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MICHAEL EVANS

15369 W. Verde Lane  
Goodyear, AZ 85338  
(602) 935-6968

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AZ CORP COMMISSION  
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Mr. W. Mundell,  
Chairman  
Arizona Corporation Commission  
1300 W. Washington Ave.  
Phoenix, AZ. 85007

W-01427A-01-0487

Reference to: LPSCO's April 3, 2002 Rate Increase Hearing

Dear Mr. Mundell:

Per the instructions that accompanied their notice of a proposed rate increase, this letter will serve as my written motion to intervene, with regard to the above subject. Whether I attend the hearing depends upon having evidence that someone or parties will represent us at the hearing. Based upon my experience at their last rate increase hearing, everything went their way. I certainly left the hearing disappointed that the ACC (Arizona Corporation Commission) didn't come to our aid.

The following will serve to outline our position on the subject:

During their previous rate increase hearing, I reviewed a considerable amount of LPSCO's correspondence. One document that was interesting was a memo that stated, and not a direct quote, the writer was so confident of the high quality of their service level that he felt that in the very near future that residential rates could reach \$100.00 per month. He further stated that this could be accomplished with three rate increases.

Another document discussed the abandoned new sew line. Perhaps the cost of this project has been amortized and included in their rate increases. Early in my career I worked for a Big5 CPA firm and during my tenure I worked on rate increase proposal audits. If my memory serves me right. Abandoned property is not included in determining an adequate return on investment. Is it possible that we are getting hit for their mistakes?

My question to you Mr. Mundell what if Q-West, APS and SRP all requested rate increases as frequent and at such large percentage increases would we all expect to pay \$100.00 a month for our water, telephone and electricity?

Rate Comparison: At the time of their last increase, I reviewed the rates of six communities and LPSCO was one of the highest. We have a unique situation, which was outlined to your organization during the last price review. There are two Goodyear communities that obtain their water and sewage service from LPSCO. We are paying for the amortization of the Goodyear sewage treatment plant through our monthly fee to LPSCO. Also on our annual tax bill we are paying for amortization of the same facilities. So we are hit twice.

Currently our monthly LPSCO bill runs around \$32.50 per month. Under their proposal our bill will increase to \$53.00. Currently the City of Goodyear charges \$13.20 for the first 10,000 gallons of water versus \$21.20 for LPSCO. The City of Goodyear charges a flat rate of \$21.52 for their sewage fee versus a projected \$32.00 for LPSCO.

Quality of the water: LPSCO contends that their water is as good as bottled water and cheaper. Obviously they haven't tasted their own water with its particular taste. Secondly they recently on Commission stated that their water had low arsenic content. Their claim was that it was .22 parts per million.

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the EPA states that an acceptable level is .10 parts per million. Then there are the occasional black particles that come from the tap. My experience in reporting this problem resulted in some weak excuse. There are only two ways that a person can get bottled water quality in the this are, one is to buy bottled water the other get a filter.

User representation: I played an active role in trying to get their last increase down to a more reasonable level but was unsuccessful because of the power of LPSCO and the politics within the City of Litchfield Park. At the time LPSCO had the City eating from their hand. Why you ask? Well the City received price breaks. The school district received a small increase, as did the Wigwam, as did their commercial properties. What is difficult to understand is that all the water that these entities use goes down the sewer. Whereas only about 60% of the water used by residential use goes down the sewer. Another factor is that SRP encourages conservation of water. In fact while visiting a new development in Mesa, SRP was offering a \$750.00 credit if the homebuyer used desert landscaping and did not have a pool.

At the present time, LPSCO is trying again to build a new sewage treatment plant and is currently installing a sewer system. Why didn't they use the pipeline already in place? Are we being asked to start paying for their new system? Usually revenue bonds are used to build the entire system and the bonds are amortized accordingly.

No feels that LPSCO has escaped higher costs, but 52.01 and 39.23 per cent. If this is true then maybe Suncor and Pinnacle West should consider outsourcing the company to Citizen Utilities or American Water Works.

In conclusion the writer has concerns over the excessiveness of their proposal, the fact that they are becoming a monopoly and that as a residential user we do not have any representation.

Sincerely,



Michael Evans