

FREQUENTLY ASKED QUESTIONS

The Links at Coyote Wash Utilities ACC Docket No. W-04210A-23-0084

To Our Customers:

The following information is being provided to customers and other interested persons concerning The Links at Coyote Wash Utilities' ("LACW" or "Company") application for rate increases for utility services that was filed with the Arizona Corporation Commission ("ACC"). LACW hopes that this information will assist you in understanding what the application involves and how you may be affected.

Q. What is LACW?

A. *LACW is an Arizona public service corporation providing sewer utility services to more than 700 residential and commercial customers in the Town of Wellton, in Yuma County, Arizona.*

Q. When did the Company file an application for new rates?

A. *April 5, 2023*

Q. When were the Company's current rates set?

A. *The current rates were established nearly twelve years ago in ACC Decision No. 72491 (July 25, 2011).*

Q. How will LACW's rates be set in this rate case?

A. *As an Arizona public service corporation, LACW is regulated by the ACC which is solely responsible for setting the rates for utility services provided by public service corporations. The ACC will determine the Company's reasonable and necessary operating expenses, the value of the utility plant in service to the public (a.k.a., fair value rate base) and a fair rate of return on rate base. Those determinations will be used to calculate a revenue requirement that will then be used to determine the rates paid by the customers for sewer utility service by LACW.*

Q. Why did LACW file an application for a rate increase?

A. *Since the last rate case was decided, the Company has spent more than \$2 million to expand the wastewater treatment plant to accommodate the ongoing growth in the community. These improvements were required to achieve compliance with LACW's ADEQ Aquifer Protection Permit.*

Q. Is wastewater treatment capacity always so expensive?

A. *Actually, the Company was able to add capacity at a very low price. The newly completed expansion in Coyote Wash provides an additional 165,000 gallons per day capacity for \$2 million, or about \$12 per treated gallon. A comparable project being completed this year in the Casa Grande area is a 250,000-gallon wastewater treatment plant expansion expected to cost over \$12 million or about \$48 per treated gallon. Both projects reuse treated effluent for irrigation purposes and service primarily residential homes.*

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Q. Was the Company's system operating in compliance with applicable laws and regulations before these improvements were made?

A. *Not until the expansion was completed earlier this year. While LACW was able to maintain compliance with the requisite pollutant discharge standards, the facility was non-compliant with respect to flow and odors.*

Q. What are the proposed modifications to the Company's rate design?

1. *A change for RV parks from the current rate per occupied space to a rate that applies to occupied and/or unoccupied spaces.*
2. *The per gallon calculation for the commercial class changed to a fixed per gallon charge.*

Q. How would the rate increase being requested by LACW affect my monthly bill?

A. *As requested by the Company, the rate for residential customers would increase from \$38.87 per month to \$91.93 per month. The proposed rate case expense surcharge would be an additional but temporary monthly charge.*

Q. What is the proposed rate case expense (RCE) surcharge?

A. *The RCE surcharge is a mechanism for the Company to recover its expense incurred in connection with this proceeding. The Company is requesting RCE of \$50,000 to be recovered over a period of three years which, if approved by the ACC, means a monthly surcharge of \$1.69 assessed to each customer. This may change as the proceedings progress.*

Q. When will the new rates go into effect?

A. *Based on the ACC's time clock for rate cases, the new rates are expected to take effect in November or December 2023.*

Q. Where can I review LACW's rate application?

A. *Copies are available via the Company's website, www.jwwater.net/the-links-at-coyote-wash; at the ACC's Docket Control Center, 1200 West Washington St., Phoenix, AZ, and 400 West Congress St., Suite 218, Tucson, AZ; and on the ACC website, www.azcc.gov, using the e-Docket function and Docket No. SW-04210A-23-0084.*