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## **Sewer Rates for Gold Canyon ARE REDUCED – Yes you read it right!**


In the fall of 2021, Liberty Utilities proposed rate increases for Gold Canyon and Entrada Del Oro sewer customers. The previous sewer rate adjustments were made in 2008 and 2016. The final settlement turned out much different than the original submission by Liberty Utilities and **98% of Gold Canyon residents** will see a sewer rate reduction. Gold Canyon residential customers will see their **bill reduced over 9% on average.**

Two Gold Canyon homeowners became active intervenors in this important rate case: Glen Legus, an Entrada Del Oro resident; and Gerald Stevenson, Vice President, Gold Canyon Community, Inc. (Mountainbrook resident). They worked collaboratively to reach a settlement with Liberty Utilities and on February 22, the Arizona Corporation Commission approved the new monthly rate structure.

Liberty Utilities is a subsidiary of Algonquin Power, with headquarters in Ontario, Canada. They have several sewer and water franchises in Arizona. There are two wastewater treatment facilities serving Gold Canyon: one adjacent to the Bashas Plaza on US-60; and the other in Entrada Del Oro. Recycled water is reutilized and sold to local golf courses and other recovery systems including injection into underground reservoirs.

Entrada Del Oro customers have been paying very high rates (\$108 per month). Their wastewater treatment facility was **sized and built to provide service to 1100 projected homes**; however, only the current 378 customers are bearing the cost for operating the facility.

The Arizona Corporation Commission's process for utility rate cases is to take a baseline "test year". The operational and financial measurements for the "test year" are used to develop the next set of rates. In this case, the "test year" was 2020. These figures are from Liberty Utilities.



**Table 1. 2020 Baseline “Test Year”**

<b>Customer Class</b>	<b>Average Sewer Connections*</b>	<b>Monthly Rate</b>	<b>2020 Revenue</b>
Gold Canyon Residential	5893	\$52.40	\$3,716,103
Entrada Del Oro	374	\$108.00	\$475,956
Cal-Am & Roberts Resorts	1546	\$28.58	\$306,263
Montesa	499	\$47.64	\$213,808
Commercial	45	Volume Based	\$245,548
<b>TOTAL</b>			<b>\$4,957,678</b>

\*There are monthly connection count variations throughout the year.

**Rate Case Negotiations:**

The **proposed rate increase** based on the test year for Entrada Del Oro went from \$108 monthly to \$112.64. The proposed Gold Canyon rates would increase from \$52.40 monthly to \$53.00.

Mr. Legus was an intervenor in the last Entrada Del Oro Rate Case from 2016 and had requested the rate consolidation of Entrada Del Oro with the rest of Gold Canyon. When he registered as an intervenor in the current rate case, he renewed the consolidation request. Liberty agreed and adjusted their proposal to integrate the two into one fee structure. However, their proposal to harmonize the rates would mean the **existing Gold Canyon residential consumers would be subsidizing the Entrada Del Oro homeowners by \$2,243,900 over 10 years.**

Mr. Stevenson raised a second point -- the double-standard of counting connections: 12-month billing for Residential subscribers; but the Resorts and Montesa customers **were only billed when the residence was occupied!** The playing field needed to be level for all.

These two issues were resolved by **billing all classes for 12 months and fairly distributing total costs.**

The **Resort class** was being changed to rate class < **700 square feet**. Many Superstition Views homes were outside this size. In addition, there are other residential (non-Resort) situations in Gold Canyon which are < 700 square feet who pay the full residential rate. The Commission agreed, and the **158 Superstition Views homes are now in the Residential class.**

The Montesa homes were also like other residences, except they did not own the land. **These 499 residences are now in the Residential class as well.** The distinct HOA class is removed from the Tariff.

**Table 2: 2023 Negotiated Rate Changes**

<b>Customers</b>	<b>Current Rate</b>	<b>New Rate</b>	<b>Monthly \$ (Savings)</b>	<b>Annual \$ (Savings)</b>	<b>% Change</b>	<b>Sewer Connections</b>
Gold Canyon Residential	\$52.40	\$47.51	- \$4.89	<b>(\$58.68)</b>	-9.33%	5893
Entrada Del Oro	\$108.00	\$47.51	- \$60.49	<b>(\$725.88)</b>	-56.00%	378
Superstition Views	\$28.58	\$47.51	+ \$18.93	\$227.16	+ 66.23%	158
Montesa	\$47.64	\$47.51	- \$0.13	(\$1.56)	-0.27%	499
Resorts	\$28.58	\$20.25	- \$8.33	<b>(\$99.96)</b>	-29.15%	1388

**This settlement meets the following shared objectives:**

1. Liberty Utilities earns a fair Rate of Return
2. The settlement is fair and reasonable to all customers of Liberty Utilities
3. Entrada Del Oro customers receive harmonized rates with Gold Canyon customers and this will simplify further rate cases. Entrado Del Oro Homeowners save over \$700 per year
4. The subsidization of Entrada Del Oro is shared by all classes-not just residential
5. All sewer connections are billed 12 months a year

6. The 499 HOA homes at Montesa and the 158 homes in Superstition Views are added to the Residence class which brings the base to 6928 residential connections (2022)
7. The 45 Commercial customer rates are reduced 10% instead of the proposed 20%
8. Developers continue to pay their fair share as new customers are added
9. The \$400,000 rate case cost surcharge of \$2.02 will be assessed over 36 months to sewer users

**Submitted by:** Gerald Stevenson, VP Gold Canyon Community, Inc. 8905 E Jumping Cholla Drive, Gold Canyon 85118