



317 Van Dyke Street
Bisbee, AZ 85603-1622
July 16, 2003

Arizona Corporation Commission

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Arizona Corporation Commission
Docket Control Center
1200 W. Washington
Phoenix, AZ 85007

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AZ CORP COMMISSION
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Honorable Commissioners:

This letter refers to Arizona Water Company docket number W-01445A-02-0619 and the 50.4 percent rate hike requested for Bisbee therein. I oppose so great an increase on various grounds which are stated in the body of the letter following, primary among them the potential to push an ailing Bisbee into further decline.

I am a retired Illinois Bell Telephone Company manager and remain sympathetic to well-regulated monopolies where the situation dictates one server would best serve the public. Arizona Water Company is a privately held company and in need of regulatory examination for abuse of their monopoly status. One such item is new water service connects in new subdivisions.

My role as Chairman of the Planning and Zoning Commission (civilian, non-city employees) at times includes site investigations. A new subdivision was stalled and I learned that the builder was fighting the Arizona Water Company \$6000 per unit hookup charge. Douglas charges something like \$350 and Sierra Vista at the time (several years ago) charged about \$500-600. The builder finally felt forced to pay the fee and watch as Arizona Water brought in its own contractors to do the job. The subdivision ground is fairly soft dirt, not granite. The builder took his fight to Phoenix somewhere but got no help at all. This arbitrary but apparently Commission approved cost factor will not help the city attract the desperately needed new housing unit builders we need to build our tax base. I have to question why Arizona Water is allowed to overcharge like this.

Bisbee (and Sierra Vista) will pay for the water company's compliance with the new arsenic content federal standard, even though our water supply is well within EPA standard limits. This seems unfair when Bisbee alone has that exorbitant water connection \$6000 charge and long-term expensive water rates.

Bisbee's July 10, 2002 census figure has dropped 1.8% from the April 1, 2000 census. Our federally and state mandated sewer replacement program has already produced the required higher monthly sewer fees, but the \$26 million dollar cost just recently soared to \$37 million then dropped to \$30 million as revised engineering data reached the financing bodies. To me, the additional burden of a 50.4% rate hike in our vital water supply seems to be outright gouging. It will hurt a number of citizens. I was one of those who worked on the sewer-financing project and must believe the financial woes we heard from fellow citizens are, in the main, true.

One writer to you on this case (John Economy) has expressed that the old pipes quoted by President Bill Garfield as a serious Bisbee cost factor were placed in trenches long ago dug into the rocky soil or rock and backfilled with softer dirt. The company also has had ample time since the 1950's to set aside maintenance money for replacement and /or

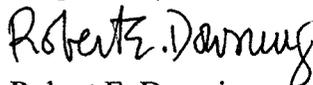
repair of pipes, were this company observing utility-type amortization accounting instead of a private profit center style of replacing failed pipe when it fails. I disagree with President Garfield's stance on this portion of the rate case. Arizona Water's records on this cost factor beg examination by professionals such as you Commissioners. I am not knowledgeable on Arizona utility oversight in this area, but I still disagree with Arizona Water President Garfield.

Arizona Water Company's local people are nice but all final answers come from out of town and are often overkill. A recent abandonment case produced the Arizona Water Company will demand for a 25 foot- wide easement for an in-place 6 or 8 inch main on private or public property when a much smaller easement ultimately was negotiated by the property owner. Property owners whose building or renovation plans involve the water company sign off often find that Phoenix has refused to in an arbitrary manner. I do not like that in a utility or in a private for-profit company filling the monopoly role of a utility and suffering the public with company town attitude. To reward such a firm with a 50.4% rate hike seems unjustified.

Water is a precious thing in this desert area and a supply of clean water is necessary to support any community as you well realize. We citizens must be able to afford the water and I respectfully urge the Commissioners to examine Arizona Water Company's request in the light of an already financially reeling citizen base under sewer replacement mandated costs getting another major financial hit. Arizona Water Company might be better served financially as a private company to sell the Bisbee franchise to someone willing to operate as a utility rather than a private profit center.

I can see a 10% rate hike, if the other local new service connection charge were pared to competitive nearby city charges, but I cannot see 50.4%. Once the long-term drought ends and the Mexican mountain sources of water replenish our aquifer, the new deep well and the older shafts should refill with water. Let us hope that someone still lives in Bisbee and wants to buy it or can afford it and that I respectfully entrust to your commission. I write this letter as a taxpaying private citizen and customer of Arizona Water Company in Bisbee, AZ.

Respectfully,



Robert E. Downing



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July 18, 2003

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Arizona Corporation Commission
Docket Control Center
1200 West Washington
Phoenix, AZ, 85007

Re: Arizona Water Co.
Docket number: W-01445A-02-0619

Dear Arizona Corporation Commission:

This letter is to protest the proposed water rate increase for the city of Bisbee. We are senior citizens and under the Medicare Program. Bisbee is by and large a retired community and we will not be able to afford such an increase.

We thank you for any consideration given to us.

Very truly yours,

Ralph D. Ruiz
Ralph D. Ruiz

Grace S. Ruiz
Grace S. Ruiz

Residential Address:
1350 Naco Highway
Bisbee, Az. 85603