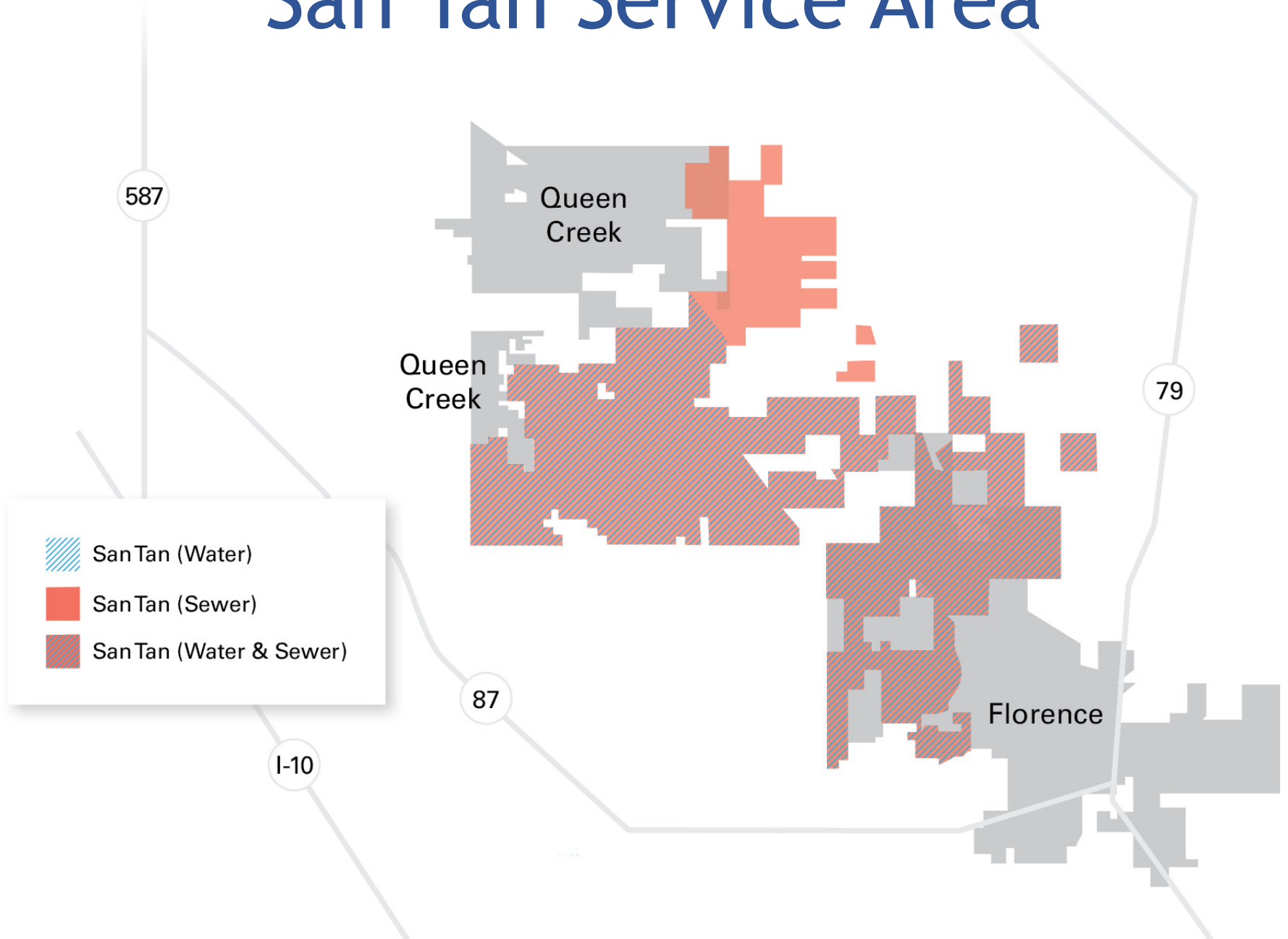


# UNLOCKING POTENTIAL AND RESTORING TRUST

EPCOR'S SAN TAN WATER AND WASTEWATER DISTRICTS



# San Tan Service Area





# Progress Made as Interim Manager

- Customer Satisfaction increased from 54% to 88% under EPCOR
- Added 9MGD of additional water supply, avoiding summer shortages
  - New wells online
  - Water quality solutions for existing, inactive wells
- Infrastructure improvements to:
  - Eliminate ongoing sewer overflows — 78 reported by JU the year before EPCOR stepped in
  - Improve water pressure
  - Improving Section 11 to reduce odor issues
- Plan in place to support growth



# Sale and Settlement

**October 5, 2020 – Asset Purchase Agreement signed**

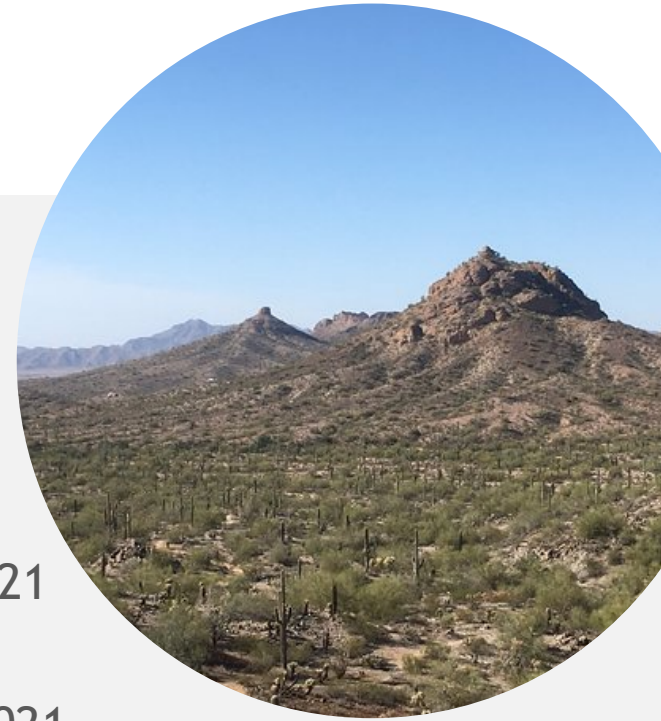
**December 22, 2020 – Arizona Corporation Commission approval**

**January 26, 2021 – Settlement finalized**

- Up to 30% (\$21 million) of Copper Basin costs contributed by EPCOR
- Former owner contributing \$15 million to Copper Basin through land/land sale
- \$10.3 million permanently removed from rate base (total customer savings of \$22 million over time)
- \$45 million deferred debit over 15 years after first EPCOR-led rate case

# Interconnection with Queen Creek

- Agreement signed October 21st
- Location confirmed and agreed to
- 4-month construction timeline
  - Coombs & Gantzel completed February 1, 2021
  - Meridian & Pima completed March 1, 2021
  - Empire & Signal Butte anticipated Summer 2021
- Unlocks 5,400 new wastewater connections
- Town of Queen Creek receiving 20% of all effluent credits generated through the interconnect for water treated at the Mesa Greenfield plant

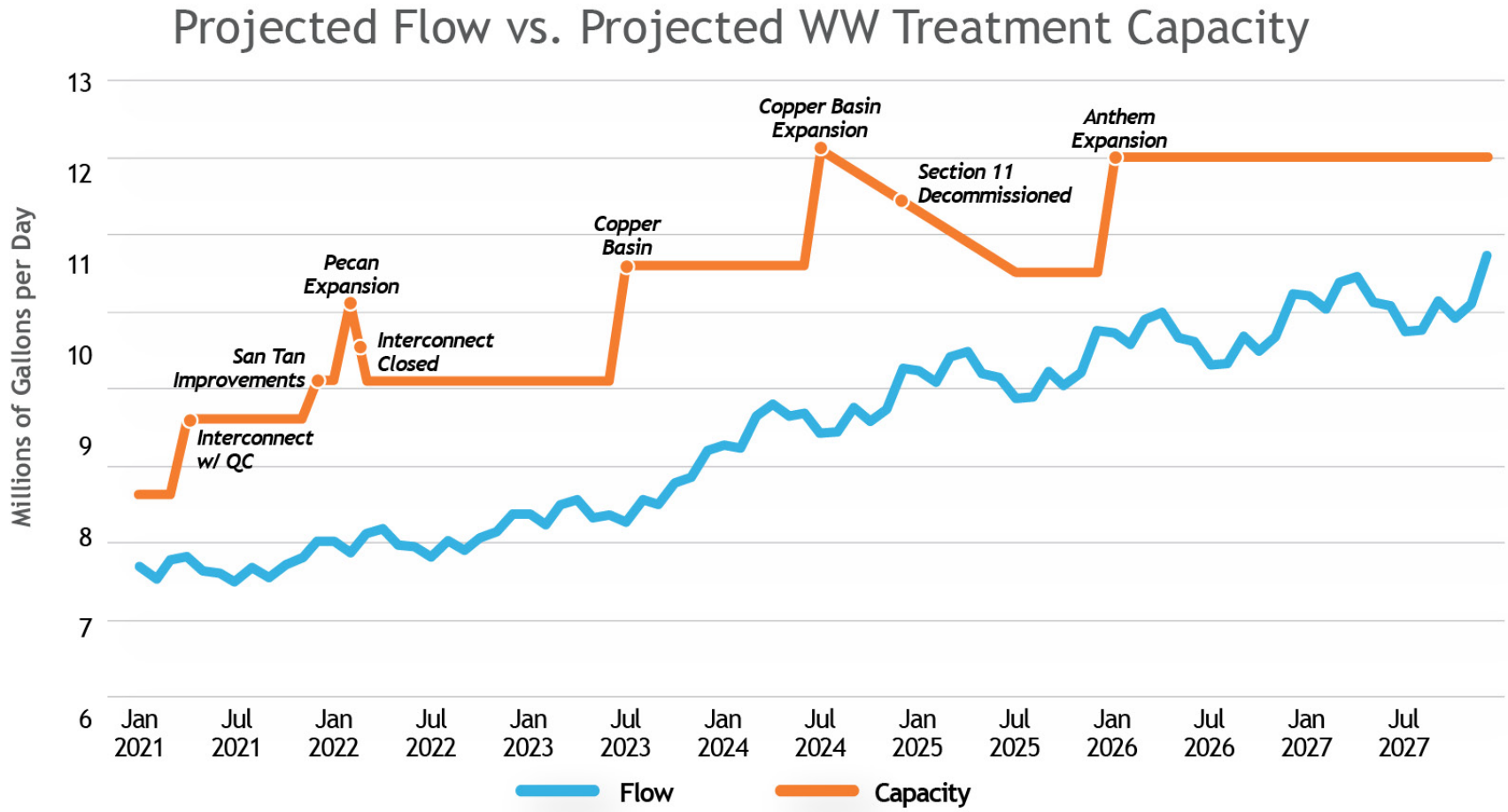


# Wastewater Solutions with EPCOR

- No capital constraints
  - Work can begin immediately
- Wastewater plants are a priority
  - Short-term: adds 5 MGD in capacity
  - Total: 11 MGD at buildout
- Resolve capacity, odor and overflow issues
- Unlock tens of thousands of new service connections
- Allow for responsible decommissioning of Section 11



# Building Ahead of Demand





# Improved Customer Service

- Emergency dispatch system improvements
- Customer service standards raised
- Conservation program implemented
- High-bills investigated
- Regular customer-focused communications and outreach
- Reduction in ACC customer complaints

## MAKING PROGRESS

Customer Satisfaction  
increased from  
54% to 88% under  
EPCOR



# Improved Workplace Culture

- Employee benefits
  - Paid vacation time
  - Affordable healthcare
  - Salaries matched to market over time
- Safety culture introduced

## PROGRESS

Under EPCOR, job turnover dropped from 23.1% in 2019 to 19.4% in 2020.



# Upcoming Rate Case

## Return to Normal Utility Finance/Accounting

- EPCOR was Required by the ACC to file this Rate Case
- Rate Case Decision/Vote by ACC projected for Q4 '21
- Settlement impact: \$10.3 million removed from request, \$45 million deferred debit NOT included
- Last Rate Case based on 2007 investments/costs – this rate case represents a 12-year update
- Just under \$6.4 million in requested new revenue – vast majority for wastewater operations **\*request was lowered after ownership transfer\***

# Proposed Bill Impacts

Average Usage 5,685 gallons/month		Current Bill	Proposed Change	Bill at Requested Rates	Rate Case Surcharge	Total Proposed New Bill
	Water only	\$27.05	\$ 2.23	\$29.28	\$0.35	\$29.63
	Wastewater only	\$39.24	\$11.03	\$50.27	\$0.18	\$50.45
	Water & Wastewater combined	\$66.29	\$13.26	\$79.55	\$0.53	\$80.08

*\*Example based on 3/4-inch residential customer*

Median Usage 4,500 gallons/month		Current Bill	Proposed Change	Bill at Requested Rates	Rate Case Surcharge	Total Proposed New Bill
	Water only	\$24.50	\$ 1.85	\$26.35	\$0.35	\$26.70
	Wastewater only	\$39.24	\$11.03	\$50.27	\$0.18	\$50.45
	Water & Wastewater combined	\$63.74	\$12.88	\$76.62	\$0.53	\$77.15

*\*Example based on 3/4-inch residential customer*



# Your Success is Ours

- Safety
- Reliability
- Affordability
- Sustainability





THANK YOU

