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ARIZONA CORPORATION COMMISSION
HEARING DIVISION

Don't leave heirs high, dry in decisions about water

By RAYMOND E. SMITH

We Sun Citians seem to have a lot of trouble making up our minds about water. We don't know from one year to the next whether we have enough, or whether we want more.

When the Central Arizona Project was started in 1988, our water company, Citizens Utilities, very sensibly requested an allocation for Sun City. Then, in 1990 the company decided the water wouldn't be needed and offered to sell it to a proposed development in North Phoenix. Sun City's opposition to this plan was so great that it was dropped. Now that the Central Arizona Project is completed, the water is being delivered, and it has to be paid for — whether or not it is used.

In 1998, because of widespread protests from Sun City, the Arizona Corporation Commission denied the company a rate increase to cover the cost of the water on the grounds that it wasn't being used. As a result, Citizens Utilities has announced that it doesn't intend to make its next CAP payment and will relinquish the allocation unless the community expresses a desire to keep and pay for it. A community task force was



formed to study the question. Most people in the community seem to want to keep the water and pay for it. However, the Sun City Taxpayers Association and Arizona Corporation Commissioner Jim Irwin are against it and feel that Sun City does not need the water.

Some people think that if we just ignore it, our whole water problem will go away. But it can't go away. How can it? How can the aquifer keep from being used up when we take increasing amounts of water from it without there being a way for that water to be replenished? After all, this is a desert, and we can't expect to have rainy years to make up for previously dry years. In a desert, all years are dry. Under these circumstances, can/will the aquifer really last 100 years?

Some people think the whole CAP water situation is just a ploy by Citizens Utilities to charge us more and make a bigger profit. I don't think so. When Citizens Utilities says they will give up the water allocation, that doesn't really mean they're going to lose money on it. Water rights in the desert are so valuable that they already may well have a long line of other companies waiting to pay them a handsome profit for the allocation. It may even end up north of Phoenix after all, maybe in Del Webb's new development in New River. The Corporation Commission is

supposed to keep utilities from making excessive profits. But they can't force them to operate at a loss. So if we end up being restricted to using less water in the future, it will almost certainly be at a higher price per gallon. The only possible losers in this scenario may be the residents of Sun City — or their heirs. Many of us feel that we won't be here long enough to worry about these problems. But even though we don't expect to be here, our heirs might be.

How ironic that we worry about our estates and establish living trusts in order to minimize the amount of money that's lost to taxes, but we don't seem to worry about the possibility of our heirs inheriting a house they can't sell because of insufficient or prohibitively expensive water. And all that just to save a couple of dollars a month on our water bill in the near future. We spend a lot more than that on having our living trusts prepared.

Nobody in his right mind gives away water rights in the desert. If the Sun City water allocation is sold to some other community, we aren't going to be able to blame Citizens Utilities. They're the good guys this time and are on our side. This time the villains will be the Sun City Taxpayers Association and the Arizona Corporation Commission.

The writer lives in Sun City.

Arizona Corporation Commission

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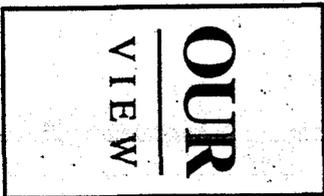
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(Sun City, AZ)

Future of Sun City depends on unity of HOA, Taxpayers

Sun City's future depends on a thread of unity and civic responsibility, a thread which at the moment seems to be somewhat frayed in spots.



As a community without a government of its own, Sun City counts on quasi-public organizations to deal with the issues that affect the community as a whole. Whereas incorporated cities have one central government, a city council, to steer their course, Sun City has several. In addition to the Recreation Centers, the groups that have the most influence in guiding Sun City into the future are the Home Owners Association and the Taxpayers Association. Several voices, when they speak in harmony, can be a powerful force, but when they don't agree they create a cacophony of discord that

creates more problems than it solves.

A good example of the latter is the Central Arizona Project Task Force, a committee of citizens that meets once a week to try to come up with a recommendation to Citizens Utilities on what to do with the utility's allocation of CAP water. Both the Home Owners and the Taxpayers have representatives on the panel, and they don't seem to agree on what to do.

The CAP allocation isn't currently being used because Citizens pumps Sun City's tap water out of the ground. But even though it's not being used now, the allocation is costing Citizens a large sum of money every year.

The main question before the task force is should Citizens keep its CAP allotment and charge current ratepayers for it, or should it get rid of it by selling it to another water company?

The Home Owners Association believes that the

CAP allocation should be kept, because a few years from now the groundwater supply is going to be exhausted, and without another source of water, Sun City will literally be left high and dry.

The Taxpayers Association, on the other hand, feels that current Sun Citizens shouldn't have to pay for water that future Sun Citizens will be drinking.

The Taxpayers' stance, in our opinion, is irresponsible.

If the community leaders of 20 or 30 years ago had been as short-sighted and selfish in their decision-making, perhaps there would be no Sun City today for the current members of the Taxpayers Association to enjoy.

It's time for these two influential organizations to join forces and do what's right, not only for the Sun City of today but also for the Sun City of tomorrow.

Peoria OKS 14% water rate hike

By Jeffrey Nelson
The Arizona Republic

PEORIA — The first in a series of water rate increases expected over the next five years has been approved by the City Council.

But there will be more than just a rate increase on water bills arriving in customers' mailboxes in October.

A statement will accompany each water bill, explaining why the increase was needed and who is to blame for it, mainly the Legislature.

Beginning Oct. 1, residential and commercial customers will see their charge for water service increase 14 percent.

The increase will raise the average homeowner's monthly charge for water by \$2.52, to \$20.44 from \$17.92, according to the city.

The monthly charges for sewer and trash pickup, which also appear on customers' water bills, will not in-

crease.

Council members voted 5-1 to increase the water fee. Councilwoman Pat Dennis was absent from the meeting.

City officials say the increase is needed to help comply with the state's Groundwater Management Act, which requires cities to switch from groundwater to surface sources, such as the Colorado River.

Right now, groundwater is the city's only source of water.

Because the state won't help cover the cost of switching sources, an increase is needed to pay for the distribution lines, treatment plants and water storage facilities needed to deliver, treat and store surface water.

Councilwoman Rebekah Coby, the lone vote against the increase, said she isn't convinced the city needs a rate increase to pay for the improvements. She said the city should be

able to use cash, grants or sales tax money to pay for some of those improvements.

Mayor John Keegan said that if other sources of money were available, the city would be using them instead of raising water rates.

To make sure Peoria water customers understand who is to blame, Keegan suggested the city put the statement on the October water bill explaining that the increase is due to an unfunded mandate imposed by legislators. He also suggested the water bill include the phone number to the state Capitol.

The rest of the council agreed with his suggestion.

According to John Wenderski, management services director for the city, the bulk of the money raised by the water rate increase will go toward construction of the Greenway Water Treatment Plant, which ultimately will

allow the city to receive and treat up to 32 million gallons of water coming from Salt River Project and Central Arizona Project allotments.

The plant, to be built at 75th Avenue and Greenway Road, will cost \$34.6 million. It is to begin operating in 2002.

All told, the city will spend \$85 million during the next five years on its water system.

To help pay for the improvements, the city is projecting four more increases in each of the next four years.

In addition to the 14 percent increase this year, city water officials say a 13.7 percent increase will be needed next year, 13.2 percent in 2000, 12.5 percent in 2001 and 12.3 percent in 2002.

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