amount**

**Bill Period & Meter Information**  
Billing Period: Sep 02 to Oct 04 (32 days)  
Rate Type: All Other Meter Utility Rate

Service Address: [REDACTED]  
Promise Number: PARADISE VALLEY, AZ 85253  
230082544

**Meter Number:** 085651283  
**Meter Type:** 5/8 Inch  
Unit of Measure: Thousand Gallons  
Meter reading on Oct 04 (actual): 135  
Meter reading on Sep 02 (actual): 100  
Total Water Usage: 35

**Your Current Activity**  
**Your Water Charges**  
Water Basic Service  
Cost of water you used (Sep 02-Oct 04)  
5.00 Units X \$2.01  
Meter Rate Surcharge (Sep 02-Oct 04)  
0.00 Units X \$1.00

**Subtotal of Water Charges**

**Your Other Charges**  
CAP Surcharge - Non-Residential  
Regulatory Assessment Charge

**Subtotal of Other Charges**

**Your Taxes**  
City Tax - Paradise Valley

County Tax - Maricopa  
State Tax - Arizona  
Water Use Tax - Arizona  
ADPS - Waterfront Fee  
Subtotal of Taxes

**Total Current Charges**

**Important Information**  
We've noticed your water usage isn't  
could be many reasons - not all of  
indicate a problem. Visit epcor.com  
check your home and yard for leaks  
or higher than normal water use.

We're Here to Help. If you've been  
COVID-19, contact us about our h  
more at epcor.com.

We've recently released our 2020  
and Governance (ESG) Report. Le  
Customers are invited to explore t  
epcor.com

The above system incident in Aug  
bill cycle of one meter per day &  
service prompt service. It's also af  
parts of our billing processes. Our  
on no. 1 team more at epcor.com.

**Account Number**  
Pay your bill online!  
See back for details

000121 100001  
BillParadiseValley

TOWN OF PARADISE  
340 E LINCOLN DR  
PARADISE VALLEY, AZ

0008301254

**Paying Your Bill**

Mail: EPCOR  
PO Box 80086  
Phoenix, AZ 85064-9086  
Phone: 1-800-385-0834  
Online: www.epcor.com



# EPCOR POSITION

- EPCOR communicated to Town it intends to support “Scenario 1” for this rate implementation
- Scenario 1 retains PV, Sun City, and Sun City water districts as standalone districts
- Proposed Scenario 1 Rates to be available with EPCOR’s Exceptions



# RECOMMENDED OPINION AND ORDER (CONT'D)

– Rates in ROO for PV and Sun City under Scenario 1

DISTRICT	BREAKOVER POINTS		BASIC SERVICE CHARGE		VOLUMETRIC CHARGE	
	CURRENT	ROO METRICS	CURRENT	ROO METRICS	CURRENT	ROO METRICS
Paradise Valley	5,000	3,000	\$26.98	\$21.32	\$1.0800	\$1.7500
	15,000	7,000			1.2900	2.5500
	40,000	16,000			2.2700	2.8900
	80,000	25,000			2.8500	3.1500
	Over 80,000	Over 25,000			3.3400	3.3300
Paradise Valley 1-inch Meter	5,000	3,000	\$50.90	\$42.64	\$1.0800	\$1.7500
	15,000	20,000			1.2900	2.5500
	40,000	30,000			2.2700	2.8900
	80,000	50,000			2.8500	3.1500
	Over 80,000	Over 50,000			3.3400	3.3300
Sun City	1,000	3,000	\$10.02	\$13.65	\$0.7400	\$1.6300
	3,000	7,000			1.0800	2.4500
	9,000	Over 7,000			1.6900	2.9300
	12,000				1.9200	---
	Over 12,000				2.1600	---
Sun City West	4,000	3,000	\$14.80	\$14.80	\$2.4100	\$2.3500
	15,000	7,000			2.9500	3.5300
	Over 15,000	Over 7,000			3.5600	4.2300



# RECOMMENDED OPINION AND ORDER (CONT'D)

- Scenario 1 PV and Sun City Standalone Rate Increases

DISTRICT	AVG/MED USAGE	CURRENT BILL	ROO METRICS	DOLLAR INCREASE (DECREASE)	PERCENT INCREASE (DECREASE)
Paradise Valley 1-inch Meter <sup>317</sup>	51,778	\$210.42	\$231.17	\$20.75	9.86%
	10,000	\$113.65	\$108.38	(\$5.27)	(4.64%)
Sun City	6,238	\$28.41	\$40.12	\$11.71	41.22%
	5,000	\$26.32	\$37.09	\$10.77	40.92%
Sun City West	5,770	\$44.46	\$46.43	\$1.97	4.43%
	5,000	\$42.19	\$43.71	\$1.52	3.60%



# NEXT STEPS IN RATE CASE

- Nov. 26 - EPCOR filed rates and impacts of consolidation on bills
- Dec. 2 ~~6~~ – Deadline to file Exceptions
  - Full consolidation not consistent with ACC philosophy of rate gradualism
  - Full consolidation not requested or recommended by EPCOR, Utilities Div. Staff or RUCO
  - PV unique – same rates are not “fair and reasonable” based on cost of service and subsidy
  - New tiers effectively create one tier for PV
    - Respond to comparison of PV average use (51K or 17K) versus “average” of 7K
    - Aggregate use on smaller lots in other communities equates to 1 acre PV lot
- Dec. 15 (or 16) – ACC Open Meeting (tentative, but likely)
  - Decision by Corporation Commission- accept, deny, or modify ROO
  - Public official and customer testimony useful



# PUBLIC PARTICIPATION

## DETAILS TO BE POSTED ON TOWN WEBSITE, WEEKLY UPDATE

- Public Comment at Commission Open Meeting December 15 (or 16):

### Video Conference

To participate by videoconference for an agenda item, a person must have an ACC Portal Account (create an account for free at <https://efiling.azcc.gov/cases> and must, by no later than 8:00 a.m. on the day of Open Meeting, complete the process on the ACC Portal to “Request to Speak at Open Meetings” for the item. A person who has completed the Request to Speak process for an agenda item will, at approximately 8:30 a.m. on Open Meeting day, receive an email with a WebEx link and instructions to participate in the Open Meeting. Parties and stakeholders may also opt to participate via telephone, using the phone number and code to speak shown below.

- Telephone Call-In

The dial-in phone number for ACC Open Meetings is 1-866-705-2554.

The passcode for those who want to speak is 241497.

The passcode for those who want to listen only is 2414978.

- Written Comments submitted to Arizona Corporation Commission for EPCOR Water Arizona Inc. rate case, Docket No. WS-01303A-20-0177



# TONIGHT'S AGENDA ITEM

- Request to Approve Additional Funding of \$50,000 for Legal and Expert Witness Services
- Original appropriate was \$35,000 for legal services (\$25K) and expert fees (\$10K)
- Due to protracted case (18 months) and additional work to file amicus brief at Arizona Supreme Court, current legal fees exceed \$25,000 by approximately \$8,000
- Additional funds are required to continue services to end of case



# QUESTIONS?

