



SAN TAN RATE REVIEW

Agenda

- The Rate Case Process
- 2018: Starting Point
- 2024: Five Years Later
- Current Rate Review
- Customer Assistance Programs
- Next Steps



REGULATED US WATER

306,000

service connections

414,000

people served

450+ employees

28.77 billion gallons of water sold annually

300+ safety and operational excellence awards



2
states

9
counties

28
communities

3
wastewater
districts

16
water
districts

● Water ● Water/Wastewater ● Wastewater

WATER RECLAMATION SUCCESS

21.8

billion gallons of purified water returned to the natural cycle

=

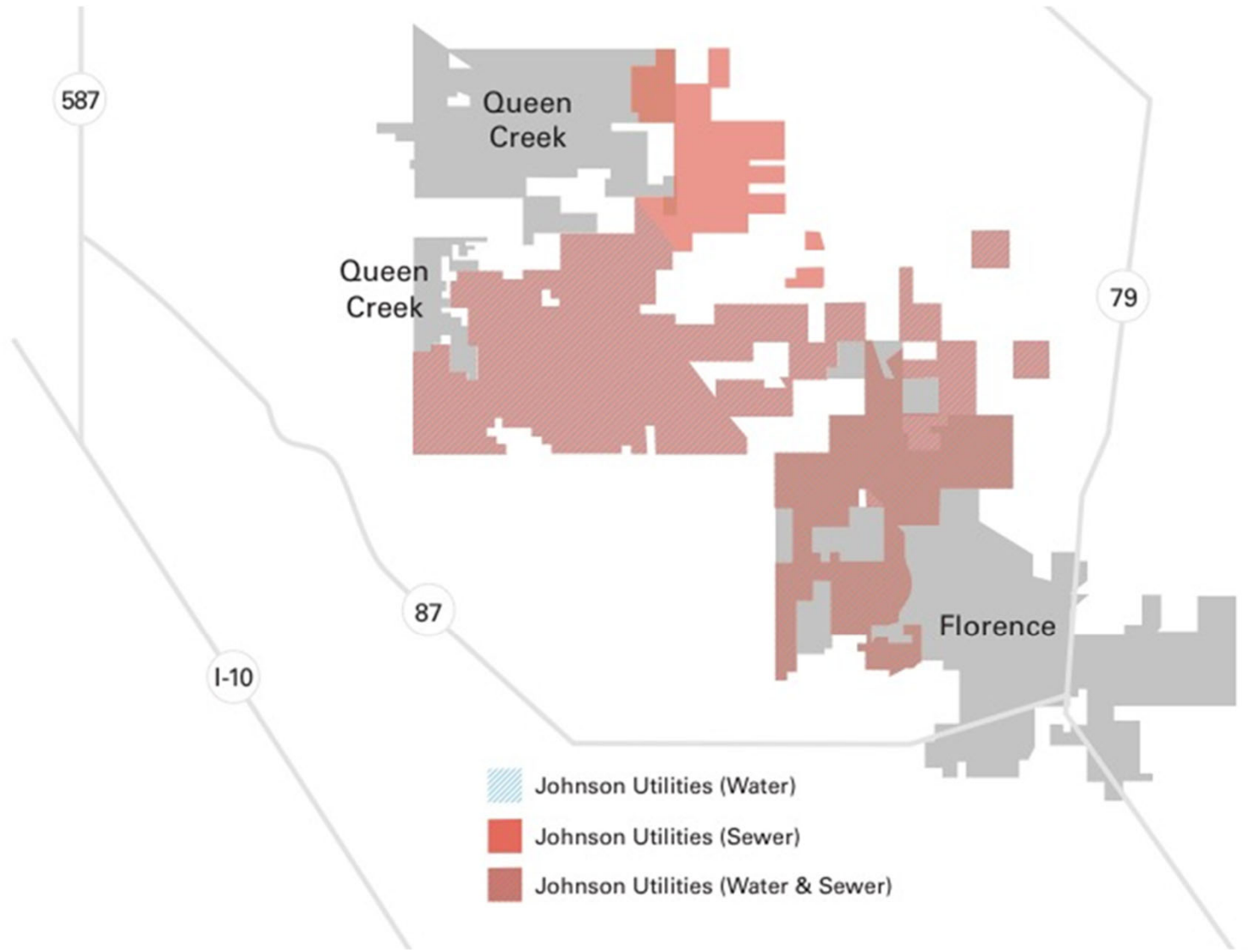
67,000

football fields covered in a foot of water





San Tan Service Area

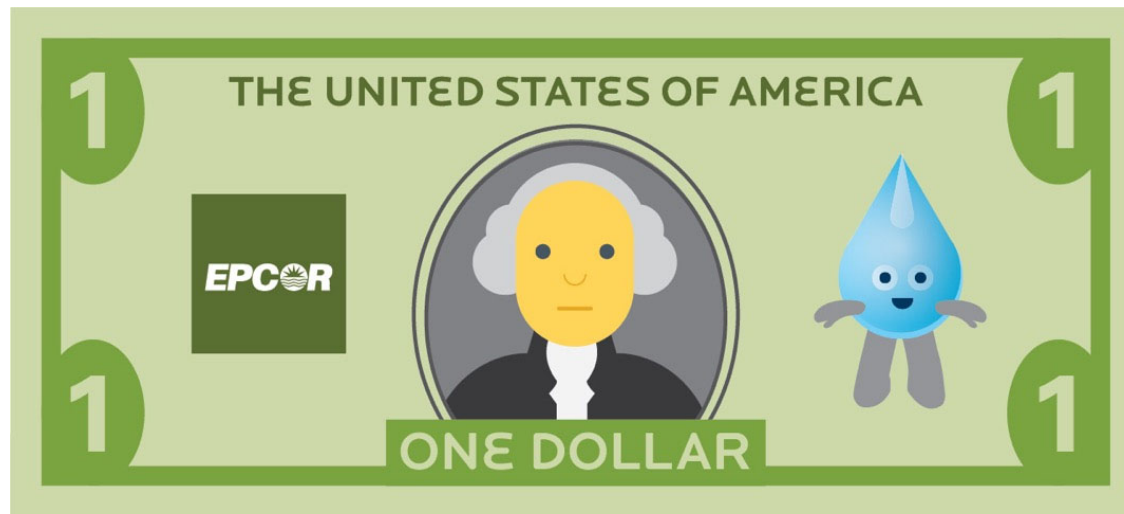


HOW RATES ARE SET

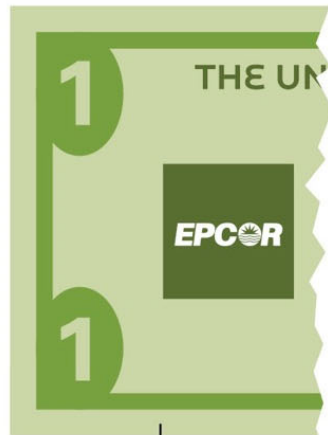
- Regulated by Arizona Corporation Commission
- Formal rate application — 24-to-30-month process
 - Expenses reviewed and approved by ACC
 - Investment evaluated for prudence and used/usefulness
 - Customers noticed
 - Procedural schedule set by Administrative Law Judge



WHAT'S IN A DOLLAR OF WATER



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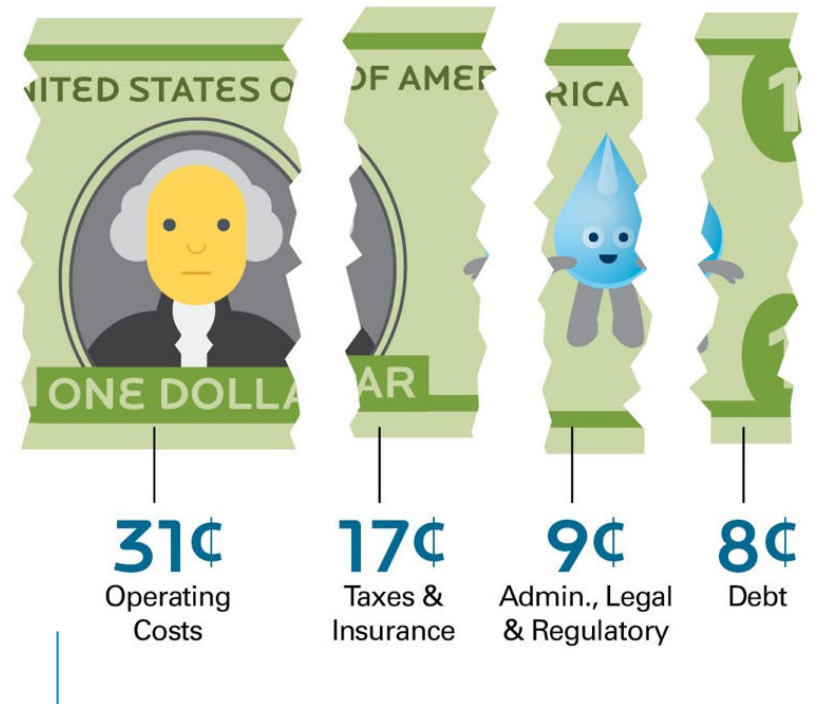


32¢
Capital
Investment

- Investment in system
 - Plant
 - Pipes
 - Equipment

WHAT'S IN A DOLLAR OF WATER

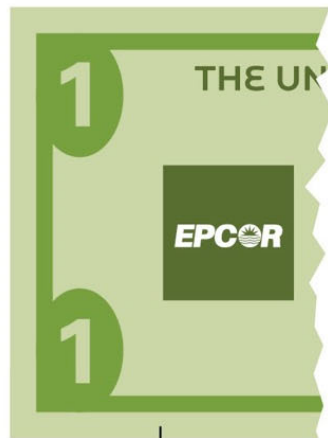
Operating costs to provide safe and reliable service



WHAT'S IN A DOLLAR OF WATER



WHAT'S IN A DOLLAR OF WATER

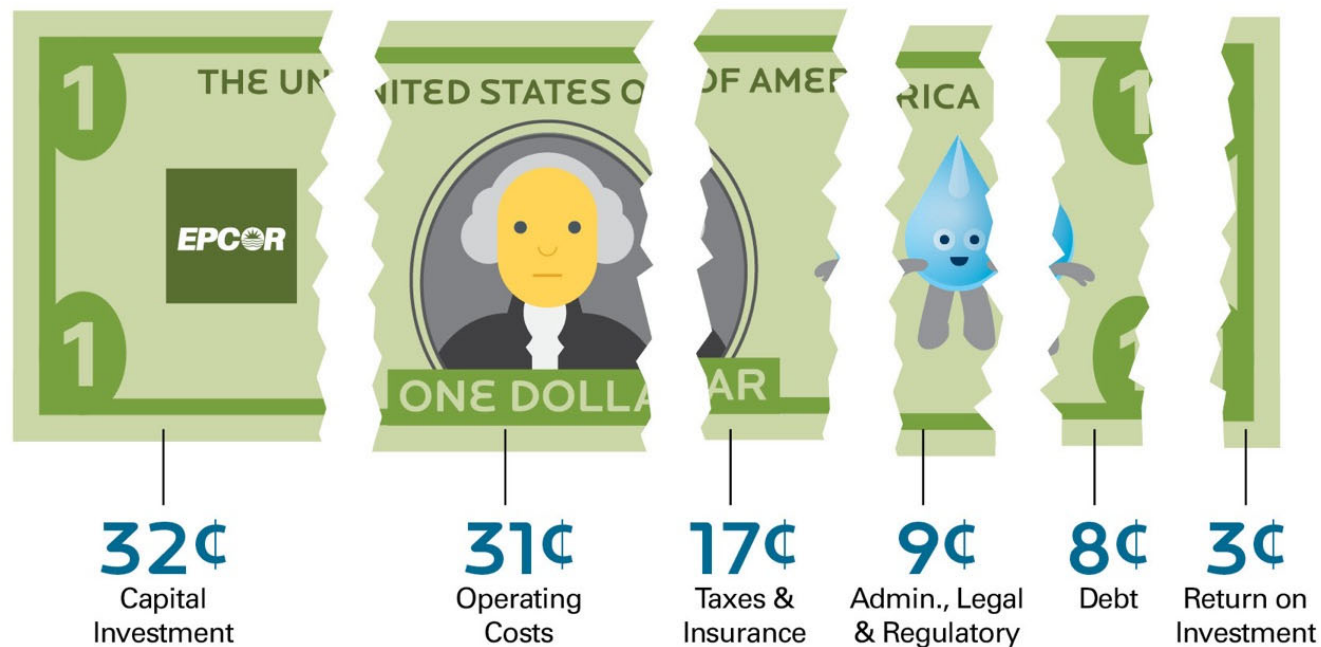


32¢
Capital
Investment



3¢
Return on
Investment

WHAT'S IN A DOLLAR OF WATER



CONSTANT SMELLS  *can't even take a shower*

I can't flush my stool after midnight until 6 a.m. RUN INTO THE GROUND

Frequent sewer leakage  BROWN STUFF

The smells that come out of our faucets when we want to brush our teeth

**sit on the phone
all day before
getting ahold of
anybody**



**BAD
ODOR**

don't have enough pressure to flush the toilets

crappy water, crappy service

water with toilet paper and feces coming out

The stench coming from ... whatever they have there **Shady billing practices**

LOW *can't even go outside*
water pressure overwhelming smell of mildew

ABYSMAL

A river of sewage ... from a manhole that was spraying sewage



2018 – STARTING POINT

- **More than 530 recorded complaints** against Johnson Utilities including customer billing, health, odor and service concerns
- **78 sewer overflows** in the year prior to EPCOR stepping in as Interim Manager
 - Active and ongoing sewer overflow that took roughly 4 weeks to get under control
 - Stop valves inoperable, lift station pumps undersized
- **3.65 billion gallons of water lost**
 - Pipe leaking 1 million gallons of water per day for a decade
- Water loss **more than double the state standard** at 24%
- Pipes bypassing systems to dump into manholes

2018 – STARTING POINT

- Critical and immediate improvements identified
 - **22 water projects:**
 - New wells
 - Water line replacements
 - Booster stations
 - Valves
 - Treatment improvements
 - **48 wastewater projects:**
 - Lift stations
 - Collection lines
 - Expand facilities (Pecan and Anthem)
 - New water reclamation facility (Copper Basin)











Water

- New wells
- Replacements and repair
 - Pipelines
 - Valves
- Improve booster stations
- New connections



Wastewater

- Recharge basins and sludge removal
- Lift station improvements and alarms
- Valve replacements
- Sewer pipes
- Lift stations
- Reduced sewer overflows



2024: Five Years Later

- \$259 million-plus system improvements
- \$80 million, 3 MGD Copper Basin Water Reclamation Facility operational
 - Recharges 1 MGD
 - Preparing to decommission Section 11
- Expanded existing facilities
 - 1 MGD added to Pecan
 - 1 MGD added to Anthem
- Water certainty and pressure
- 95% customer satisfaction
- Meter moratorium lifted



2024: Five Years Later

- \$31.3 million in customer costs **deleted or removed**
 - \$10.3 million write off
 - \$21 million in Copper Basin construction costs
- Facilitated class-action settlement distribution (\$4 million)
 - **Increased amount available** to customers
- \$390,870 in tax refunds (**coming soon**)
- **13,500 acre feet in new water** recharged to the aquifer each year

2024: Five Years Later

- Operational efficiencies and improvements
 - Significant cost-savings
 - **Removed more than \$15 million** in costly infrastructure projects
 - Energy **cost savings**
 - **Reduced** water loss to 9.47%
 - Significantly **reduced nitrate levels**
 - **Stabilized water pressure** and supply













RATE CASE HISTORY

2019

Test year for
rates currently
in effect

2022

New rates
approved by the
Arizona
Corporation
Commission

2019-2024

System
improvements

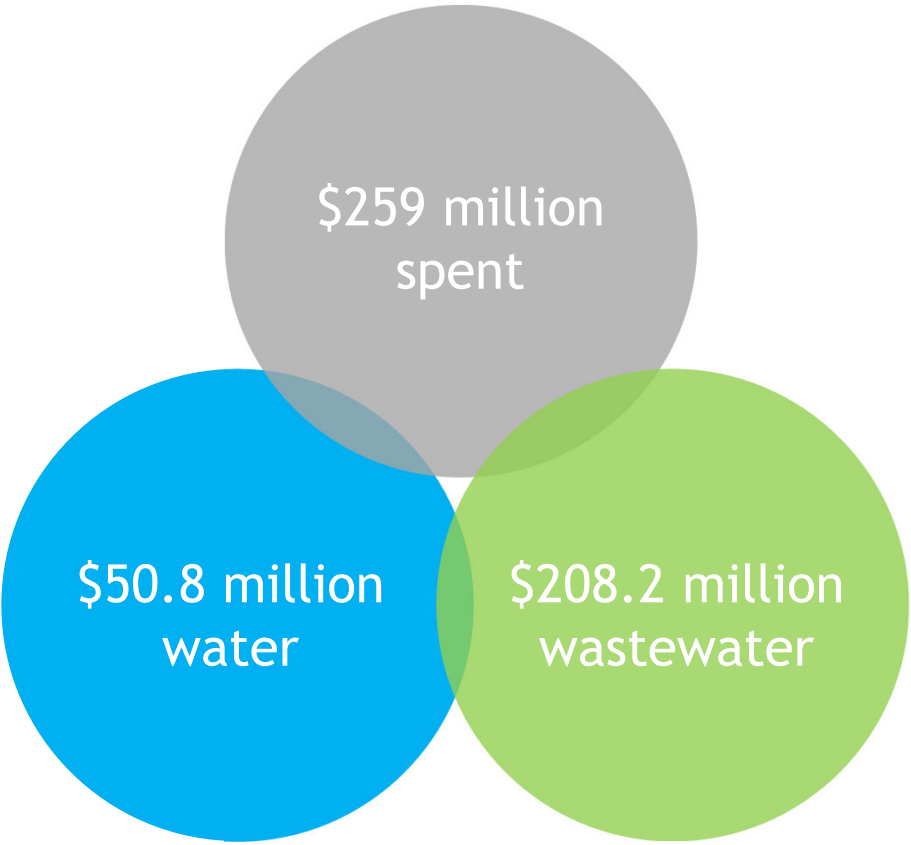
2023

Test year

June 2024

New rate
review
application
filed

SINCE 2019: A QUARTER BILLION



POTENTIAL BILL IMPACTS

	Average Water Usage	Current Bill	Proposed Bill	Change	Deferred Debit
San Tan Water	6,057	\$26.93	\$30.54	\$3.61	\$3.24
San Tan Wastewater	Flat Charge	\$46.30	\$70.35	\$24.05	\$3.62

Example above illustrates the change to a ¾-inch residential customer bill

Excludes taxes, fees and surcharges

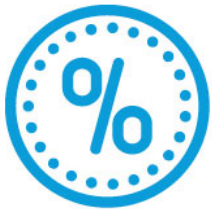
CUTTING EDGE, AWARD WINNING

- 2024 AZ Water Association Safety and Operational Excellence — San Tan Water and Wastewater Districts
- 2024 Voluntary Protection Program — Star level (Arizona Division, Department of Occupational Safety and Health Administration)
- 2023 Water Environment Federation Utility of the Future Today



300+ awards since 2012 for safety, reliability, and service excellence

CUSTOMER ASSISTANCE PROGRAMS



Low Income
Assistance
Program
\$10 Credit



Deployed
Service Member
Credit
Bill waived if qualified



Disabled
Veterans
Assistance
\$10 Credit

What's Next

- In-person and virtual information sessions
- Ongoing communication
- Public Comment: February 13, 2025
 - 10 am to 12:30 pm
 - 6 to 8:30 pm
- Public Hearing: March 31, 2025
- Decision: By September 1, 2025



QUESTIONS

Customer Care: 1.800.383.0834
ratecasequestions@epcor.com
www.epcor.com

The EPCOR logo is located in the bottom right corner of the slide. It consists of the word "EPCOR" in a bold, white, sans-serif font, with a stylized sun or wave icon integrated into the letter "O". The logo is set against a solid blue rectangular background.

EPCOR