

**PUBLIC NOTICE OF HEARING AND PUBLIC COMMENT MEETINGS ON
FOOTHILLS WATER & SEWER, LLC'S APPLICATION FOR A
DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR CHANGES IN ITS RATES AND
CHARGES THEREON FOR UTILITY SERVICE BY ITS WATER AND
WASTEWATER DIVISIONS.
(DOCKET NO. WS-21182A-23-0292)**

Summary

On October 31, 2023, Foothills Water & Sewer, LLC (“Foothills” or “Company”) filed a Rate Application with the Arizona Corporation Commission (“Commission”) for an order determining the fair value of its utility plant and property and approving adjustments to its rates and charges for its water and wastewater divisions.

The Company asserts that for the test year ending July 1, 2023 (“Test Year”), Foothills had adjusted gross revenues of approximately \$5.89 million and adjusted operating income of approximately \$771,722 for the water system, and gross revenues of approximately \$6.48 million and adjusted operating income of approximately \$428,482 for the wastewater system. Foothills’ adjusted original cost rate base for the water system is \$18.44 million and its adjusted fair value rate base for the water system is \$22.25 million. Foothills’ adjusted original cost rate base for the wastewater system is \$33.95 million and its adjusted fair value rate base for the wastewater system is \$43.92 million.

Foothills is seeking an increase in annual utility operating revenues of \$3,300,493, or 50.96%, for its wastewater system and \$1,047,567, or 17.78%, for its water system. These requests include the addition of 12-months post-Test Year plant in rate base. The Company’s overall requests produce a 6.96% return on the fair value rate base of \$22.25 million or an 8.40% return on the original cost rate base of \$18.44 million for water customers and a 6.55% return on the fair value rate base of \$43.92 million or an 8.47% return on the original cost rate base of \$33.95 million for wastewater customers. The Company proposes that its new rates take effect at the earliest possible time but no later than November 30, 2024.

The Company requests authority to implement a System Improvement Benefits (“SIB”) mechanism for the water and wastewater systems to replace aging and failing infrastructure and reduce water loss. Foothills estimates that it will need to spend \$5,990,000 over the next five years on SIB-eligible projects in its water division to address the existing infrastructure issues. Foothills estimates that it will need to spend \$5,034,600 over the next five years on SIB-eligible projects for its wastewater system to address the existing infrastructure issues. Foothills also requests implementation of a Purchased Power Adjustor Mechanism (“PPAM”) and a Purchased Water Adjustor Mechanism (“PWAM”) to allow it to adjust rates for power and water cost decreases and increases on a timely basis.

Under the Company’s proposed rates and charges, residential water customers with a 5/8” x 3/4” meter and median usage of 3,490 gallons per month, the estimated increase

is \$1.14 per month or 5.58%. Residential sewer customers will see their flat rate monthly charge for sewer service increase by approximately \$29.28 per month or 52.33%.

NEITHER THE COMMISSION’S UTILITIES DIVISION (“STAFF”) NOR ANY INTERVENOR HAS YET MADE ANY RECOMMENDATION REGARDING Foothills’ APPLICATION. THE COMMISSION IS NOT BOUND BY THE PROPOSALS OF THE COMPANY, STAFF, OR ANY INTERVENORS. THE COMMISSION WILL DETERMINE THE APPROPRIATE RELIEF TO BE GRANTED IN RESPONSE TO THE COMPANY’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 Foothills 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 Foothills at: **Ed Fortner by mail at 12486 S. Foothills Blvd, Yuma, AZ 85367; by telephone at 928-342-3344; or by email at efiling@foothillsutilities.com.**

How You Can View or Obtain a Copy of the Application

Copies of the Application are available from Foothills at 13157 E. 44th St., Yuma, Arizona; 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.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning **August 5, 2024, at 10:00 a.m.**, at the Commission’s Tucson offices, Room 222, 400 West Congress Street, Tucson, Arizona 85701.

Additional Public Comment Meetings

The Commission will take public comment on these matters at the following dates and times, and in the following manner:

DATE	TIME	MANNER
Wednesday, July 24, 2024	5:00 p.m. - 6:30 p.m., or until the last speaker has concluded, whichever occurs later.	<u>Telephonic only:</u> To provide telephonic public comments, call 1-877-309-3457, and use this code: 24601833204##
Monday, July 29, 2024	5:00 p.m. - 6:30 p.m., or until the last speaker has concluded, whichever occurs later.	<u>Telephonic only:</u> To provide telephonic public comments, call 1-877-309-3457, and use this code: 24601833204##

Monday, August 5, 2024	10:00 a.m., prior to the beginning of the first day of hearing.	<u>In-person and telephonic:</u> In-person participation will be in Room 222 at the Commission's offices at 400 W. Congress Street, Tucson, Arizona 85701. To provide telephonic public comments, call 1-877-309-3457, and use this code: 24601833204##
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Written public comments may be submitted by mailing a letter referencing **Docket No. WS-21182A-23-0292** 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 using "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 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) 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 April 5, 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 **April 5, 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.