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March 19, 2007

AZ CORP COMMISSION
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Arizona Corporation Commission
DOCKETED

MAR 21 2007

Chairman Mike Gleason
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

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Subject: Paradise Valley Water Company Proposed Rate Increase
Case No. 05-0405
Decision: 68858

As residents of the Town of Paradise Valley, we are writing to request that you reopen the case whereby Paradise Valley Water Company has requested a public safety surcharge to cover the cost of up-sizing its system to increase fire flow, and also a high block usage surcharge to penalize high usage customers. It is our understanding that this latter surcharge in essence will be a contribution towards the construction of the fire flow system upgrade.

Per the testimony of Marylee Diaz Cortez on behalf of the Residential Utility Consumer Office on January 17, 2006 before your commission, it is questionable whether the Paradise Valley Water Company has the right to upgrade the fire flow system for the town of Paradise Valley since the Arizona Corporation Commission does not require Arizona regulated water utilities to meet the proposed fire flow level of 1500 gallons per minute. Obviously, it is in the interest of the water company to take such an initiative since it increases their return on equity, and it is just as obvious that the customers of the water company will pay much higher water usage fees for an upgrade that is not necessary. Also, the method being recommended to recover the costs of the upgrade are being skewed towards higher users in the form of the high block usage surcharge. One would think that if an upgrade was necessary for fire safety then the costs should be allocated or charged according to one's investment being covered. The larger your residence, the more you should be expected to pay to fund the upgrade. Why should homeowners with large properties and expensive homes be spared their burden of the cost simply because of lower water usage versus someone who may have a smaller property but higher water usage?

Per the above referenced testimony of Ms. Cortez, we find the project as proposed and as funded to be unnecessary, and if the Commission still feels it has merit then we request that it require the water company to eliminate the high block usage surcharge since it is

not being equitably applied, and will place a very significant financial burden on some residents of the Town of Paradise Valley without regard to the amount of invested property for which the fire flow project is intended to protect.

Thank you for your consideration in this matter.

Sincerely,



Ron & Cathy Tisch

6809 N. Tatum Blvd

Paradise Valley, AZ 85253

cc: Commissioner Kristen Mayes
Commissioner William A. Mundell
Commissioner Gary Pierce
Commissioner Jeff Hatch-Miller