



EPCOR Exchange Agreement Update/Discussion

Town Council Regular Session
September 7, 2022




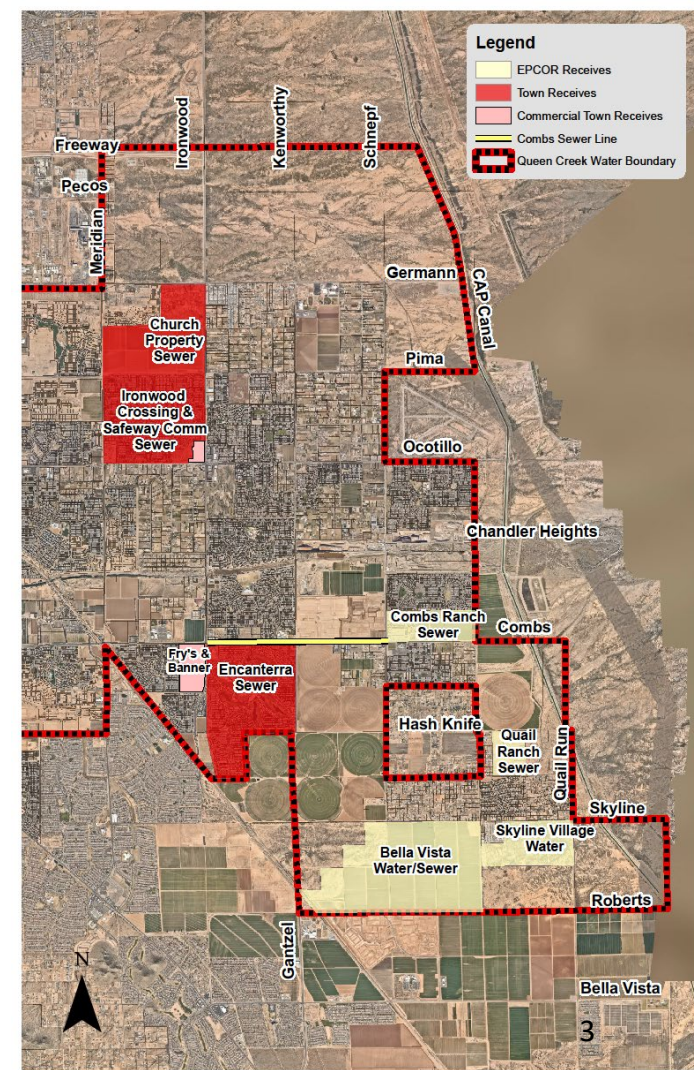
Current Status

- June 1, 2022 - the Council unanimously approved entering into a Utilities Services Exchange Agreement Between the Town and EPCOR (“Exchange Agreement”)
- June 13, 2022 – EPCOR filed its Application with the Arizona Corporation Commission (“ACC”) to adjust its Certificate of Necessity and Convenience (“CC&N”)
- ACC Hearing is scheduled for September 20, 2022
- The Exchange Agreement has been finalized and executed
- Both parties are working cooperatively to complete the exchange of utility service areas



Deal Points – Area Exchange

- From EPCOR (In Red)
 - Encanterra
 - Ironwood Crossing
 - Church Property
 - Banner/Fry's Commercial (In Pink)
- From Town (In Yellow)
 - Bella Vista North
 - Combs Ranch
 - Quail Ranch
 - Skyline Village
- Combs Rd Sewer Line 



Benefits to Queen Creek

- Achieves strategic objective of balancing water/wastewater customers (+6,300)
- Utility service consolidation for Town residents and businesses
- Gain current customers versus loss of future customers
- Increased long-term operational efficiency
- Offsite infrastructure value recovery
- Friendly versus adversarial transaction
- Furthers the foundation to cooperate and coordinate
- Creates regional utility service stability
- Increases and improves water recharge opportunities



EPCOR'S ACC APPLICATION

This agreement builds on the spirit of cooperation EPCOR and Queen Creek have engaged in over the past year, building on the interconnection agreement between them that has improved wastewater service for current EPCOR customers, and will continue to be of benefit moving forward. This is also another step toward the major goal of coordinated regional planning in the area.

In addition to promoting regional planning and continued cooperation and collaboration between Queen Creek and EPCOR, extending service to the requested extension area will provide benefits to existing customers including economies of scale, with no additional rate impacts to current customers. EPCOR believes that approving this Application is in the public interest as it will also facilitate economic development in the region, in addition to the other reasons stated in previous paragraphs.

Approval of this Application will ensure safe and reliable water and wastewater services to both existing EPCOR wastewater customers who will become customers of Queen Creek, as well as all customers in the requested extension areas in accordance with Commission rules and regulations.



Exchange Fiscal Impacts

- No payment for service area exchange
- Cost avoidance of \$35.5M
 - Infrastructure / Plant Capacity / Water Resources
- Town receives value of effluent (\$450/AF)
 - Town annual effluent \$521K at buildout
 - EPCOR annual effluent \$378K at buildout



Communication with Customers

The Town has implemented the following:

- A webpage dedicated to providing information has been added to the Town's website at: QueenCreekAZ.gov/UtilityExchange, which includes:
 - **A map** showing the exchange areas:
 - Links to the ACC's notice for the **September 20, 2022 hearing**, the **ACC docket for EPCOR's application**, and **EPCOR's published public notice of the hearing**;
 - Answers to the questions **"I Live in the Exchange Area - What Does this Mean to Me?"** and **"Why is the Town Exchanging Utility Service Areas?"**; and
 - A form for submitting questions about the exchange.
- Both the Town and EPCOR have been communicating and working with impacted commercial customers, homeowners' associations and developers to facilitate the exchange of service areas.
- An **informational postcard with links** to the Town and ACC web resources has been sent to all impacted residential customers, homeowners' associations, developers and commercial customers.





Postcard



Wastewater Service Provider Update

See backside for details.



Town of Queen Creek
Water Utilities Department

22358 S. Ellsworth Rd.
Queen Creek, AZ 85142



MADE WITH
RECYCLED
CONTENTS

Postcard

NOTICE

The Town of Queen Creek has entered into an agreement with EPCOR to potentially become your wastewater service provider.

In order for the Town to provide wastewater services to your area, the Arizona Corporation Commission (ACC) must approve deleting from EPCOR's Certificate of Convenience and Necessity (CCN) those areas to be served by the Town of Queen Creek. This will not affect other areas being served by EPCOR. The ACC is holding a hearing on EPCOR's application to delete these areas from EPCOR's CCN on Sept. 20, 2022, at 10 a.m. at the ACC's offices at 1200 West Washington Street, Phoenix, Arizona 85007 (Docket no. WS-01303A-22-0154 – remote options are also available).

If the deletion of the service areas from EPCOR's CCN is approved by the ACC, the Town of Queen Creek will become your wastewater service provider, in addition to already providing your water service.

If approved...

- More information will be provided regarding the transition;
- In the near term, you will continue to be billed for wastewater services at the same rate through your HOA; and
- Your utility (water/wastewater) services will be consolidated, both provided by the Town of Queen Creek.

As part of the agreement, EPCOR would become the water and wastewater provider for areas outside of the Town's boundaries that have yet to be developed.

For more information, visit QueenCreekAZ.gov/UtilityExchange.



NEXT STEPS

- **ACC Hearing on EPCOR's Application to modify its CC&N:**

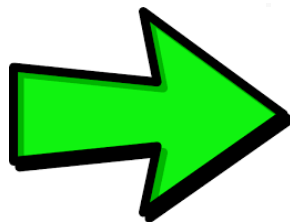
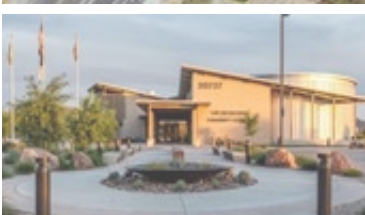
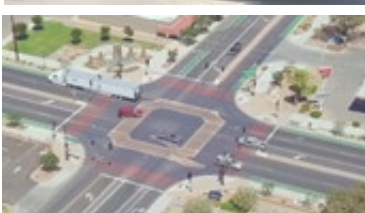
September 20, 2022 10:00 a.m. at the ACC's offices (1200 West Washington Street, Phoenix, Arizona 85007), **Docket no. WS-01303A-22-0154.**

- Recommended Opinion and Order ("ROO") issued then presented to the ACC Commissioners*
- Customer transfer/transition after ACC approval

** EPCOR is Responsible for ACC Approval*



Result in the End for All





Comments & Questions