

SUPPLEMENTAL PUBLIC NOTICE FOR CUSTOMERS OF EPCOR WATER ARIZONA INC.'S HAVASU/BROOKE SERVICE AREA REGARDING THE APPLICATION FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND INCREASES/DECREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS AGUA FRIA, ANTHEM, CHAPARRAL, HAVASU/BROOKE, MOHAVE, NORTH MOHAVE, PARADISE VALLEY, SUN CITY, SUN CITY WEST, TUBAC, AND WILLOW VALLEY WATER DISTRICTS AND FOR CONSIDERATION OF CONSOLIDATION PROPOSALS

(DOCKET NO. WS-01303A-20-0177)

SUMMARY

On June 15, 2020, in compliance with Arizona Corporation Commission (“Commission”) Decision No. 77147, EPCOR filed with the Commission an application for a determination of the fair value of its plant and property used to provide water utility service to its Agua Fria, Anthem, Chaparral, Havasu/Brooke, Mohave, North Mohave, Paradise Valley, Sun City, Sun City West, Tubac, and Willow Valley water districts; for increases/decreases in its rates and charges for such water utility service; and for consideration of consolidating some, all, or none of its water districts. EPCOR’s application uses a test year ending on December 31, 2019, and proposes an overall revenue increase of approximately \$16.6 million, or approximately 14.1 percent over adjusted test year revenues of \$117,661,203.

EPCOR also requests approval of a Power Cost Adjustor Mechanism (“PCAM”) and a Purchased Water Adjustor Mechanism (“PWAM”) to recover/refund all future changes to purchased power and purchased water expenses rather than having those operating expenses factored into and recovered through EPCOR’s base rates. In addition, EPCOR has requested approval of a CIAC/AIAC tax adjustor surcharge and a rate case expense surcharge. Further, EPCOR requests approval of changes to its hook-up fee tariffs and service line and meter installation charges to make them uniform for all districts.

EPCOR requests renewed approval of the Company’s existing Low Income, Disabled Veterans, and Deployed Service Member customer assistance programs currently approved and available in each water district.

Additional requests are set forth in EPCOR’s application and related filings. District-specific information in the application and related filings is available on the Commission’s website at www.azcc.gov or at www.epcor.com/waterratereview.

As required by Commission Decision No. 77147, EPCOR provided the Commission with multiple scenarios to consider how its water districts might be consolidated into one or more regional district(s). The five scenarios presented in this case are as follows: the 11 stand-alone districts would remain as they exist today; three separate scenarios on how current districts might be regionally consolidated; and a full consolidation scenario. The proposed scenarios are shown below.

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				

ADDITIONAL NOTICE TO HAVASU/BROOKE CUSTOMERS

On July 22, 2020, in Decision No. 77690, the Commission approved the transfer of assets and the certificate of convenience and necessity from Brooke Water Company, L.L.C. to EPCOR. In its Decision, the Commission approved integration of these customers into EPCOR's existing Havasu water district, but authorized separate rates and tariffs for the former Brooke customers. EPCOR became the new water service provider for the former Brooke customers effective August 20, 2020.

Although EPCOR became the new water service provider for these customers after the pending rate application was filed, the new rates approved for Brooke Water Company, LLC were known and incorporated into the potential rate impacts issued in the Commission's Procedural Order and notice to customers dated August 18, 2020. As such, **there is no change to the rate impacts previously provided and as shown below.**

At the time of the original June 15, 2020 application, however, the rates and tariffs approved for the former Brooke customers by the Commission in Decision No. 77690 were not available. **This notice is to inform you that EPCOR has now updated the original Application rate schedules to reflect Decision 77690, including the potential rate impact to Havasu/Brooke customers in the five potential scenarios (previous page).** In this same filing, EPCOR has provided potential options to moderate the rate impact to Havasu/Brooke customers, which will be discussed at the Havasu/Brooke community meeting (see below) and further detailed in EPCOR's future testimony filings.

Potential Impact to Bills

The examples below illustrate how residential bills **may** be impacted under each scenario as proposed by the Company **if** a residential customer has a 5/8-inch meter and uses the average monthly water usage in that customer's district. **Each customer's bill, however, is specific to individual usage, meter size and customer classification. Actual bill impacts will vary.** Customers can use the tables included in Schedule H-4 for the Havasu/Brooke water district provided in EPCOR's application and subsequent filings available on www.azcc.gov and www.epcor.com, or contact EPCOR at ratecasequestions@epcor.com or 1-800-383-0834 to determine the potential change to their bill based on their individual usage. Proposed scenarios and various examples of bill impacts are available at www.epcor.com/waterratereview.

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
Havasus	6,113	\$51.87	\$0.66	\$12.05	\$6.13	\$(7.40)	\$6.13
Havasus (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.

NEITHER THE COMMISSION'S UTILITIES DIVISION ("STAFF") NOR ANY INTERVENOR HAS YET MADE ANY RECOMMENDATION REGARDING THE APPLICATION. THE COMMISSION IS NOT BOUND BY THE PROPOSALS OF EPCOR, STAFF, OR ANY INTERVENORS. THE COMMISSION WILL DETERMINE THE APPROPRIATE RELIEF TO BE GRANTED IN RESPONSE TO EPCOR'S APPLICATION BASED ON THE EVIDENCE PRESENTED IN THIS MATTER. FINAL RATES APPROVED BY THE COMMISSION MAY BE HIGHER, LOWER, OR DIFFERENT THAN THE RATES PROPOSED BY EPCOR OR BY OTHER PARTIES.

If you have any questions concerning how the application may affect your bill or other substantive questions about the application, you may contact EPCOR at 2355 W Pinnacle Peak Road, Suite 300, Phoenix, Arizona 85027, online at www.epcor.com, by telephone at 1-800-383-0834 or by email at ratecasequestions@epcor.com.

How You Can View or Obtain a Copy of the Application

Copies of the application are available from EPCOR on www.epcor.com, at the Commission's Docket Control Center at 1200 West Washington Street, Phoenix, Arizona, and 400 West Congress Street, Suite 218, Tucson, Arizona, during regular business hours, and on the Commission website (www.azcc.gov) using the e-Docket function. Please note that access to Commission buildings may be restricted due to the COVID-19 pandemic.

PUBLIC MEETING FOR HAVASU/BROOKE CUSTOMERS

EPCOR will hold a community meeting for all Havasu/Brooke customers on **November 17, 2020 from 5:30 pm to 7 pm.** Due to public health and safety concerns regarding COVID-19, the meeting will be held virtually. **To join the meeting from your computer, tablet or smartphone use the following link – <https://zoom.us/j/92842630303>.** You can also dial-in using your phone: 1-602-753-0140, Webinar ID: 928 4263 0303. Detailed information on how to attend the meeting, telephonically or via the internet, is available on epcor.com/waterratereview.

Public Comment

Written public comments may be submitted by mailing a letter referencing **Docket No. WS-01303A-20-0177** to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by submitting comments on the Commission's website (www.azcc.gov) using "Cases and Open Meetings" and "Make a Public Comment in a Docket." If you require assistance, you may contact the Consumer Services Section at 602-542-4251 or 1-800-222-7000.

Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning **March 22, 2021, at 10:00 a.m.**, at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona. For those members of the public who wish to provide public comment, the Commission will allow telephonic public comment on March 22, 2021, at the beginning of the hearing at 10:00 a.m. To provide telephonic public comments, call 1-866-705-2554 and enter this code: 241497#.

All documents filed in this docket are available online (usually within 24 hours after docketing) at the Commission's website (www.azcc.gov) using the e-Docket function. **Information on how to Follow a Docket is available on the Commission's website by clicking on "Cases and Open Meetings" and "Follow a Docket or Document Type."**

ADA/Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Carolyn Buck, E-mail ADACoordinator@azcc.gov, voice phone number 602-542-2247. Requests should be made as early as possible to allow time to arrange the accommodation.