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Suite 300, Phoenix, AZ 85027
epcor.com

October 4, 2017

Elijah Abinah
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Dear Mr. Abinah,

The purpose of this letter is to notify the Arizona Corporation Commission (“Commission”) and its Utilities Division Staff (“Staff”) of an emergency situation where EPCOR Water Arizona Inc. (“EWAZ”) seeks whatever authority necessary to provide residents of New River and Desert Hills water available for hauling on a parcel contiguous to its certificated area. EWAZ also seeks to establish a special water hauling rate so residents can haul or have water hauled to their residences.

Residents in the New River and Desert Hills area are in an emergency situation. The wells that they have used to provide themselves water are drying up. Current water hauling arrangements are likely to expire at the end of 2017 and are unlikely to be renewed. These residents are left with few viable options and the present status is dire – because these residents are or will literally have no water. Only EWAZ is in a position to provide economic water service to these residents in need via a water hauling arrangement in the near term, pending a long-term and permanent solution for these residents.

Commission rules provide for a public service corporation to provide emergency service to an area contiguous to its service territory. Specifically, A.A.C R14-2-402(E) provides for EWAZ to provide service to a contiguous area under emergency circumstances and will provide the following information to Staff in accordance with the rule:

- a. The legal name, mailing address, and telephone number of the utility;
- b. The number of persons to be served in the contiguous parcel;
- c. The legal description of the contiguous parcel and the location of the structures to be served therein, in relation to the utility’s CC&N service area; and
- d. A statement that service will be extended only to a non-certificated parcel contiguous to the utility’s CC&N service area.

EWAZ only seeks to provide service through a water hauling station to these residents so that they can haul or have water hauled to their residences. EWAZ will provide water service to these residents by way of a water station that will be built on a parcel just outside of and contiguous to its service territory, for the residents in the New River / Desert Hills area.

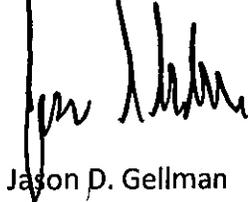
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Further, EWAZ will establish a special water-hauling rate specifically for these residents. This rate will ensure that no other EWAZ customers pay for the infrastructure and expenses associated with providing this service to New River / Desert Hills residents. EWAZ proposes a rate of \$9.55 per thousand gallons (kgal) for this water-for-hauling service. The rate for service to these customers is priced to ensure Anthem and all EWAZ customers will not be adversely impacted. The cost to provide this service will be borne by those hauling the water from the water station. EWAZ believes this plan fully complies with Arizona law and Commission regulations.

EWAZ appreciates the opportunity to address this situation to solve a serious water situation for these residents. We are available to address any questions or concerns the Commission or it's Staff may have.

Warm regards,

A handwritten signature in black ink, appearing to read "Jason D. Gellman". The signature is written in a cursive style with a vertical line extending downwards from the start.

Jason D. Gellman

cc: Chairman Tom Forese
Commissioner Bob Burns
Commissioner Andy Tobin
Commissioner Boyd W. Dunn