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Arizona Corporation Commission

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**The Northwest Valley Taxpayers Assn.**

**10229 Edgewood Drive, Sun City, AZ., 85351**

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7 / 8 / 02

**TO: Marc Spitzer, Arizona Corporation Commission**

**FROM: Cliff Cowles, President,  
Northwest Valley Taxpayers Assn. Inc.**

**SUBJ: Arizona Water Co. Pipeline Proposal for the Sun  
Cities and Youngtown.**

**Docket Numbers: W-01656A-98-0577  
SW-02334A-98-0577**

**Marc...we intend to be present July 11, 2002 at 10:00AM  
to make our statement regarding subject proposal. We  
will speak against the proposal.**

**I am enclosing our 5-pg. statement with this FAX so that  
it will be sure to be part of the official transcript of the  
hearing on this very important matter. Will you please  
provide copies of this transmittal to the commissioner's.**

**Many thanks for your courtesey.**

**Kindest regards,**

**Cliff Cowles**

**Our main points of disagreement with the pipeline proposal are as follows:**

- 1. The Sun Cities have their own water resources - wells and infrastructure to deliver residential and golf course water needs - without additional outside sources of water supply for many, many years to come. In short, we have plenty of water..... Why do we need a pipeline to bring more? The supply is so large that the Cities could well get into the water supply business to the communities around them, such as Surprise, Glendale and Peoria ..... which would provide revenues for the Cities for improvements to existing facilities and infrastructure and, new assets such as theaters, sport complexes etc.**
- 2. It is selective and discriminatory and, as such, places new, special costs on residents in a largely fixed income status. The Cities would have to pay millions in higher taxes or assessments to cover construction costs (that have been estimated to be at least \$15 million presently) and their monthly residential rates would increase by what RUCO says will be 45%. The word "unfair" comes to mind.**
- 3. Our Recreation Centers should not have been deceived by the Water Co. into giving away our grand fathered water rights which were intended to be held by us for perpetuity by Del Web. The**

be held by us for perpetuity by Del Web. The Recreation Centers of both Sun Cities betrayed the owners of these rights by unilaterally ceding all rights and controls to the Water Co., based on the untruths and deception of the Water Co. which effectively assured the latter of long term management and unreasonably exorbitant income. (86 years in the case of Sun City) Conversely, it assured the Cities of no controls on future rates and literally millions of dollars in lost income had they retained water rights and became a seller of water in the future.

The Water Co., having spirited away the water rights from both Cities, would effectively assure itself millions of dollars in additional revenue from the two Cities for residential fees and also, additional millions in rates paid by other communities for the water being pumped from Sun City aquifer and infrastructure to cities and towns in the northwest quadrant. Not to mention the very real potential of supplying even more remote communities such as Scottsdale and Mesa in the future.

4. The pipeline, being promulgated by the Water Co. and certain Sun City citizens with questionable motives has been heralded as our savior. Nothing could be farther from the truth. Not only does it become a large tax burden and rate increase for the Cities and, a huge revenue producer for the Water Co. but it brings a new and almost surely guaranteed "unhealthy" water supply to all our major tourist attractions, our golf courses.

Colorado River water is highly mineralized, polluted to some extent and notoriously salty. Already, some golf courses have been lost to salt. The Az. Golf Association is now awake and concerned with the possible extensive damage to all area courses should this irresponsible and unmanaged use of CAP water be continued. The State's major tourist attraction, golf, can not be flushed away by continued use of an unhealthy water source, just because a single Utility has grandiose plans for control of a huge water resource area and because the ACC and other pertinent State agencies do not respond to the real potential for damage being created.

5. The State's Water Recharge Program will be or has been discussed by other speakers. Just a few conclusions. It is running well now...it is proving its worth every day....the aquifer has been surprisingly increased substantially by this program already, perhaps even more than its creators imagined.... (pause) Why add to a successful recharge program a plan with so many flaws, based on so many lies, that so obviously smells of an immense power grab and untold riches ....and.....is unnecessary (pause).... And, as we have proved, a plan of absolutely no benefit and most certainly, of great harm to your constituency ... we, the final users of this important asset being splashed around, the residents of Sun City, Sun City Grand and Youngtown, specifically; and even other cities , now on the periphery of the debate.

6. Finally, there is much concern about what will happen when the German Utility RWE gains control of this immense water resource area. Az-Amer has already filed last Dec. (amended this April) for the sale of its company to RWE. It has been assigned a docket number by the A.C.C. This appears to have been a long term plan going back to Citizens Utility days, nurtured by Az-Amer and finalized by RWE. The pipeline and resultant distribution control would add major assets to its capital base and substantial revenue flow into its coffers ....and would be a major coup for Az-Amer. in building up its distribution assets and future business profitability in the eyes of RWE

It is obvious that whatever the price of this proposed acquisition, RWE will first and foremost raise rates to help pay for the purchase. Thus a double whammy on the rate payers and more animosity between the rate payers and a provider of services who is supposedly here to serve our best interests with fair and efficient service as prescribed by the A.C.C, our protector.

#### **IN CONCLUSION.....**

If I may use an analogy: "give away gold and ...buy dirt". What better example than this horrific power grab being perpetrated by the Water Co. The whole history of their attempts and deceptions and fabrications to accomplish this coup are legend among those of us who have followed the process for 12 plus years....very similar to the greed for money and power by the Enrons and World

Coms in today's headlines. If this proposal is allowed today by the A.C.C. the Sun Cities will have effectively lost current and future assets priced in the millions if not billions, and recieved, in return, dirt.... i.e. higher taxes and higher ongoing water rates, and, uncertain and scary business practices by a new , foreign owner... RWE . Additionally, it puts too much power into one conglomerate with almost certain dire future consequences for the consumer.

A handwritten signature in black ink, appearing to read "C. C. ...". The signature is written in a cursive style and is located to the left of a vertical line that runs down the center of the page.