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W-01445A



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ARIZONA CORPORATION COMMISSION
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April 19, 2003

Honorable Marc Spitzer, Chairman
Arizona Corporation Commission
State of Arizona
Phoenix, AZ

Arizona Corporation Commission

DOCKETED

AUG 29 2003

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Dear Chairman Spitzer:

Thanks for the opportunity to let me comment regarding Arizona Water Company's rate increase request for a roughly 48% rate increase for Bisbee.

This is an extraordinary increase, something close to a 4 percent increase compounded over the period since the last rate increase, or 10 years.

We have learned of, or have been told, of three different justifications for this very large increase: the cost of meeting the federal arsenic standard, the almost no-growth rate for Bisbee's population included in Arizona Water's request for an increase, and the length of time since the last increase.

I have had our project manager for our \$30 million wastewater rehabilitation project check the federal EPA standards and also Bisbee's water quality as reported for the most recent period by Arizona Water. Bisbee meets the current standard comfortably. In fact, the measured rate for Bisbee is 4.7 ppb with the federal standard of 10 ppb.

Regarding population growth, it is true that we had a small population loss over the decade of the 1990s when we were still feeling the impact of the closing of the copper mine here in Bisbee and the lingering shock to our economic system. However, the last two year report of the Department of Economic Security shows an upturn in population growth for the past two years to almost 1 percent a year and we are projecting even stronger growth over the next 10 year period of roughly 2 percent and a 1.5 percent rate of growth thereafter. This rate of growth, however, is still far less than the surrounding cities so we feel our projections are realistic.

Our wastewater project will lift the present ADEQ moratorium on new sewer hookups for Old Bisbee and Warren and this alone will likely produce a modest boom in people moving to Bisbee and new customers for Arizona Water. Also, the Highway 92 corridor from Bisbee to Sierra Vista is showing rapid growth and we in Bisbee plan to capitalize on some of that growth by encouraging new housing construction.

There may be other assumptions that are critical to this request but I or others with the City of Bisbee have not seen AZ Water's rate change request or the ACC staff report commenting on it.

All in all, we don't agree with the basic assumptions justifying such an unprecedented request for rate change despite the length of time since the last rate change. I know that many of AZ Water Co.'s customers in Bisbee also will find these increases very difficult to bear in the coming period.

Sincerely,


Dan Beauchamp
Mayor

ARIZONA WATER COMPANY

--2002 ANNUAL WATER QUALITY REPORT FOR BISBEE, ARIZONA PWSID# 02-001--

This report contains important information about your drinking water. *Este informe contiene información muy importante sobre su agua beber.*

Arizona Water Company provides groundwater to its Bisbee customers from wells located at Naco. **The water supplied by the Company meets all state and federal safe drinking water standards.**

The data in the accompanying tables are from water samples that have been analyzed by independent laboratories, which are certified by the Arizona Department of Health Services.

DETECTED WATER QUALITY CONSTITUENTS

Water Quality Constituent	Units	MCLG	MCL	Highest Level Detected	Range of Levels Detected	Sample Year	Likely Source Of Detected Constituent ***
Microbiological							
1. Total Coliform Bacteria	**	0	>1*	1	0 - 1	2002	Naturally present in the environment
Radionuclides							
2. Alpha Emitters	pCi/L	0	15	1.6	0.5 - 1.6	2002	Erosion of natural deposits
Inorganics							
3. Arsenic	ppb	n/a	50	4.7	4.7	2000	Erosion of natural deposits; runoff from orchards; runoff from glass and electronics production wastes
4. Barium	ppm	2	2	0.4	0.4	2000	Discharge of drilling wastes; discharge from metal refineries; erosion of natural deposits
5. Fluoride	ppm	4	4	0.8	0.8	2000	Erosion of natural deposits; water additive which promotes strong teeth; discharge from fertilizer and aluminum factories
6. Nitrate	ppm	10	10	2.1	2.1	2002	Runoff from fertilizer use; leaching from septic tanks, sewage; erosion of natural deposits
7. Selenium	ppb	50	50	5.4	5.4	2000	Discharge from petroleum and metal refineries; erosion of natural deposits; discharge from mines
Unregulated Synthetic Organics, Unregulated Volatile Organics And Other Unregulated Constituents							
Water Quality Constituent	Units	Average Level Detected		Range of Levels Detected	Sample Year	Likely Source Of Detected Constituent ***	
8. Bromoform	ppb	0.16		nd - 0.5	2000	Unknown	
9. Sulfate	ppm	21		5 - 34	2002	Unknown	
10. Uranium	ppb	1.6		1.5 - 1.8	2002	Unknown	
Constituents Subject To An Action Level							
Water Quality Constituent	Units	Action Level	90 th Percentile Of Sample Results	Number of Samples That Exceeded the Action Level	Sample Year	Likely Source of Detected Constituent ***	
11. Copper	ppm	1.3	0.2	0	2001	Corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives	
12. Lead	ppb	15	8	3	2001	Corrosion of household plumbing systems, erosion of natural deposits	

*** Sources of constituents are unknown, but are generally believed to be resulting from those sources listed.

In developing new drinking water standards, the EPA has proposed including Radon on the regulated contaminant list with an MCL of 300 to 4000 pCi/L. Arizona Water Company collected a sample at one of its wells in the Bisbee system in 1999 and found the level of Radon to be 300 pCi/L. Additional information on Radon is available from the Safe Drinking Water Hotline (800-426-4791).

In addition to the water quality constituents listed in the above table, Arizona Water Company's water supplies were tested for the following constituents and such constituents were **not detected**: Fecal coliform, *E.coli*, Antimony, Asbestos, Beryllium, Cadmium, Chromium, Cyanide, Mercury(inorganic), Nitrite(as Nitrogen), Thallium, 2,4-D, 2,4,5-TP(Silvex), Alachlor, Atrazine, Benzo(a)pyrene (PAH), Carbofuran, Chlordane, Dalapon, Di(2-ethylhexyl)adipate, Di(2-ethylhexyl)phthalate, Dibromochloropropane, Dinoseb, Diquat, Endothall, Endrin, Ethylene dibromide, Glyphosate, Heptachlor, Heptachlor epoxide, Hexachlorobenzene, Hexachlorocyclopentadiene, Lindane, Methoxychlor, Oxamyl[Vydate], PCBs[Polychlorinated biphenyls], Pentachlorophenol, Picloram, Simazine, Toxaphene, Benzene, Carbon tetrachloride, (Mono)Chlorobenzene, o-Dichlorobenzene, p-Dichlorobenzene, 1,2-Dichloroethane, 1,1-Dichloroethylene, cis-1,2-Dichloroethylene, trans-1,2-Dichloroethylene, Dichloromethane, 1,2-Dichloropropane, Ethylbenzene, Styrene, Tetrachloroethylene, 1,2,4-Trichlorobenzene, 1,1,1-Trichloroethane, 1,1,2-Trichloroethane, Trichloroethylene, Toluene, Vinyl Chloride, Xylenes, Aldicarb, Aldicarb sulfone, Aldicarb sulfoxide, Aldrin, Bromobenzene, Bromodichloromethane, Bromomethane(methyl bromide), Butachlor, Carbaryl, Chlorodibromomethane, Chloroethane, Chloroform, Chloromethane, o-Chlorotoluene, p-Chlorotoluene, Dibromomethane, Dicamba, m-Dichlorobenzene, 1,1-Dichloroethane, 2,2-Dichloropropane, 1,3-Dichloropropane, 1,1-Dichloropropene, 1,3-Dichloropropene, Dieldrin, 3-Hydroxycarbofuran, Methomyl, Metholachlor, Metribuzin, Propachlor, 1,1,1,2-Tetrachloroethane, 1,1,2,2-Tetrachloroethane, 1,2,3-Trichloropropane, Nickel, Radium 226, and Radium 228.

Statement of Account

Please Make Checks Payable
To: **Arizona Water Company**

RETURN TOP LEFT PORTION
WITH PAYMENT. PLEASE WRITE
ACCOUNT NUMBER ON CHECK.

If a "Past Due" amount is shown
on your statement, please refer
to the **PAST DUE** section on the
reverse side of this bill.

KEEP THIS PORTION FOR YOUR RECORDS

ACCOUNT NUMBER			SERVICE ADDRESS		
101-04-11580---9			144 5TH AVE		
CURRENT READ DATE		PREVIOUS READ DATE	DAYS IN BILLING PERIOD	DELINQUENT DATE	
8/01/2003		7/02/2003	30	8/20/2003	
METER NUMBER	METER READING		GALLONS USED IN HUNDREDS	AMOUNT BILLED	TRANSACTION TYPE
	CURRENT	PREVIOUS			
PURCHD POWR FACTOR OF	.0020CR	PER 100	.10CR	PRCHSD PWR	
PURCHD WATR FACTOR OF	.0760	PER 100	3.65	PRCHSD WTR	
1588	7306	7258	48	17.48	RESIDENTIAL
				.03	WATER USAGE TAX
				1.43	TAXES
				22.49	TOTAL DUE

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THIS BILL IS NOW DUE AND PAYABLE

GALLONS USED DAILY	160	PAST 12 MONTHS USAGE			
GALLONS USED YEAR AGO DAILY	236	2002/08	71	2003/02	43
PERCENT CHANGE FROM LAST YEAR	32.2-	2002/09	69	2003/03	36
		2002/10	49	2003/04	41
		2002/11	50	2003/05	52
		2002/12	42	2003/06	84
		2003/01	43	2003/07	83

FOR QUESTIONS OR SERVICE PLEASE CALL:

ARIZONA WATER COMPANY

3AN MANUEL 520-385-2226

460 AVENUE A

3AN MANUEL AZ 85631

WATER IS PRECIOUS, USE IT WISELY

VISIT OUR WEB SITE WWW.AZWATER.COM