

# **TOWN OF PARADISE VALLEY**

## **EPCOR Water Arizona's 2020 Rate Case** **October 8, 2020**

Town Council  
April 2020



# Key Question

Does the Town Council desire to have the Town intervene in the current 2020 EPCOR Rate Case, and take a position regarding the consolidation issue raised by EPCOR?

## RECOMMENDATION:

The Town should intervene and take a position opposing the consolidation of the PV District with other EPCOR Districts.

# 2020 Rate Case Information

- On June 15, 2020, EPCOR Water Arizona (EPCOR) filed a case with the Arizona Corporation Commission requesting a rate increase for its Agua Fria, Anthem, Chaparral, Havasu, Mohave, North Mohave, Paradise Valley, Sun City, Sun City West, Tubac, and Willow Valley Water Districts and for consideration of consolidation proposals related to the various water districts, including the Paradise Valley Water District (the “Consolidation Proposal”), that case being designated as Arizona Corporation Commission (“ACC”) Docket No. WS-01303A-20-0177 (the “Rate Case”)
- Many residents and businesses in the EPCOR Paradise Valley District have already received a notice from EPCOR of its submitted request to increase its rates and the deadline of October 19, 2020 to file a motion to intervene
- In the past four rate cases involving the Paradise Valley Water District the Town has filed as an intervenor and plans to do so in this case
- Generally, EPCOR has requested a \$1,646,942 total revenue increase for its Paradise Valley Water District, which would equate to a 15.49% increase in revenues

# Intervention in 2020 Rate Case

- EPCOR estimates that a typical residential water customer with a 5/8 inch meter using 17,323 gallons per month would see a \$17.26 monthly increase in their bill. Because PV customers typically have larger meter sizes and higher water usage, EPCOR has also provided an analysis that shows that a residential customer with a 1 inch meter using 51,778 gallons per month would see a \$34.22 per month increase
- As in several prior rate cases EPCOR has also presented several scenarios whereby some of its 12 regional water districts would be consolidated and thus have rates that are blended and spread out evenly among a larger block of customers
- Only one of the 4 scenarios, Scenario 4-Total Consolidation, has the Paradise Valley District consolidated with other EPCOR Districts
- If total consolidation were to be instituted by the Corporation Commission, the impact on a residential customer with a 1 inch meter using 51,778 gallons per month would be an \$84.99 per month increase

# Consolidation Discussion

- The Town Council can decide to take position at this time on the Rate Case and the Consolidation Proposal
- The Town has historically opposed proposals that would consolidate the PV District with the other physically separate and geographically distant water districts
- Due to the large lot sizes in the Town the typical resident of Paradise Valley has an average monthly water usage that is far greater than the average use in all of the other EPCOR water districts
- Thus, the blended rate tiers will almost always have the vast majority of the Town residents paying the higher per gallon rates that are in the top (punitive) tiers of the projected rate structure
- E.g., a PV customer with a 1 inch meter using 51,778 gallons per month would see a monthly bill that is \$50 per month higher with the Scenario 4 consolidation proposal

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