

# Picacho Water and Picacho Sewer Rate Cases

## Frequently Asked Questions

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### What are Picacho Water and Picacho Sewer?

Picacho Water (Picacho Water Company) and Picacho Sewer (Picacho Sewer Company) are Arizona public service corporations providing water and sewer utility services to Robson Ranch in Casa Grande, Pinal County, Arizona.

### Are these entirely new companies?

No. On November 20, 2024, they became wholly owned subsidiaries of JW Water Holdings, LLC (JW Water) through a transaction with the former owner generally known as “Robson”. The same employees who operated the water and sewer systems on a day-to-day basis under the prior owners are now employees of JW Water.

### When were the rate cases filed?

On March 19, 2025, Picacho Water and Picacho Sewer concurrently filed separate applications with the Arizona Corporation Commission (Commission) seeking increases in rates and charges for water and sewer utility services.

### Who sets the rates customers pay for water and sewer utility services by Picacho Water and Picacho Sewer?

The Commission.

### When were rates last set for Picacho Water and Picacho Sewer?

Picacho Water’s rates were set in 1998 and Picacho Sewer’s rates were set in 1999 in proceedings before the Commission granting both companies their initial Certificates of Convenience and Necessity (CC&N).

### Why are rates changing?

Because the rates set over 25 years ago are far below the cost to provide utility services to customers of Picacho Water and Picacho Sewer.

### How much are the rate increases being requested?

Picacho Water requested an increase in annual revenues of 142.68% or \$1,701,041. If the Commission approves the Company’s request, the bill for a residential customer using 6,000 gallons per month will increase from \$33.00 to \$67.83 per month.

Picacho Sewer requested an increase in annual revenues of 190.50% or \$1,818,584. If the Commission approves the Company’s request, a residential customer’s monthly sewer bill would increase from \$42.00 per month to \$120.96.



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### **Why are the requested increases so high?**

These are the first rate cases for Picacho Water and Picacho Sewer. Costs today are considerably higher than they were in the late 1990s. In fact, U.S. inflation between 1998 and 2025 was over 97%. In addition, Picacho Sewer has utility plant serving current customers (also known as rate base) equal to \$8.7 million and Picacho Water has a rate base equal to \$10.8 million. Additionally, the two utilities will now incur income taxes on revenues and those taxes are part of the revenue requirement. These utilities must have an opportunity to recover operating expenses and earn reasonable returns on their rate base.

### **Does this mean that Robson was subsidizing the rates paid by customers of Picacho Water and Picacho Sewer?**

In effect, yes. The prior owner's willingness to own and operate Picacho Water and Picacho Sewer at substantially discounted rates for many years has left customers blindsided by our request for adequate rates.

### **Is JW Water seeking to recover losses incurred under previous ownership?**

No. The rates requested in this case, by Picacho Water and Picacho Sewer, are based on the current, annual costs to provide water and sewer services to customers. The rates do not include any revenue shortfalls from prior years.

### **How does JW Water respond to customers who think it is "outrageous" and "unfair" to the customers to seek such significant rate increases?**

While it is understandable that customers are frustrated, Picacho Water and Picacho Sewer are only seeking revenues to which they are lawfully entitled. Customers certainly are free to disagree with the relief sought but we want them to be informed.

### **Is JW Water seeking to recover the costs of recently buying these and six other utilities from Robson?**

No. Again, the rates requested are based on the current annual cost of service and do not seek recovery of any acquisition costs whatsoever.

### **When will the rates change?**

Under the Commission's rules for processing rate cases, new rates are expected to become effective on or about March 1, 2026.

### **Why didn't the Company propose to phase in the rate increases?**

Phase-ins were not proposed for a couple of reasons. First, phase-ins are more expensive for customers who end up paying more due to the later recovery of under recovered revenues, plus carrying costs. Second, as discussed in Picacho Sewer's rate filing, only a short interval is expected between the implementation of new rates resulting from this rate case and the filing of the next rate



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case after the completion of an important wastewater treatment plant project. We believe this makes a phase-in impractical for Picacho Sewer.

#### **What about customers that will not be able to afford the new rates?**

There are several programs that provide assistance to qualifying individuals. Customers can call the Arizona Department of Economic Security at their state-wide toll free number, 1-800-582-5706, for information on eligibility and application requirements. Please also refer to the Financial Assistance Programs listed on the Arizona Corporation Commission website:

<https://azcc.gov/utilities/financial-assistance-programs>

#### **Does JW Water encourage ongoing public comment with this information?**

Yes. Customers have every right to speak up and we actively track customer questions and comments so we can respond where appropriate.