

PUBLIC NOTICE OF HEARING ON ARIZONA WATER COMPANY'S RATE APPLICATION
(DOCKET NO. W-01445A-24-0117)

Summary

On June 21, 2024, Arizona Water Company ("Arizona Water") filed an application ("Rate Application") for increases to its rates and charges for utility service furnished by its Northern Group, and for certain related approvals. Arizona Water's Northern Group includes the following public water systems: Forrest Towne, Lakeside, Overgaard, Pinetop Lakes, Sedona, Pinewood, Rimrock, and Valley Vista.

Arizona Water asserts that for the test year ending December 31, 2023, its Northern Group had adjusted operating income of \$1.6 million and an original cost rate base ("OCRB") of \$74.7 million, resulting in a rate of return of 2.18 percent on its OCRB. Arizona Water proposes rates and charges that would produce a revenue increase of approximately \$7.46 million, or 48 percent, compared to current base rates. Arizona Water's proposed revenue increase would produce a 4.54 percent rate of return on its proposed fair value rate base ("FVRB") of 157.9 million.

In addition, Arizona Water requests Commission approval of the following:

- Conversion of its existing Arsenic Cost Recovery Mechanism into a Federal Compliance Cost Recovery Mechanism to recover the costs of complying with all federal mandates, including mandates for "forever chemicals" (PFOA and PFAS) and arsenic;
- Adoption of a Sustainable Water Adjustor Mechanism to recover the costs of acquiring new sustainable water supplies;
- Adoption of a Wildfire Protection and Public Safety surcharge mechanism to recover the cost of modernizing aging infrastructure to increase fire flow at the request of customers and firefighting authorities; and
- Adoption of a Tax Expense Adjustment Mechanism to recover changes in income tax rates in between rate cases.

Arizona Water's proposed rates and charges would result in the following revenue increase levels for each customer class:

Customer Class	Proposed Increase
Residential	48.73%
Commercial	47.22%
Industrial	0.00%
Private Fire Service	50.46%
Other Water Revenues	48.80%

Arizona Water's proposed rates and charges, not including any approved surcharge or adjustor, would result in the following monthly bill increase for a typical residential water customer served by a 5/8" meter with an average monthly usage of 4,250 gallons:

Current Bill	Proposed Bill	\$ Increase	% Increase
\$39.84	\$59.21	\$19.37	48.61%

NEITHER THE COMMISSION'S UTILITIES DIVISION ("STAFF") NOR ANY INTERVENOR HAS YET MADE ANY RECOMMENDATION REGARDING ARIZONA WATER'S APPLICATION. THE COMMISSION IS NOT BOUND BY THE PROPOSALS OF ARIZONA WATER, STAFF, OR ANY INTERVENORS. THE COMMISSION WILL DETERMINE THE APPROPRIATE RELIEF TO BE GRANTED IN RESPONSE TO ARIZONA WATERS'S APPLICATION BASED ON THE EVIDENCE PRESENTED IN THIS MATTER. THE FINAL RATES APPROVED BY THE COMMISSION MAY BE HIGHER, LOWER, OR DIFFERENT THAN THE RATES PROPOSED BY ARIZONA WATER 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 Arizona Water at: **Nick Y. Liu by mail at 3805 N. Black Canyon Highway, Phoenix, AZ 85015; by telephone at 602-240-6860; or by email at rates@azwater.com.**

How You Can View or Obtain a Copy of the Application

Copies of the Application are available from Arizona Water at **3805 N. Black Canyon Highway, Phoenix, AZ 85015**; at the Commission's Docket Control Center at 1200 West Washington Street, Phoenix, Arizona, and the Commission's office at 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 and the Docket Number shown above.

Public Comment at Commission Office

The Commission will hold a public comment meeting on **January 29, 2025, at the Commission's Offices at 1200 West Washington Street, Phoenix, Arizona 85007, from 5:00p.m. to 7:00p.m.**, or until the final caller has finished speaking, whichever comes first.

During public comment meetings at the Commission's office, both telephonic and in-person public comment may be provided.

To provide telephonic public comments, call **1-877-309-3457** and enter passcode **801972877##**.

The Commission will impose a 3-minute time limit per speaker to ensure that everyone who desires to speak has an opportunity to do so.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning **March 17, 2025, at 10:00 a.m.**, at the Commission's offices at 1200 West Washington Street, Phoenix, Arizona 85007.

A public comment meeting will be held at the beginning of the first day of hearing, and comment may be provided in person or telephonically. To provide telephonic public comments, call **1-877-309-3457** and enter passcode **801972877##**.

Written public comments may be submitted by mailing a letter referencing **Docket No. W-01445A-24-0117** 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.

If you do not intervene in this proceeding, you will receive no further notice of the proceedings in this docket unless you sign up to Follow the Docket. However, 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."**

About Intervention

The law provides for an open public hearing at which, under appropriate circumstances, interested persons may intervene. An interested person may be granted intervention if the outcome of the case will directly and substantially impact the person, and the person's intervention will not unduly broaden the issues in the case. Intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other parties' witnesses. **Intervention is not required for you to appear at the hearing and provide public comment, to file written comments in the docket for the case, or to receive emailed notice of each filing made in the case by following the docket.**

Information about what intervention means, including an explanation of the rights and responsibilities of an intervenor, is available on the Commission's website (www.azcc.gov) by clicking on "Cases and Open Meetings" and then clicking on "Intervene in a Case." The information includes a Sample Intervention Request and a Fillable Intervention Request Form.

To request intervention, you must file a written request to intervene, either (a) by filing a hard copy request (meeting filing requirements) with Docket Control (Docket Control, 1200 West Washington, Phoenix, AZ 85007), or (b) by **eFiling** the request. Your request **must be filed or eFiled no later than October 1, 2024**. Instructions and restrictions for eFiling are available on the Commission's website at <http://azcc.gov/hearing/efile-for-utilities-instruction>. You also **must** serve a copy of the request to intervene on each party of record, on the same day that you file the request to intervene with the Commission.

Your request to intervene **must** contain the information below:

1. Your name, address, and telephone number;
2. The docket number for the case in which you are requesting to intervene;
3. A short statement explaining:
 - a. Your interest in the proceeding (e.g., a customer of the regulated company involved, a property owner in an area to be affected by the case, etc.),
 - b. How you will be directly and substantially affected by the outcome of the case, and
 - c. Why your intervention will not unduly broaden the issues in the case;
4. A statement certifying that you have sent a copy of your request to intervene to the regulated company or its attorney and to all other parties of record in the case; and
5. If you are not represented by an attorney who is an active member of the Arizona State Bar, and you are not representing yourself as an individual, sufficient information and any appropriate documentation to demonstrate

compliance with Arizona Supreme Court Rules 31.1, 31.2, 31.3, 38, 39, and 42, as applicable. This only applies if you are NOT representing yourself and you are not a licensed attorney.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before **October 1, 2024**.

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 and no later than 48 hours in advance of the event to allow time to arrange the accommodation.