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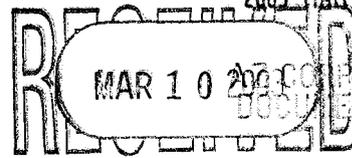
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March 6, 2003

Arizona Corporation Commission  
Utilities Division  
1200 West Washington  
Phoenix, AZ 85007  
(602) 542-4251

Director of Utilities

Re: Docket WS-01303A-02-0870, Arizona-American Company Rate Increase Request

As residents of Anthem, we receive water and waste services from Arizona-American Water Company. We are opposed to the extraordinary and inappropriate request for a rate increase from the current service provider as we were to the prior request from Citizen's Water Resources. The development of Anthem continues toward its plan of over 12,000 home and commercial sites in the community. Any increase in rates at this time will add dramatically to the revenues collected at the time of development completion giving AZAWC an unwarranted windfall for the duration of their ownership. Approval of a rate increase addresses a short-term "problem" with a long-term revenue yield.

An additional complication in this rate increase request is the accounting for fees under the Citizen's ownership. They should have reduced the requirement for capital reimbursement and been netted against the capital account now claimed by AZAWC. Finally, AZAWC has lost money in their operations for a number of years prior to acquiring the Anthem plant. It is reasonable to conclude that they acquired the Anthem property anticipating approval of a rate increase to solve their losses from other operations. It is possible that a resolution nullifying the sale to AZWAC is the best possible way of serving Anthem residents.

As you have responded effectively to the prior request from Citizen's Water Resources, we trust that you will deal as effectively with this attempt to extort the citizens of Anthem.

Regards,

*Scott D. McVay  
Nancy McVay*

Scott D. McVay  
Nancy McVay

Arizona Corporation Commission

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MAR 11 2003

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| DOCKETED BY | <i>mc</i> |
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