



EPCOR USA

Water Rate Review

Agenda

- Rate case history
- March 28, 2019 decision
- Order to file new rates
- Customer assistance programs

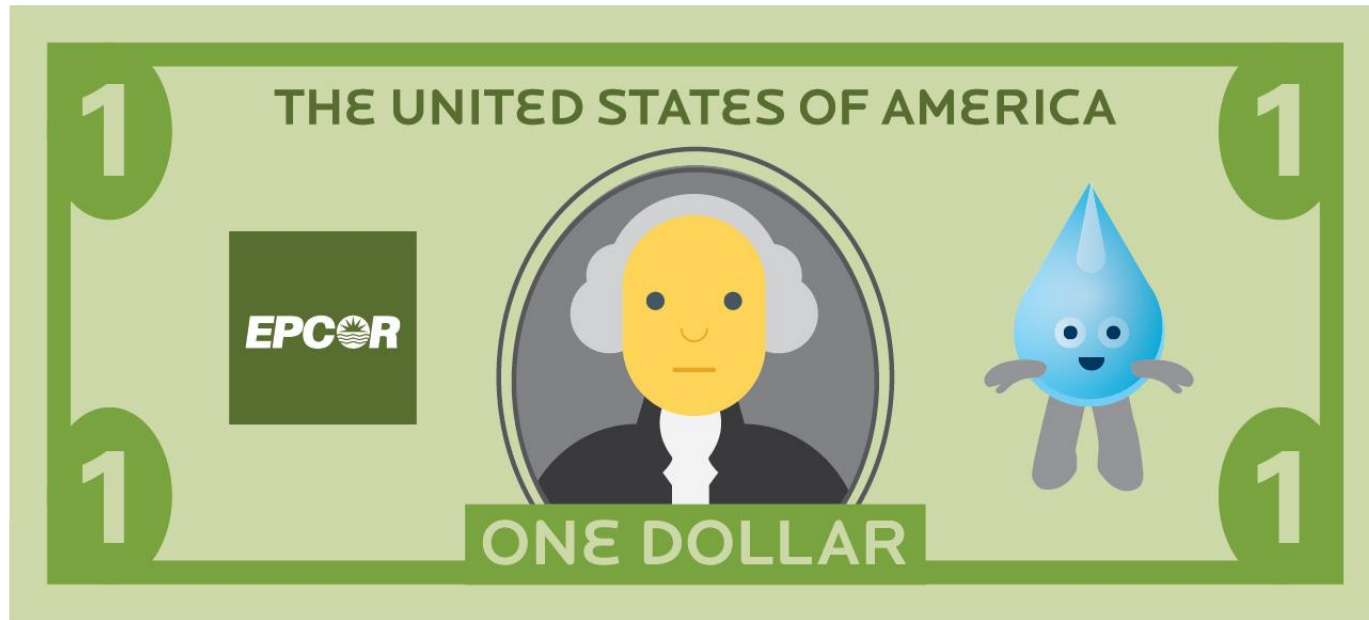


HOW RATES ARE SET

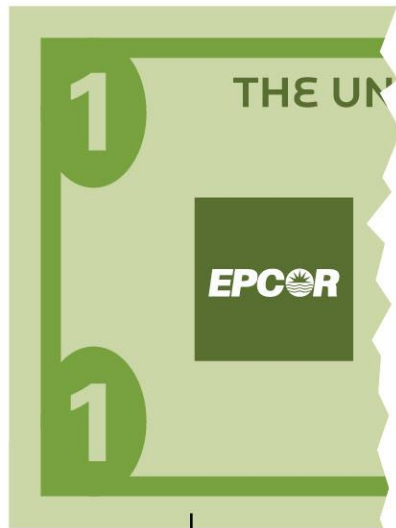
- Regulated by Arizona Corporation Commission
- Formal rate application - 24 to 30 month process
 - Expenses reviewed and approved by ACC
 - Investment evaluated for prudence and used/usefulness
 - Customers noticed
 - Procedural schedule set by Administrative Law Judge



WHAT'S IN A DOLLAR OF WATER



WHAT'S IN A DOLLAR OF WATER

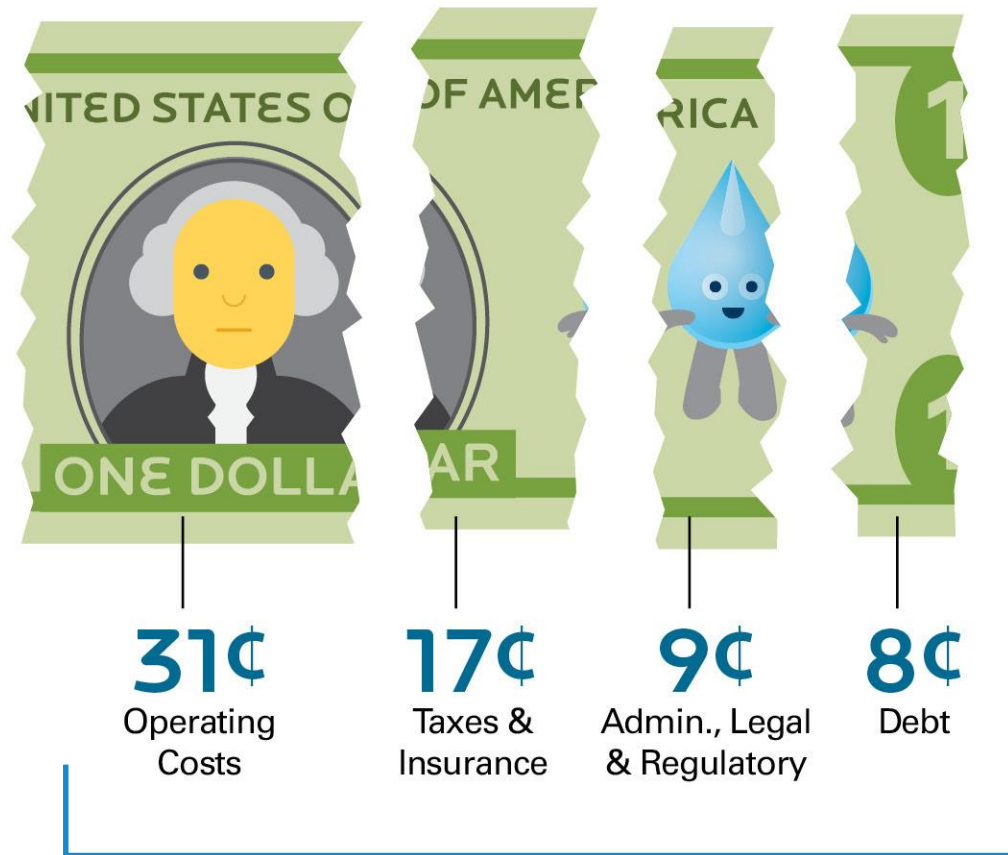


32¢
Capital
Investment

- Investment in system
 - Plant
 - Pipes
 - Equipment

WHAT'S IN A DOLLAR OF WATER

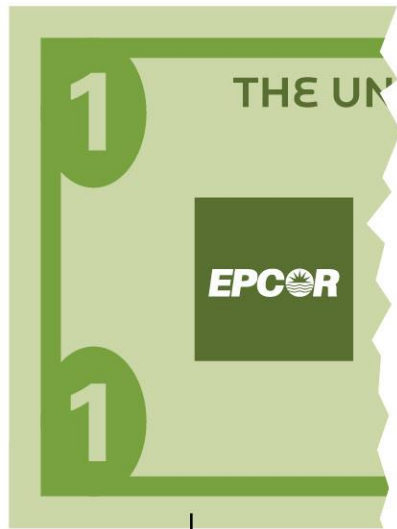
Operating costs to provide safe and reliable service



WHAT'S IN A DOLLAR OF WATER



WHAT'S IN A DOLLAR OF WATER

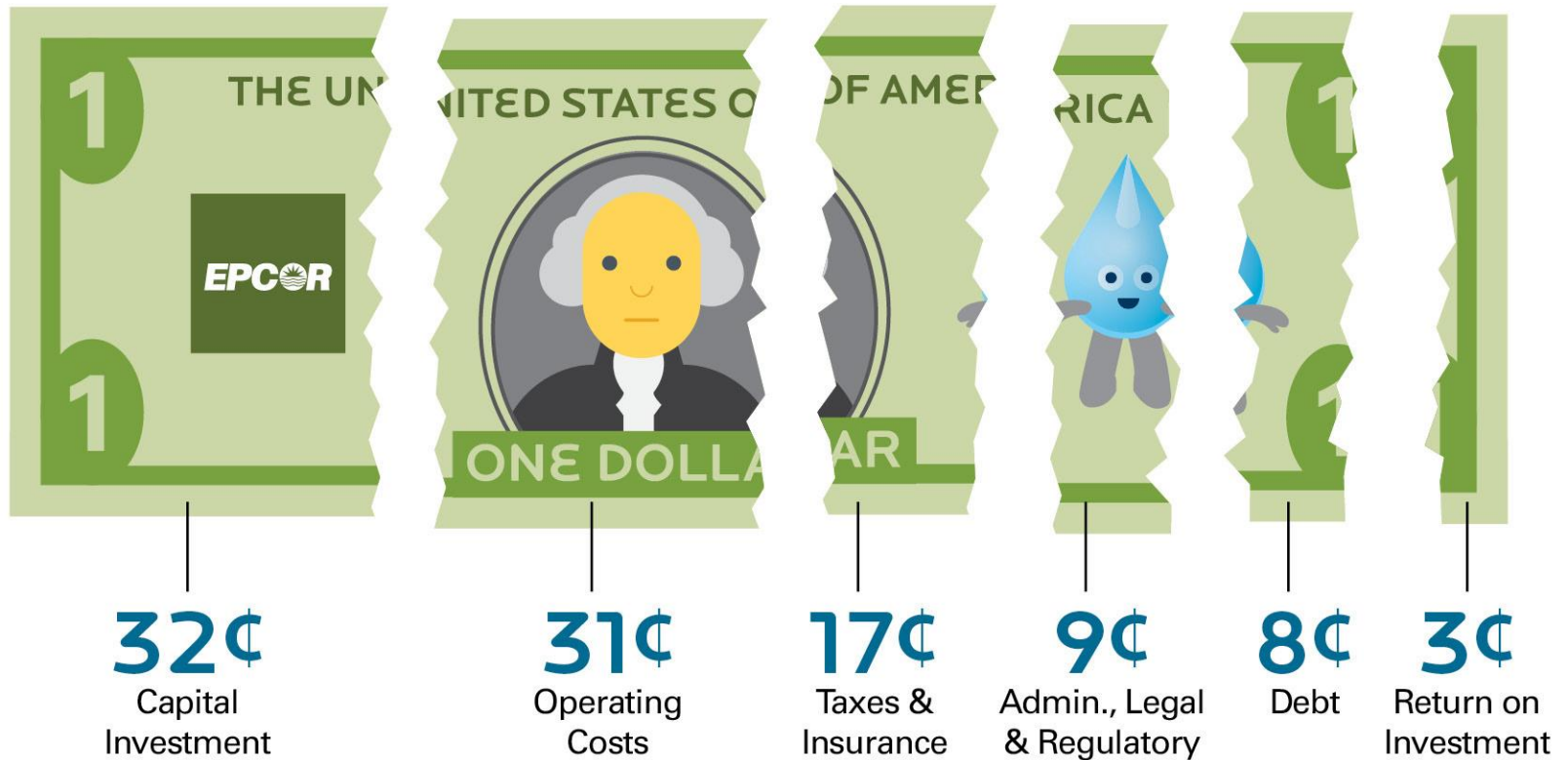


32¢
Capital
Investment

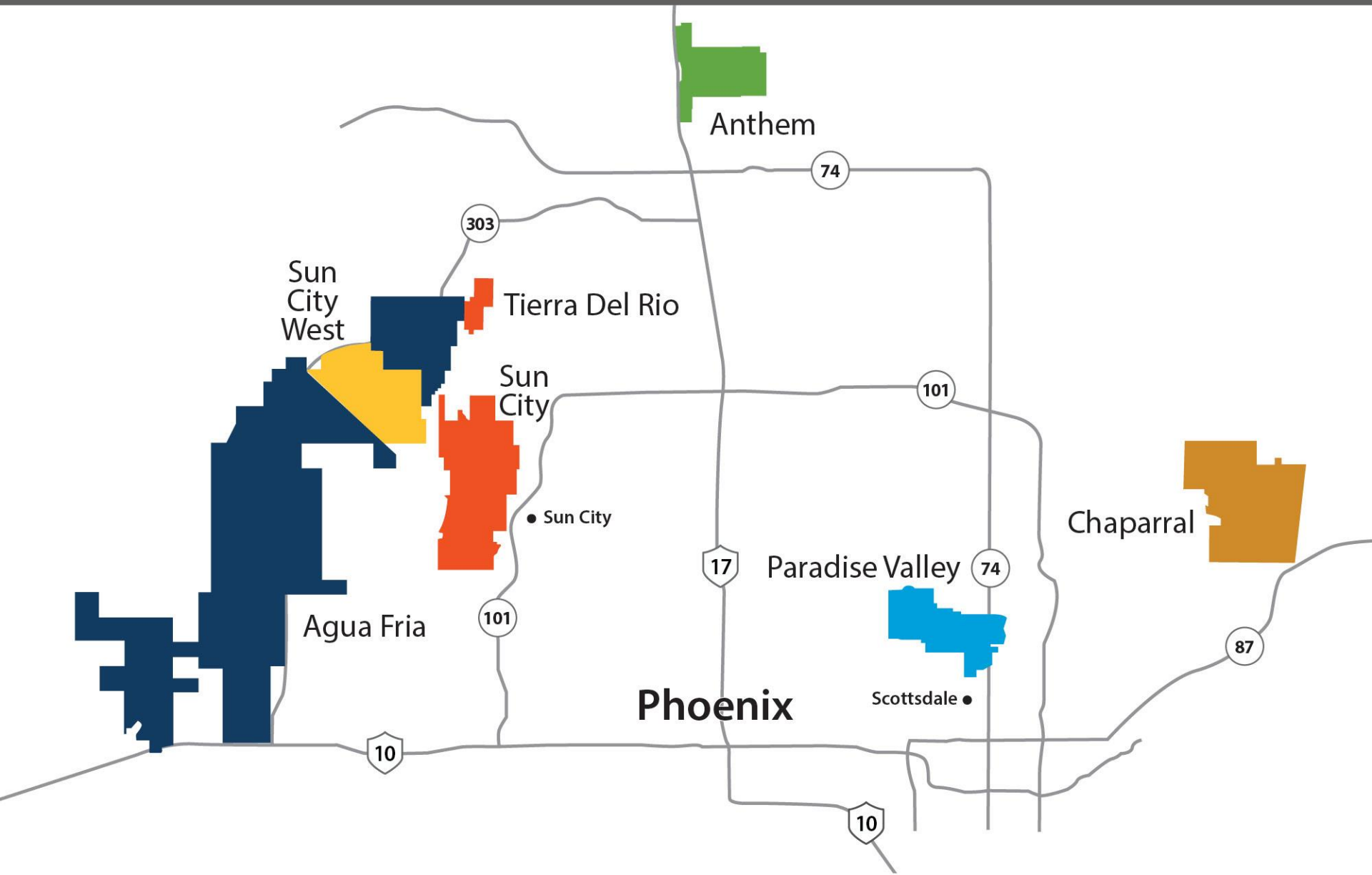


3¢
Return on
Investment

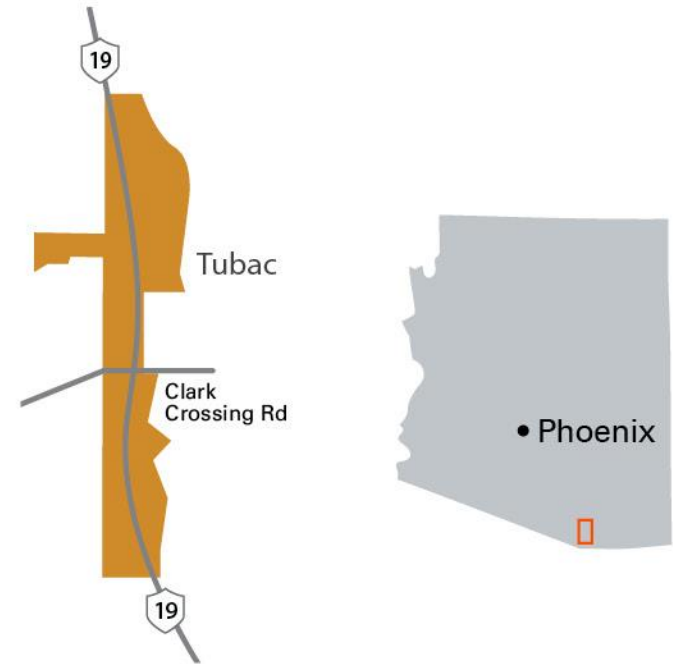
WHAT'S IN A DOLLAR OF WATER



ARIZONA WATER DISTRICTS

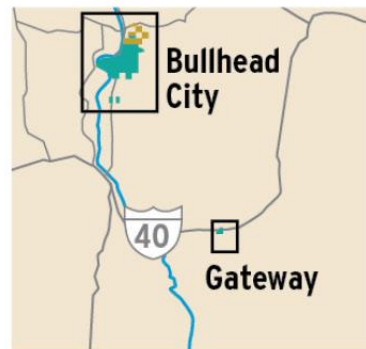
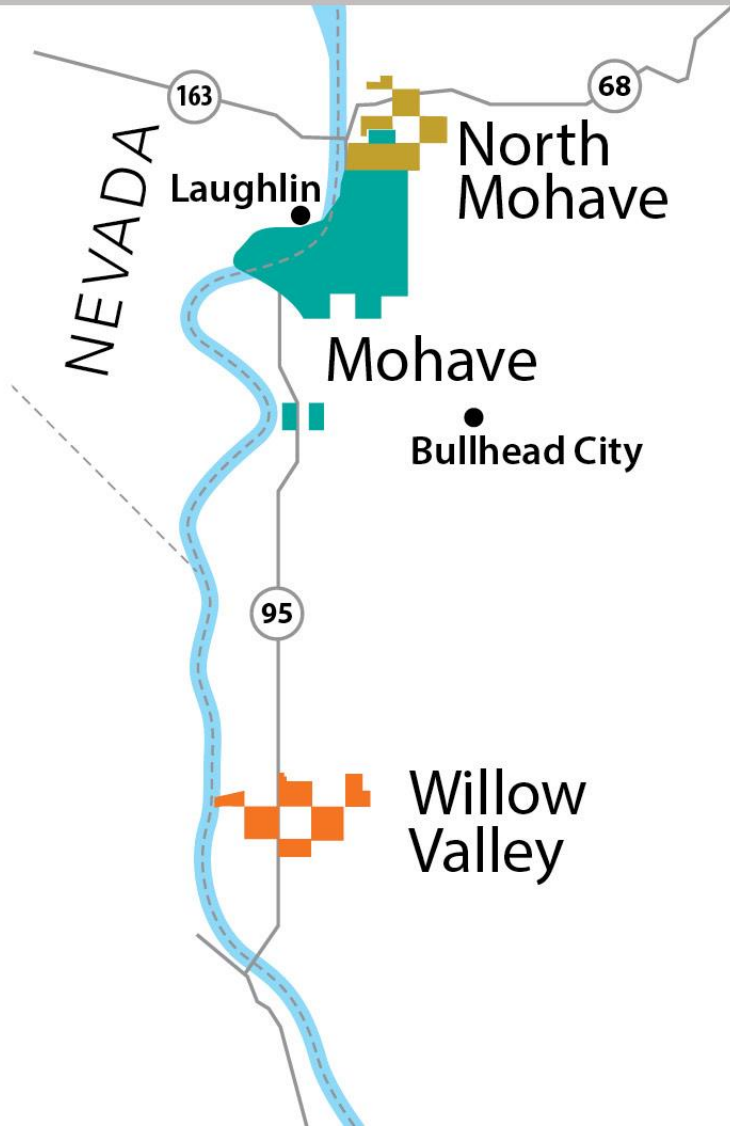


ARIZONA WATER DISTRICTS

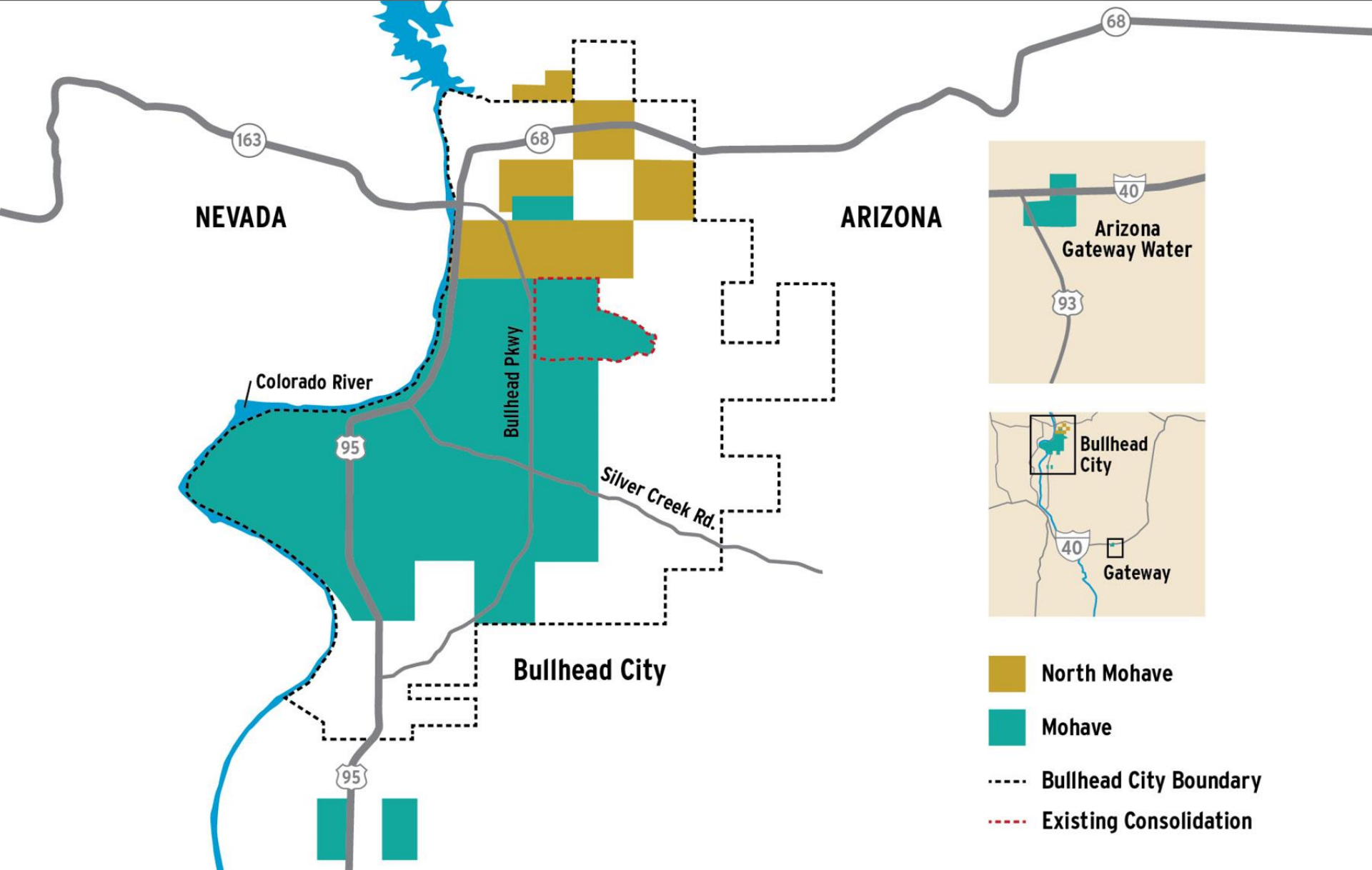


ARIZONA WATER DISTRICTS

Mohave County



EPCOR SERVICE IN BULLHEAD CITY



CUTTING EDGE, AWARD WINNING

- 2020 Water Environment Foundation Utility of the Future Today
- 2020 AZ Water Association Large Water Project of the Year – White Tank Water Treatment Plant expansion
- 32 AZ Water Association Awards for safety and operational excellence (2020)



169 awards from 2012-today for safety, reliability, and service excellence

RATE CASE HISTORY

December
2009

Decision
#71410
Order to file
consolidation

December
2014

Decision
#74881
Order to
file water
consolidation

January
2019

2-2 vote
No decision
issued

January
2019

Order to file
Interim Rates

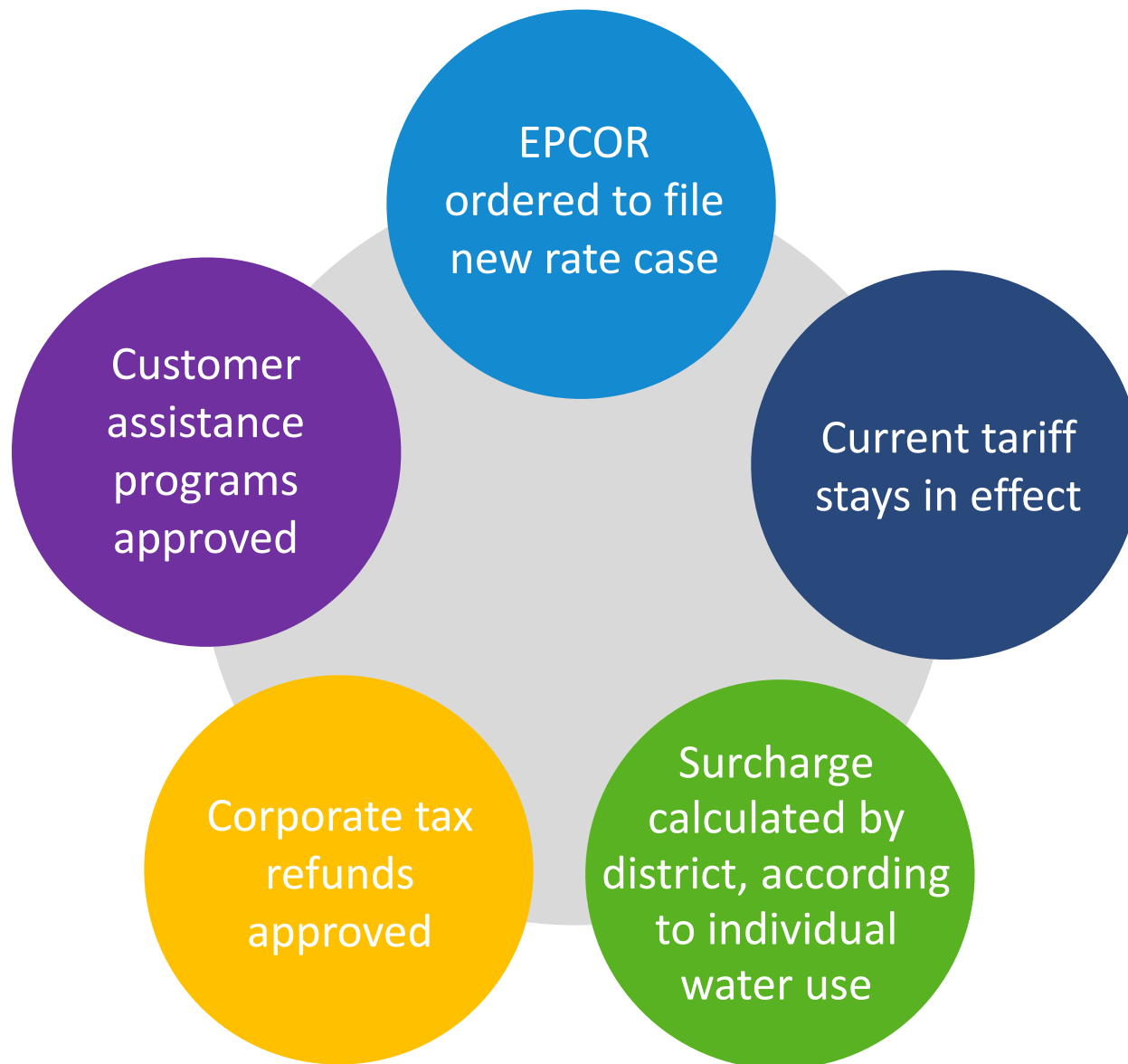
March
2019

Decision
#77147

“IT IS FURTHER ORDERED that EPCOR Water Arizona, Inc. shall file a permanent rate application ... using a December 31, 2019, test year.”

“IT IS FURTHER ORDERED ... shall include in its next rate application, geographically adjacent or regional basis rate consolidation options ...’.”

MARCH 28, 2019 – DECISION #77147



POTENTIAL UNIFICATION SCENARIOS

Scenario 1

GROUP A: Agua Fria, Anthem, Chaparral, Havasu/Havasu (Brooke), Tubac, Willow Valley

GROUP B: Mohave, North Mohave

Sun City (Stand-Alone)

Sun City West (Stand-Alone)

Paradise Valley (Stand-Alone)

Scenario 2

GROUP C: Agua Fria, Anthem, Chaparral, Tubac

GROUP B: Mohave, North Mohave

GROUP D: Sun City, Sun City West

GROUP E: Havasu/Havasu (Brooke), Willow Valley

Paradise Valley (Stand-Alone)

Scenario 3

GROUP F: Agua Fria, Anthem, Tubac

GROUP B: Mohave, North Mohave

Chaparral, Sun City, Sun City West, Paradise Valley, Havasu/Havasu (Brooke), and Willow Valley remain as separate districts (i.e. Stand-Alone).

Scenario 4

GROUP G: All Water Districts are fully consolidated

Scenario 5

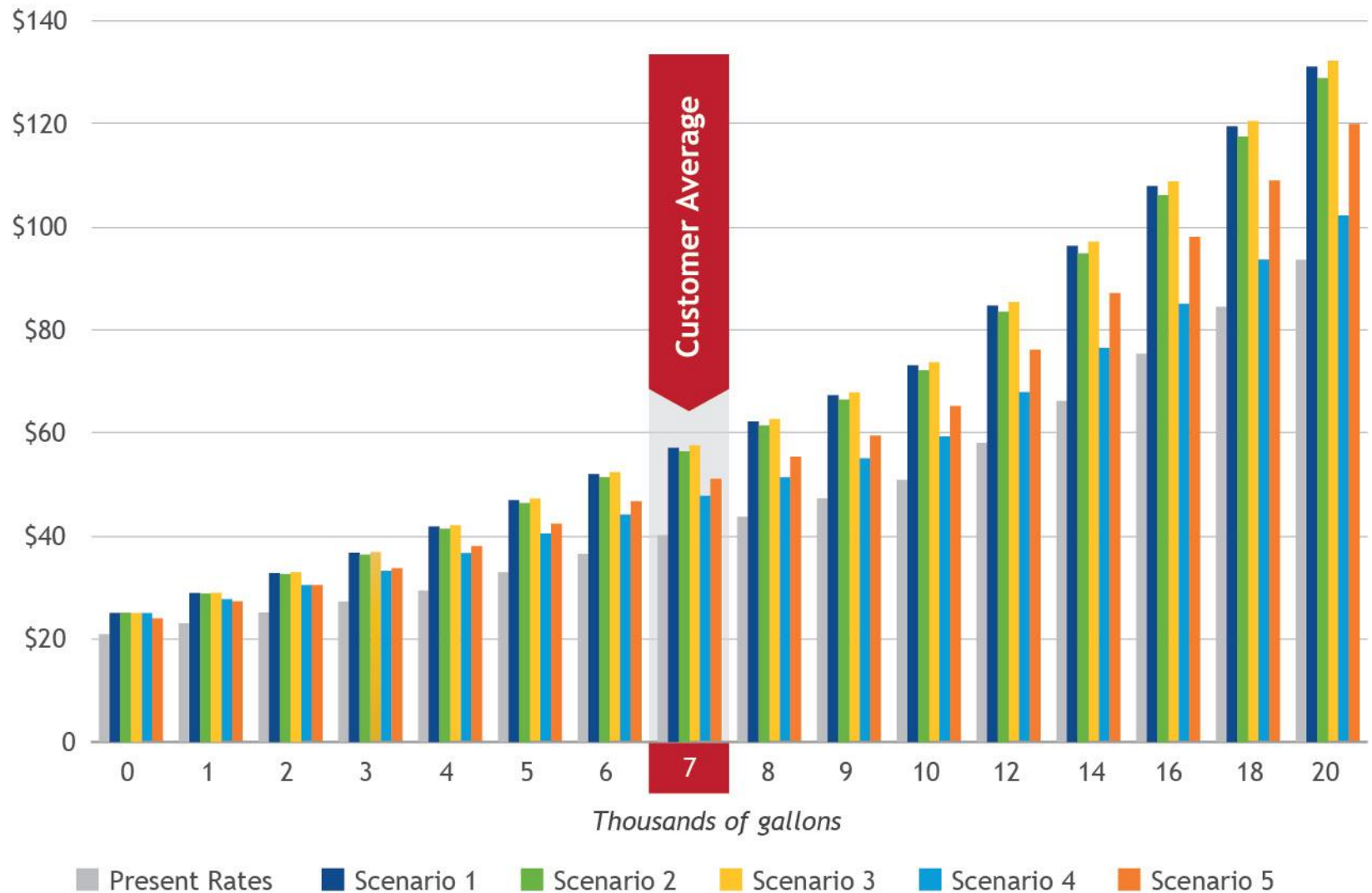
All Water Districts remain as Stand-Alone Districts

POTENTIAL BILL IMPACTS

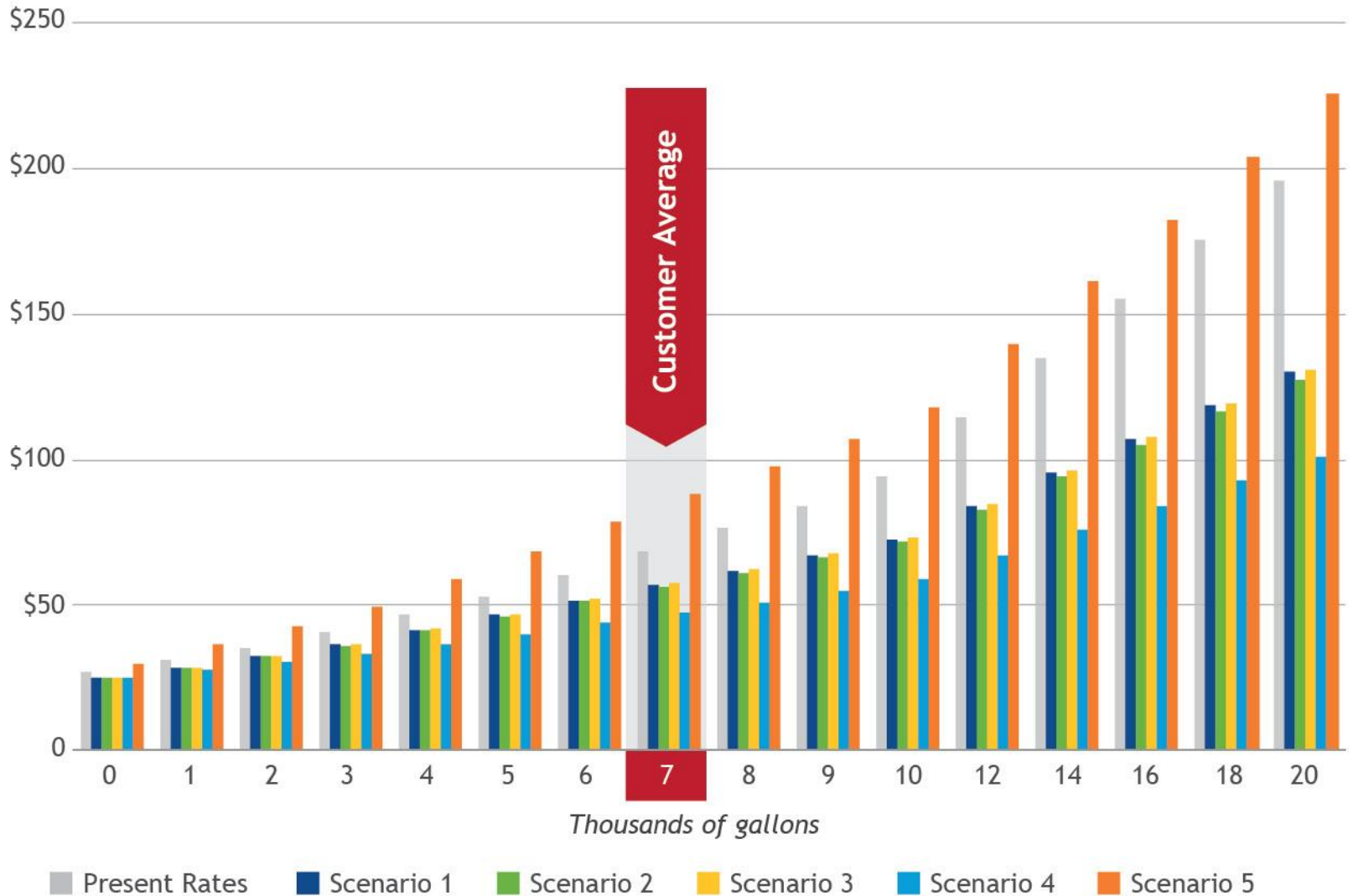
District	Average Water Usage/ Month	Bills Current Rates	POTENTIAL BILL IMPACTS Under Proposed Unification Scenarios				
			Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Agua Fria	6,523	\$38.35	\$16.26	\$15.61	\$16.66	\$7.60	\$10.57
Anthem*	7,275	\$70.80	\$(12.37)	\$(13.07)	\$(11.92)	\$(22.12)	\$19.93
Chaparral*	6,898	\$53.70	\$2.82	\$2.15	\$5.81	\$(6.38)	\$5.81
Havasu	6,113	\$51.87	\$0.66	\$12.05	\$6.13	\$(7.40)	\$6.13
Havasu (Brooke)	2,374	\$33.83	\$0.42	\$9.90	\$5.67	\$5.79	\$5.67
Mohave	5,780	\$32.22	\$8.08	\$8.08	\$8.08	\$11.04	\$7.81
North Mohave	7,532	\$34.93	\$12.42	\$12.42	\$12.42	\$14.69	\$15.44
Paradise Valley 5/8"	17,323	\$54.61	\$17.26	\$17.26	\$17.26	\$35.20	\$17.26
Paradise Valley 1"	51,778	\$174.11	\$34.22	\$34.22	\$34.22	\$84.99	\$34.22
Sun City	6,238	\$26.43	\$1.84	\$6.59	\$1.84	\$18.49	\$1.84
Sun City West	5,770	\$35.20	\$0.90	\$(2.46)	\$0.90	\$8.02	\$0.90
Tubac	6,609	\$52.60	\$2.45	\$1.79	\$2.85	\$(6.34)	\$19.78
Willow Valley	2,616	\$40.00	\$(4.80)	\$4.83	\$17.23	\$(7.88)	\$17.23

*3/4-inch meters - all others are 5/8-inch unless otherwise noted.

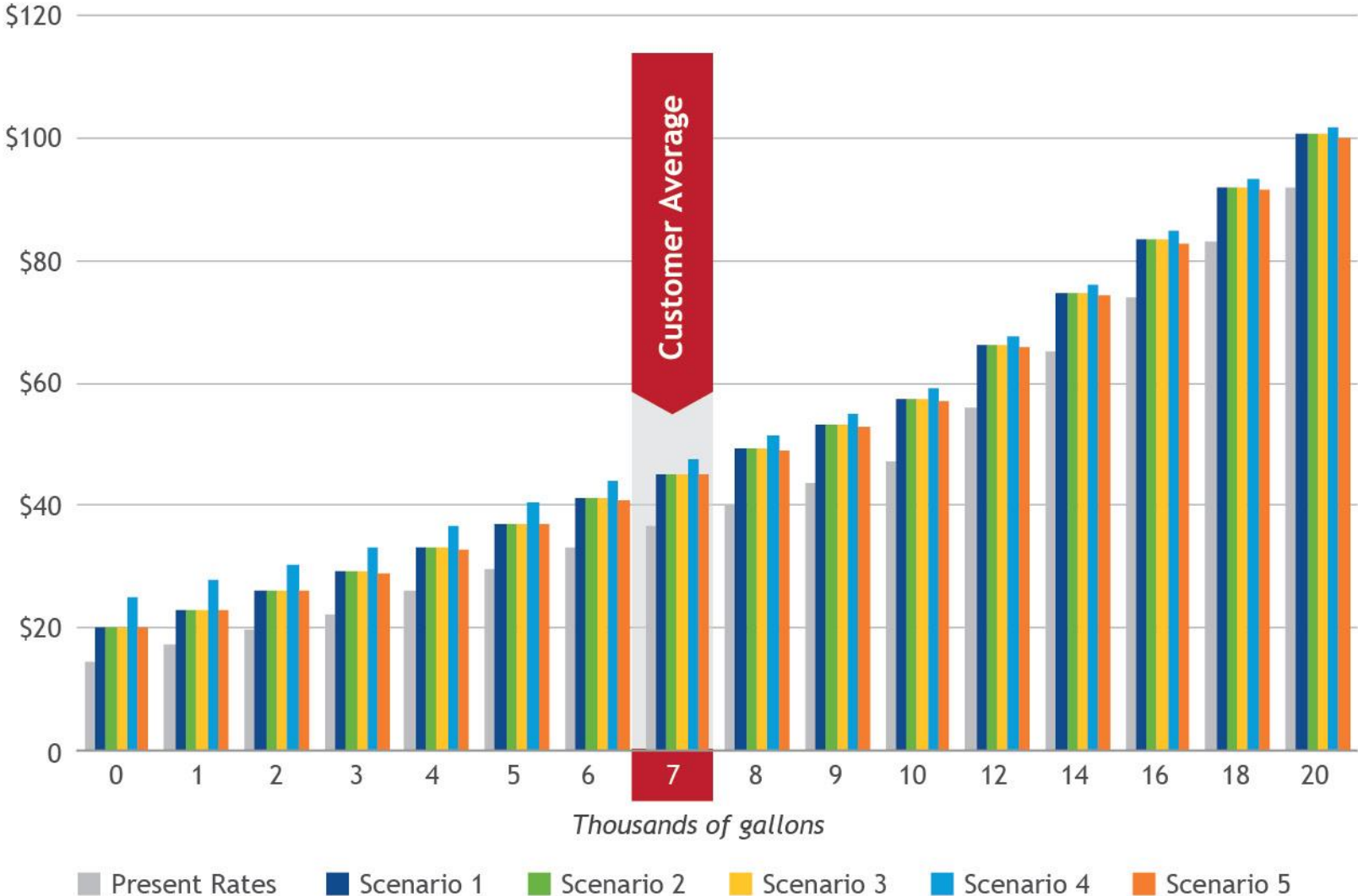
POTENTIAL BILL IMPACTS – AGUA FRIA



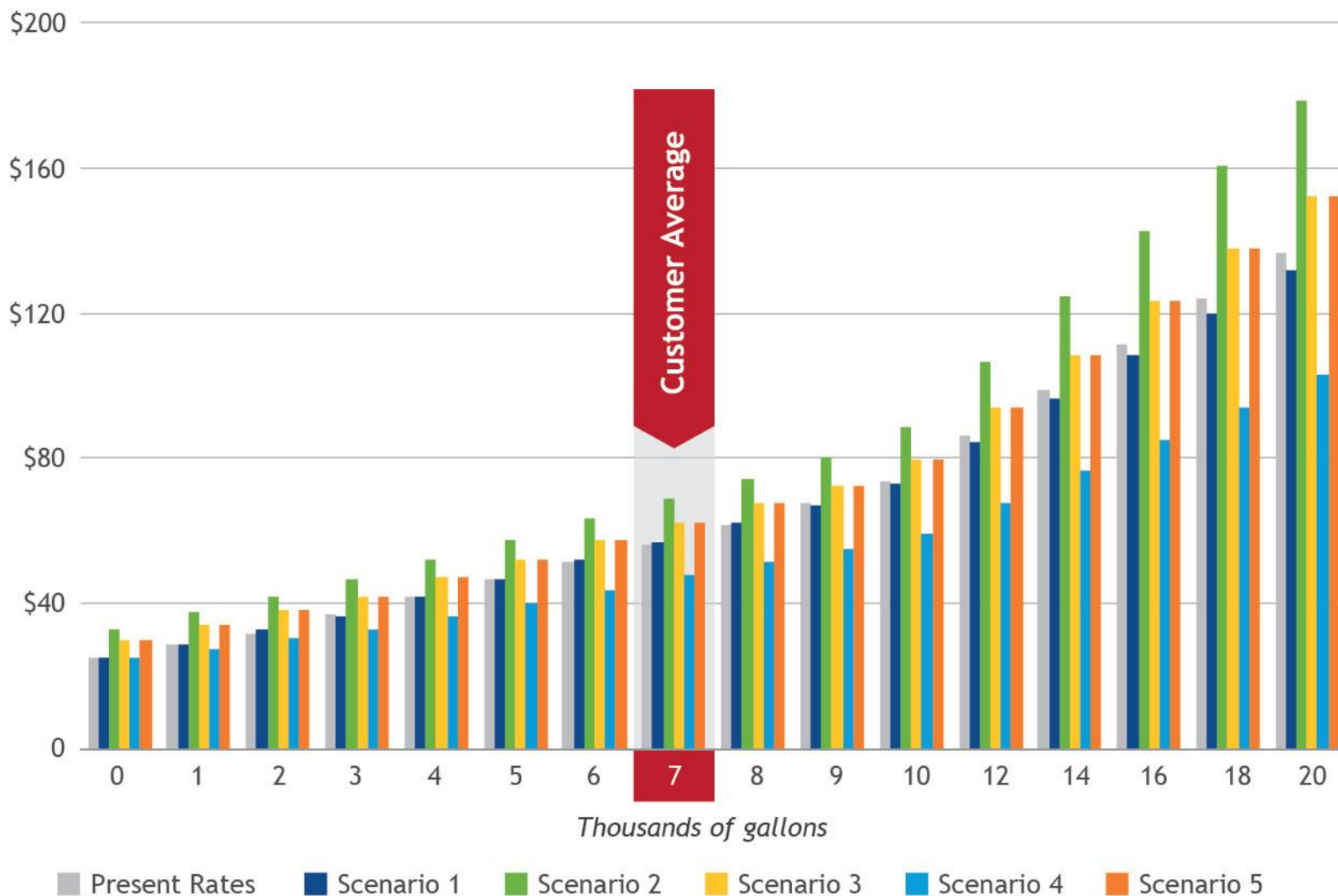
POTENTIAL BILL IMPACTS – ANTHEM



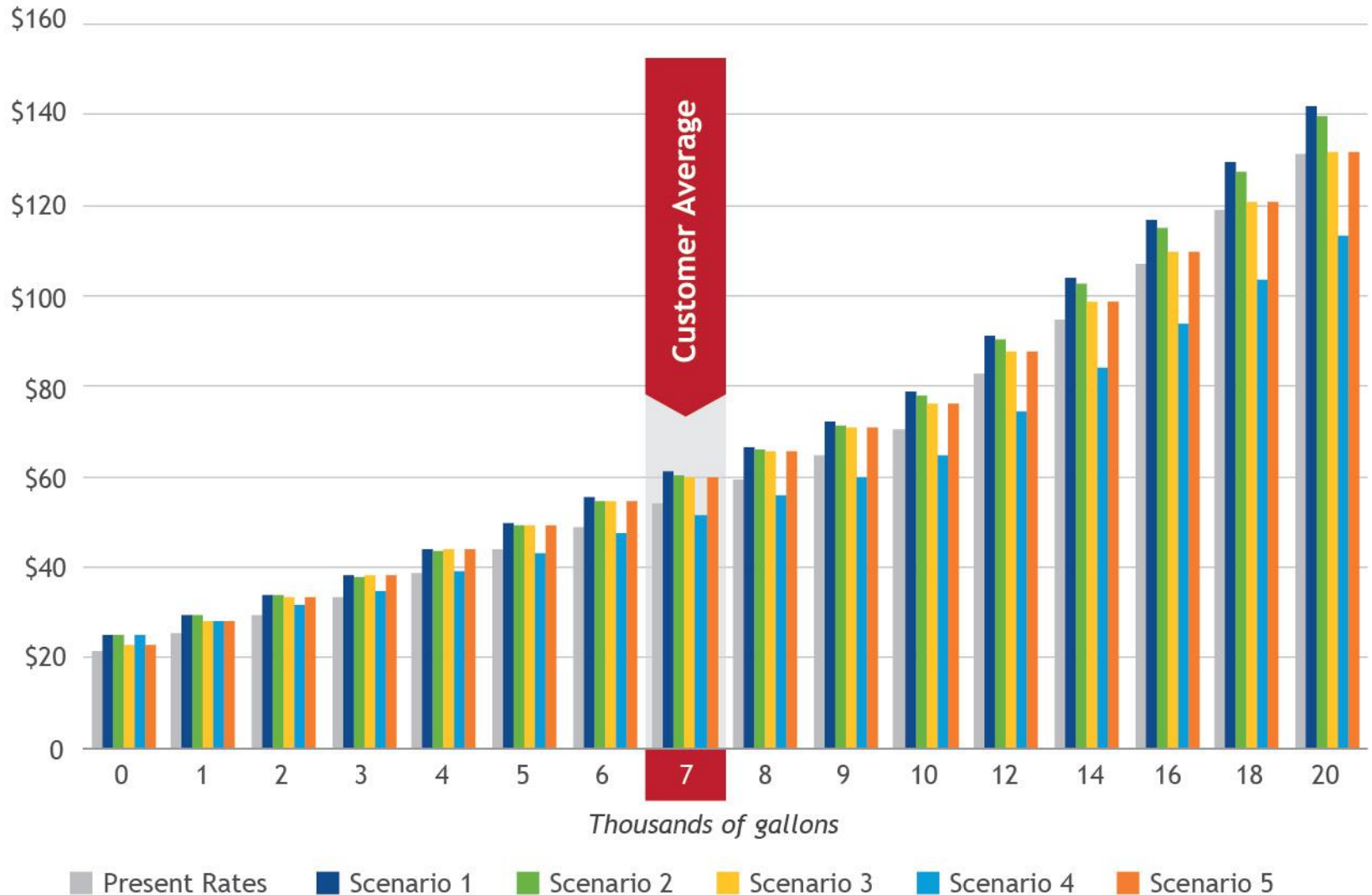
POTENTIAL BILL IMPACTS BULLHEAD CITY



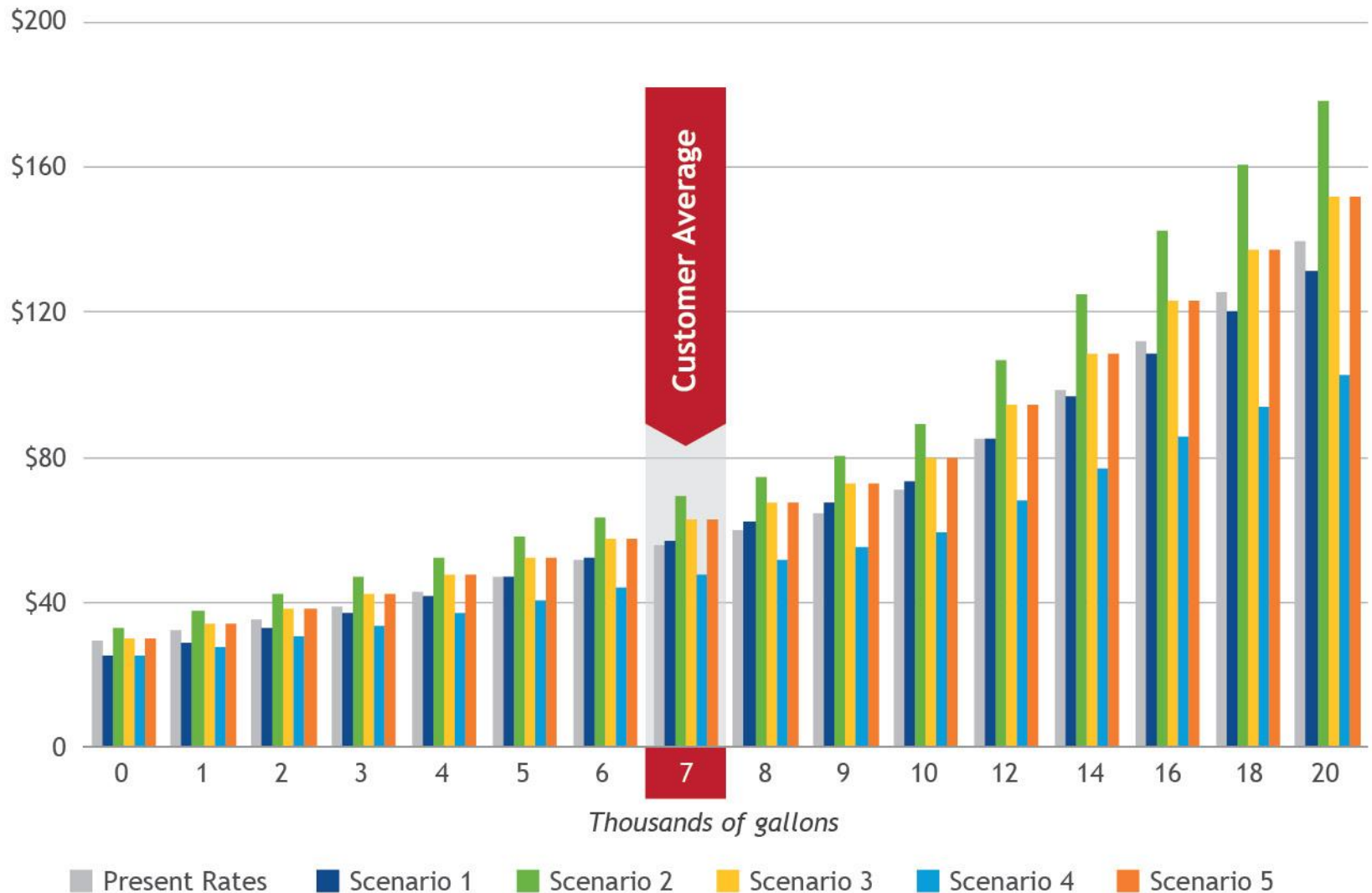
POTENTIAL BILL IMPACTS – BROOKE



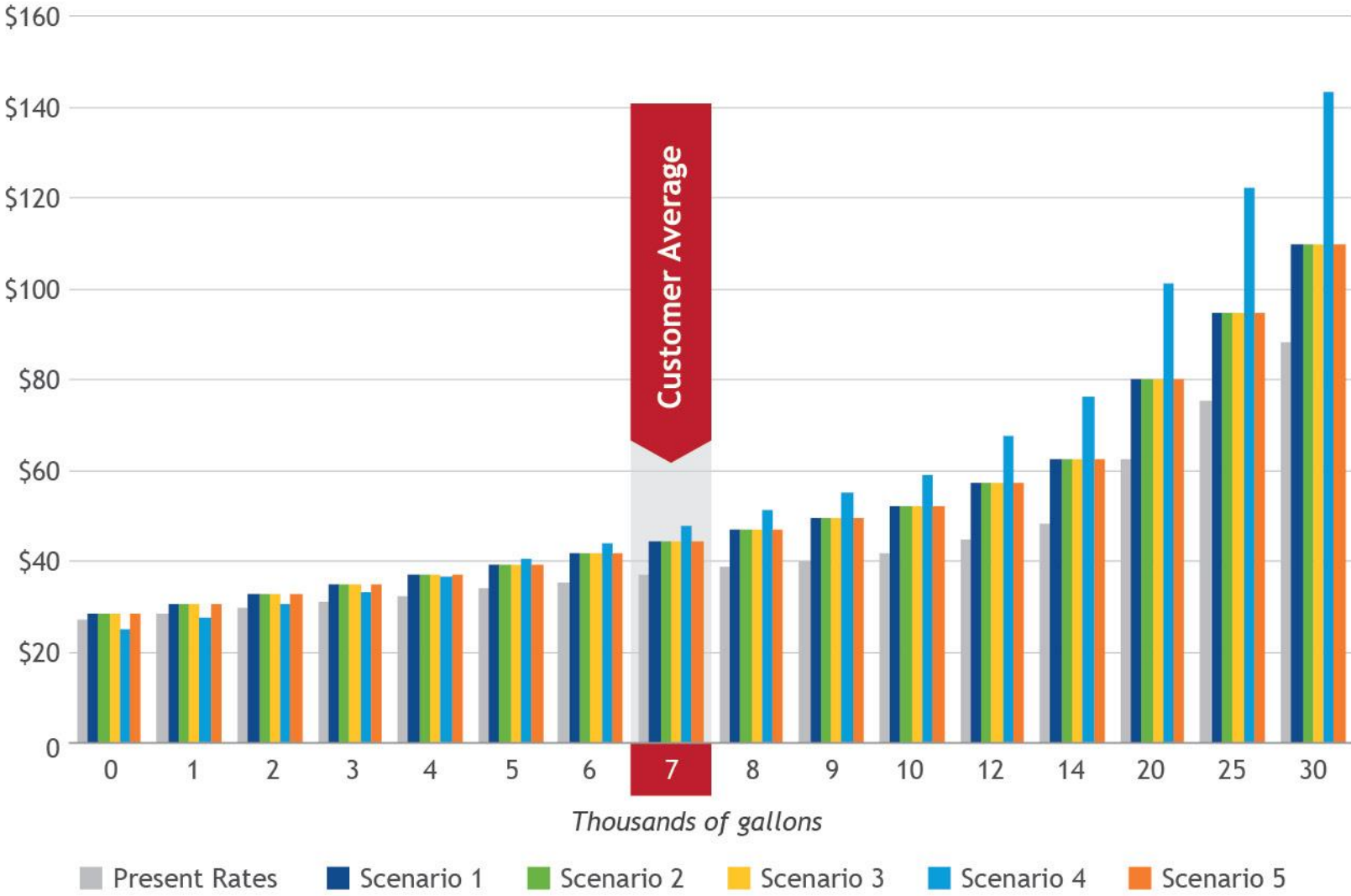
POTENTIAL BILL IMPACTS – CHAPARRAL



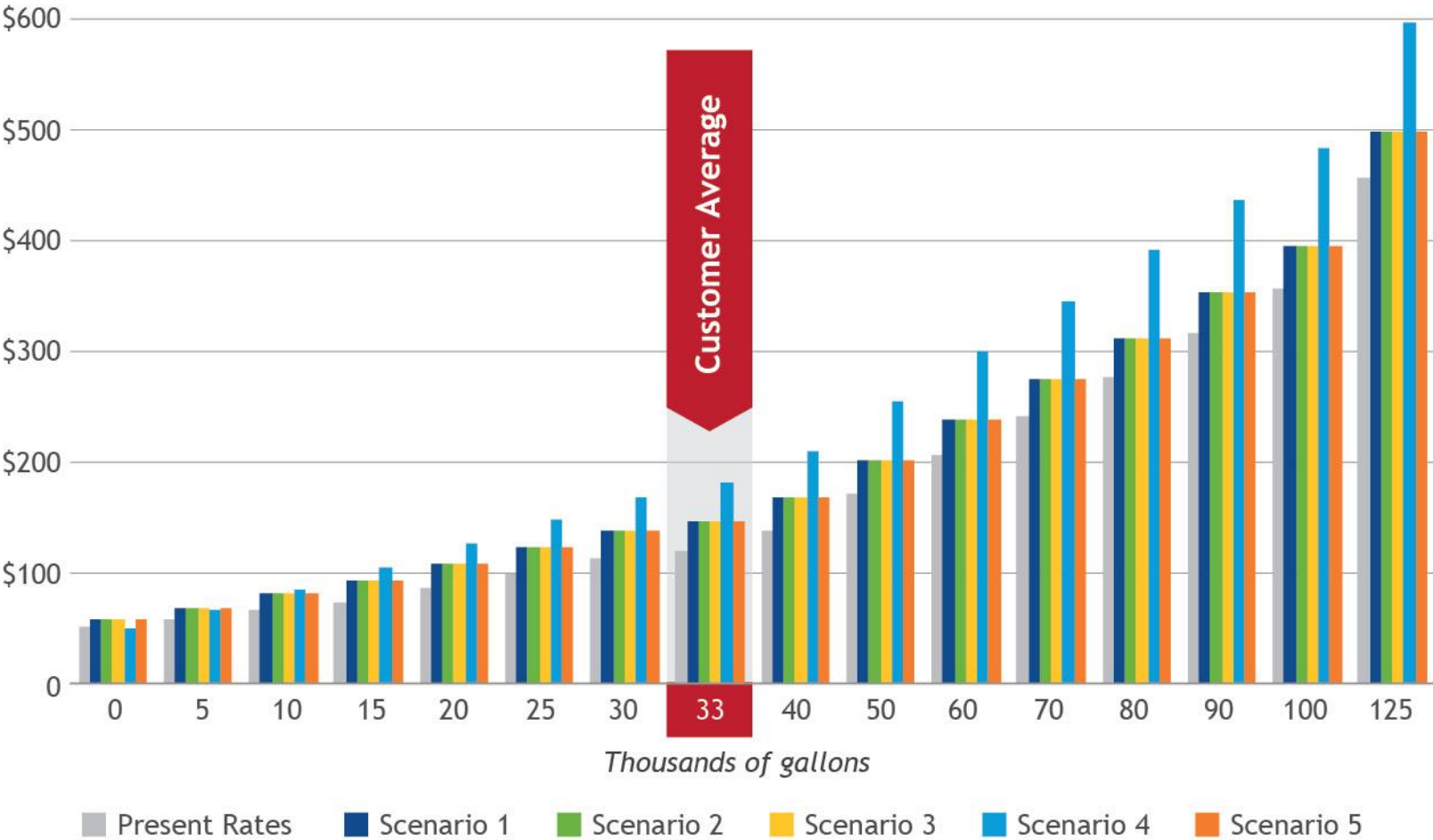
POTENTIAL BILL IMPACTS – HAVASU



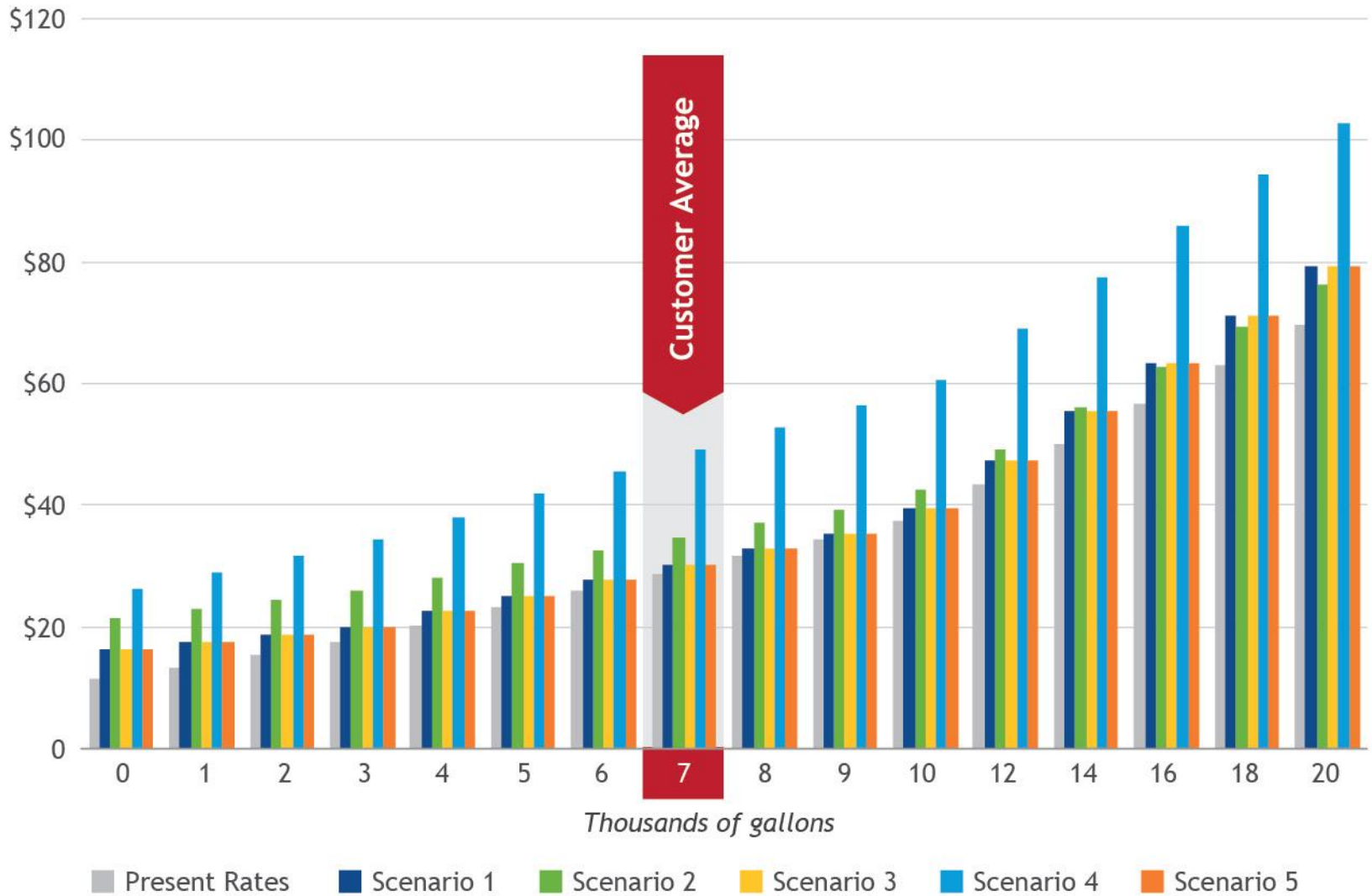
POTENTIAL BILL IMPACTS PARADISE VALLEY – 5/8"



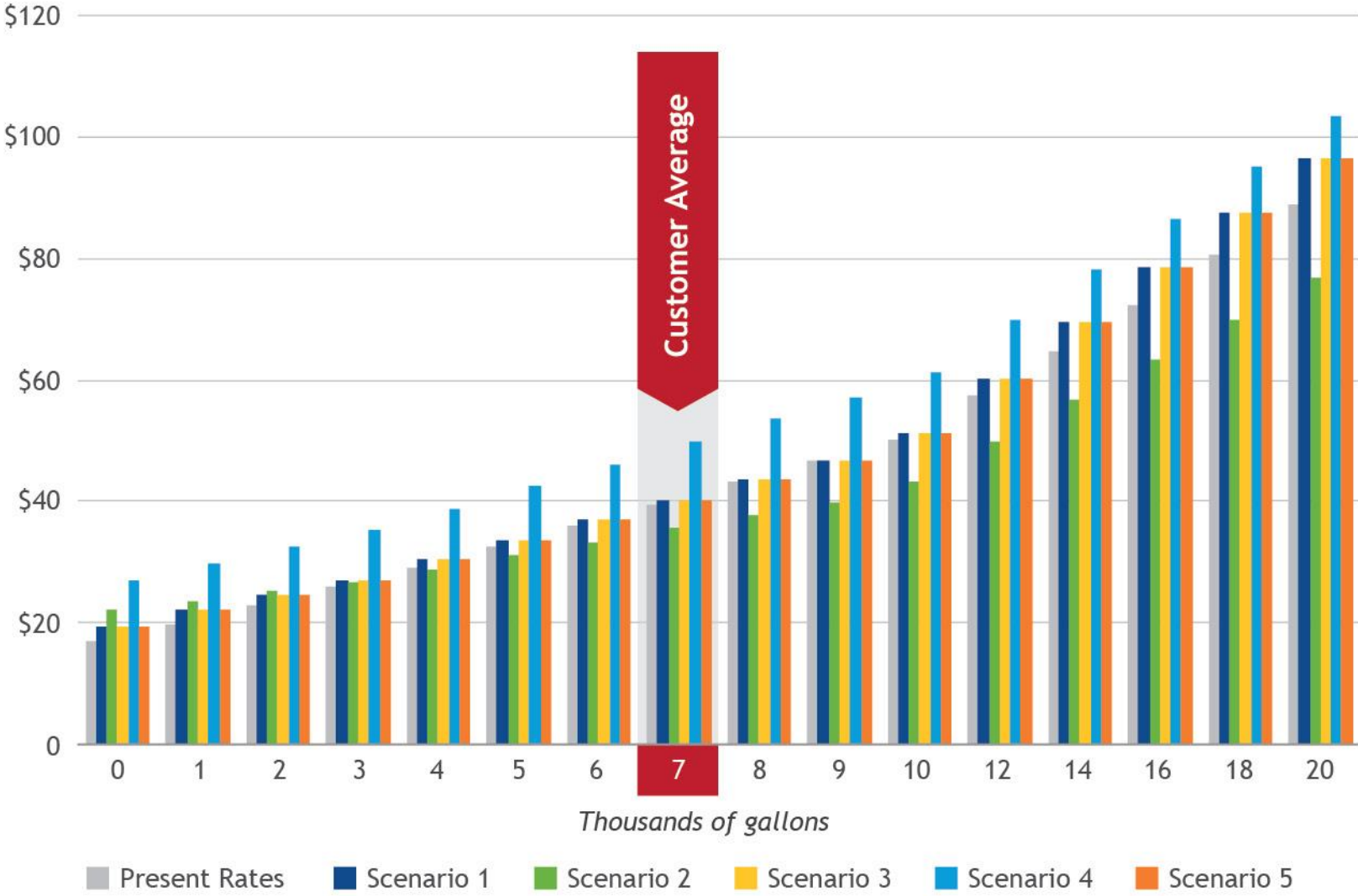
POTENTIAL BILL IMPACTS PARADISE VALLEY – 1st



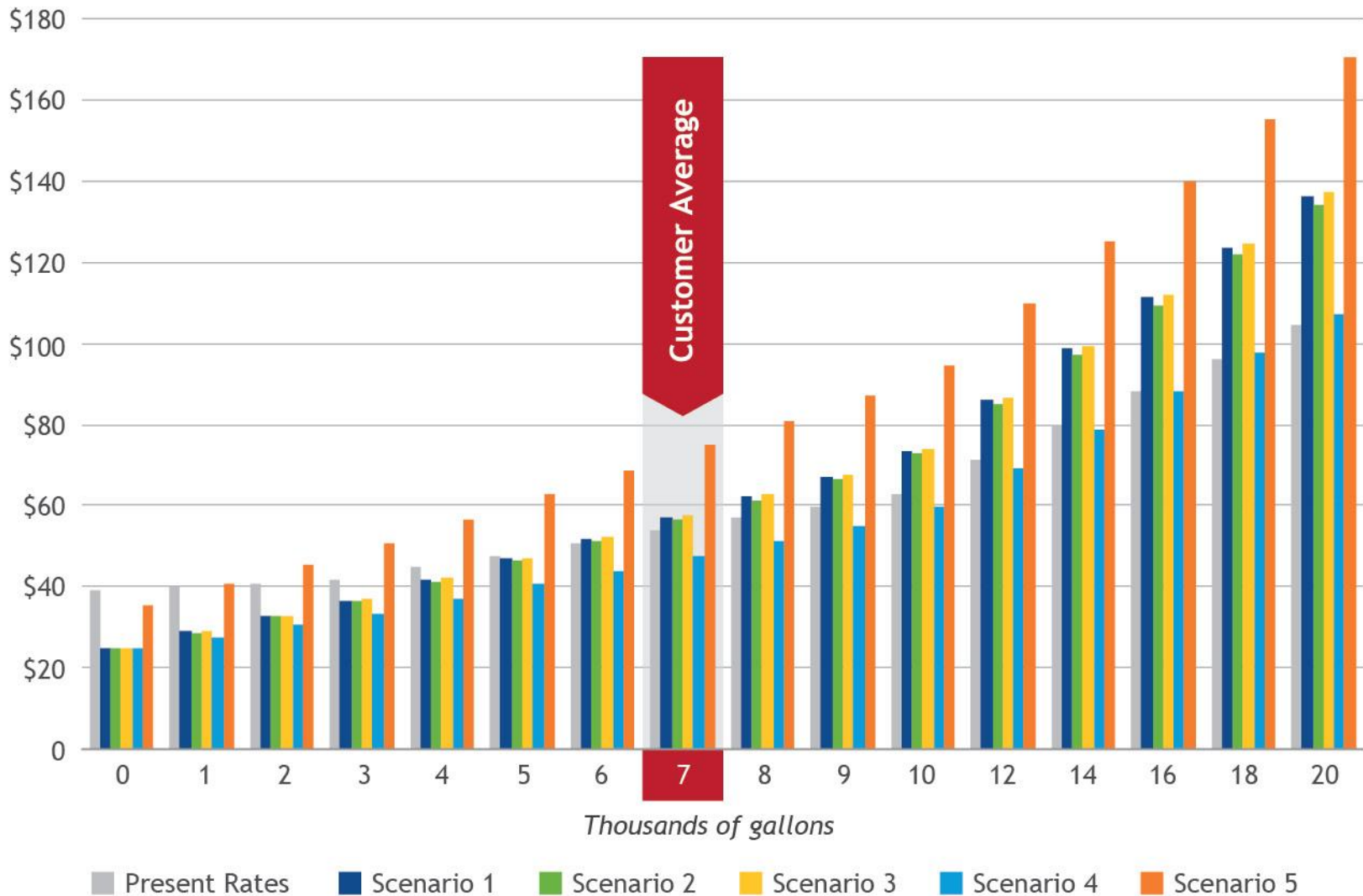
POTENTIAL BILL IMPACTS – SUN CITY



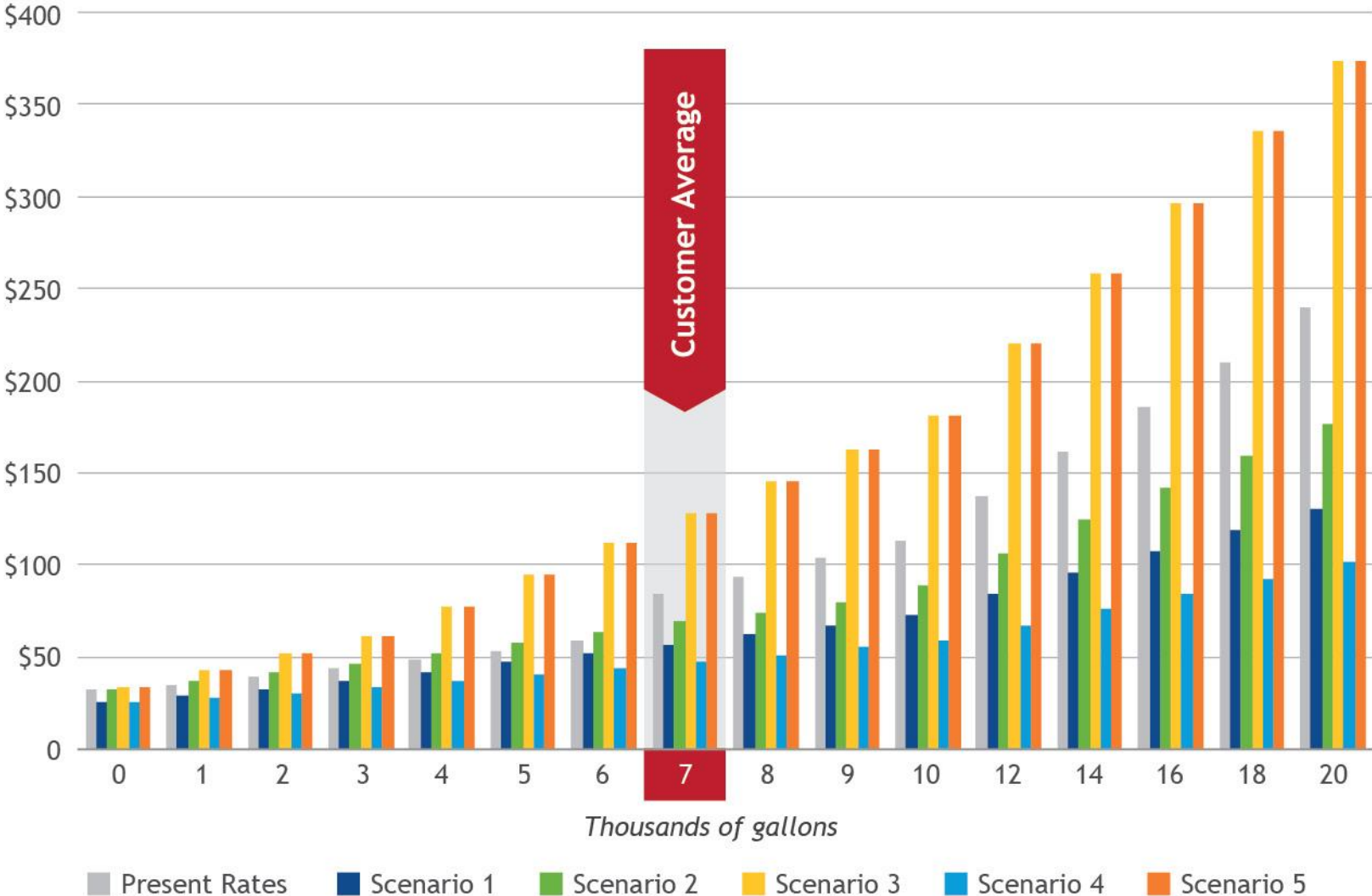
POTENTIAL BILL IMPACTS SUN CITY WEST



POTENTIAL BILL IMPACTS – TUBAC



POTENTIAL BILL IMPACTS WILLOW VALLEY



CUSTOMER ASSISTANCE PROGRAMS



Low Income
Assistance
Program

\$10 Credit



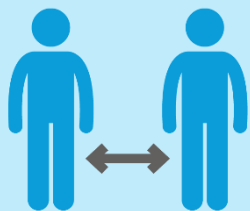
Deployed Service
Member
Credit

Bill waived if qualified



Disabled
Veterans
Assistance

\$10 Credit



COVID Hardship Assistance for Customers

\$10 credit per month

Available to customers impacted by COVID medically or through loss of employment/income

What's Next

- 22 virtual information sessions
- Ongoing communication
- March 22 public hearing
- Late summer 2021 decision



QUESTIONS?



24/7 Customer Care: 1.800.383.0834
ratecasequestions@epcor.com
epcor.com/waterratereview