



# PUBLIC NOTICE OF HEARING ON JOHNSON UTILITIES, L.L.C. APPLICATION TO SET RATES AND CHARGES FOR WATER AND WASTEWATER UTILITY SERVICE AND FOR RELATED APPROVALS. (DOCKET NO. WS-02987A-20-0025)

## SUMMARY

On February 14, 2020, Johnson Utilities, L.L.C. ("Johnson") through its interim manager EPCOR Water Arizona Inc. ("EPCOR") (collectively "Johnson/EPCOR") filed with the Arizona Corporation Commission ("Commission") an application for a determination of the fair value of Johnson's water and wastewater utility plant and property, for increases in its rates and charges for water and wastewater utility service, and for related approvals. In the application, Johnson/EPCOR uses a test year ending August 31, 2019 ("TY"), reports the following Original Cost Rate Base ("OCRB") and Fair Value Rate Base ("FVRB") and TY results for Johnson's water and wastewater divisions, and proposes the following increases for Johnson's water and wastewater divisions:

	Water Division	Wastewater Division
Adjusted TY Gross Revenue	\$12,003,265	\$19,432,922
Adjusted TY Operating Income	(\$161,652)	(\$2,398,097)
OCRB/FVRB	\$9,603,060	\$51,636
TY Rate of Return	-1.68%	-4,644.19%
Proposed Gross Revenue	\$13,456,089	\$24,984,363
Proposed Operating Income	\$906,529	\$1,683,182
Proposed Operating Margin	—	6.74%
Proposed Rate of Return	9.44%	—
Proposed \$ Increase in Gross Revenue	\$1,452,823	\$5,551,442
Proposed % Increase in Gross Revenue	12.10%	28.57%

Johnson/EPCOR does not propose changes to Johnson's basic rate design for water or wastewater customers, but does propose a Rate Case Expense Surcharge to recover rate case expense of \$353,351 for the water division and \$246,649 for the wastewater division over a three-year period.

Johnson/EPCOR's proposed rates, with the Rate Case Expense Surcharge, would result in the following bill impacts for a residential water customer served by a 3/4" meter, with average water usage of 5,685 gallons per month:

Current Monthly Water Bill	New Monthly Water Bill	Rate Case Expense Surcharge (included in new bill)	\$ Increase	% Increase
\$27.05	\$30.48	\$0.39	\$3.43	12.68%

Johnson/EPCOR's proposed rates, with the Rate Case Expense Surcharge, would result in the following bill impacts for a residential wastewater customer served by a 3/4" meter:

Current Monthly Wastewater Bill	New Monthly Wastewater Bill	Rate Case Expense Surcharge (included in new bill)	\$ Increase	% Increase
\$39.24	\$50.88	\$0.18	\$11.64	29.66%

A residential customer with a different meter size or different usage, or a customer within a different customer class, would experience different bill impacts.

In addition, Johnson/EPCOR proposes to use the same commodity rate for standpipe water as for construction-hydrant water, which is proposed to increase from \$2.506 per thousand gallons to \$3.054 per thousand gallons, and, for both the water and wastewater divisions, to eliminate the current \$40 Establishment-After Hours Charge, to adopt a \$40 After Hours Service Charge that would apply to any service performed after hours at the customer's request, and to increase the Non-Sufficient Funds Check Charge from \$15 to \$25.

**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 JOHNSON/EPCOR, STAFF, OR ANY INTERVENORS. THE COMMISSION WILL DETERMINE THE APPROPRIATE RELIEF TO BE GRANTED IN RESPONSE TO THE 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 JOHNSON/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 Johnson/EPCOR in person at 968 E Hunt Hwy, San Tan Valley, AZ 85143, by phone at 480-987-9870, by email at [customerservice@johnsonutilities.com](mailto:customerservice@johnsonutilities.com) or online at [www.johnsonutilities.com](http://www.johnsonutilities.com).

### **How You Can View or Obtain a Copy of the Application**

Copies of the Application are available from Johnson/EPCOR at 968 E Hunt Hwy, San Tan Valley, AZ 85143 or online at [www.johnsonutilities.com](http://www.johnsonutilities.com); at the Commission's Docket Control Center at 1200 West Washington Street, Phoenix, Arizona, during regular business hours; and on the Commission website ([www.azcc.gov](http://www.azcc.gov)) using the e-Docket function. Access to Commission buildings may be restricted due to the COVID-19 pandemic.

### **Public Comment**

Written public comments may be submitted by mailing a letter referencing **Docket No. WS-02987A-20-0025** 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](http://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 **February 5, 2021, at 10:00 a.m.**, at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona. Public comments will be taken at the beginning of the first day of hearing and may be provided in person or telephonically. To provide telephonic public comments, call 1-866-705-2554 and enter this code: 241497#

**If you do not intervene in this proceeding, you will receive no filed notice of the proceedings in this docket unless you sign up to Follow the Docket. However, all documents tiled in this docket are available online** (usually within 24 hours after docketing) at the Commission's website ([www.azcc.gov](http://www.azcc.gov)) using the e-Docket function. **Information on how to Follow a Docket is available on the Commission's website using "Cases and Open Meetings" and "Follow a Docket."**

### **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 record of 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](http://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 July 1, 2020**. Instructions and restrictions for eFiling are available on the Commission's website at <http://azcc.gov/hearing/efile-forutilities-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. If a hearing has not been scheduled, whether and why you believe a hearing is needed;
5. 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
6. 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, 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 **July 1, 2020**.

### **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](mailto:ADACoordinator@azcc.gov), voice phone number 602-542-2247. Requests should be made as early as possible to allow time to arrange the accommodation.