

ORIGINAL

W-01303A-09-0343
SW-01303A-09-0343

Sheila Stoeller



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From: Bob Golembe [anthemkid@cox.net]
Sent: Friday, July 10, 2009 3:44 PM
To: Mayes-WebEmail
Cc: Newman-Web; Kennedy-Web; Stump-Web; Pierce-Web
Subject: 2009 JUL 13 P 5 Complaint: Arizona American Water Rate Filing; Docket: W-01303A-09-0343

Arizona Corporation Commission
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Dear Chairwoman Mayes and Commissioners,

I am an Anthem resident and have followed and participated in rate increase filings by Arizona American Water (AZAW) since 2002 by filing complaints, speaking at public comment sessions, and submitting data requests (with Admin Judge approval) to the Commission.

As you know, on July 2, 2009, AZAW filed its new rate case for Anthem and Sun City Water and Wastewater Districts (Docket: W-01303A-09-0343). You may also recall that they previously filed for Anthem in May 2008 (W-01303A-08-0227) prior to the Commission's decision at the time (Decision 70372), which concluded in June 2008. Arizona Corporation Commission Staff then voiced their strong concerns and AZAW "voluntarily" removed Anthem from that case.

The above chronology of filings brings to attention my first concern per the Recommended Opinion and Order of Docket: WS-01303A-06-0403.

To wit:

Administrative Judge Teena Wolfe's order as stated in her ROO for Arizona American Water, Docket: WS-01303A-06-0403, p. 60, lines 16-23. She orders that: *IT IS FURTHER ORDERED that Arizona-American Water Company shall also provide notice to affected customers regarding its plans for filing its next rate case for the Anthem/Agua Fria Wastewater District, and an estimate of the revenue increase that it will be requesting in that filing.*

She further orders: *"shall work together with the Anthem Community Council and Staff in devising the notice and its means of dissemination, in order to make it as informative and timely as possible for the residents of the Anthem community."*

To the best of my knowledge, the above notification process has not been implemented to date.

The newest case, Docket: W-01303A-09-0343, AZAW requests over 100% and 80% rate increases for Anthem's water and wastewater, respectively. This is not totally unexpected in that they requested over 91% tariff in their June 2006 filing (WS-01303A-06-0403). That case resulted in an increase of approximately 48% for 1-inch meter and 38% for 3/4-inch meter. In dollars, my water bill increased to \$94.05 (Sep 4, 2008) from \$63.54 (Jun 4, 2008) for the same 4,000 gals of usage. Now, 13 months later, AZAW is requesting another increase: 100% and 80% in water and wastewater, respectively. One can easily calculate that if approved, my water bill will be close to \$145 per month for the same 4,000 gal. or over 2.3 X by mid 2010 (2 year span).

I don't consider that fair; I consider it **utterly egregious!** Let's put this in perspective with some other recent water rate increases mentioned in the media:

- **Carefree Water Company approves 3 percent increase, *Going with smaller, annual increases***
CAREFREE – The town council approved a 3 percent increase in water rates for the Carefree Water Company Tuesday in an effort to help the water company cope with rising Central Arizona Project (CAP) water delivery costs and other increasing operating expenses.
- **Johnson Utilities announces a 5-year rate increase for its Florence customers.** The requested increase equates to 10.47% APY.
- **Scottsdale, less than 8%.**
- etc.

I think you can see the extreme range in the above providers and the only conclusion I can arrive at is that Arizona American Water is operating a failed business plan and/or did not do due diligence in the purchase of Citizen's Water. Anthem residents are not pawns in a chess game nor are we the "Rescue Squad" to cover their poor business decisions; one of which is the repayment of monies in the amount exceeding \$28 million to the developer, Pulte as stated in the new filing, W-01303A-09-0343.

AZAW rate request is also compounded by the economy. Anthem has suffered between 40 to 50% loss in house values; commercial business property have closed, the apartments at Casa has filed for bankruptcy and numerous residents have lost their jobs. This does not mitigate the severe impact that AZAW's rate request will do by itself.

What can be done? Here are some approaches that might reduce or level out the increase over time:

- Consolidation of districts (currently proposed under W-01303A-08-0227)
- Amortization of rates (Commissioner Mayes, Letter dated Nov. 19, 2007, on Decision 68859)
- Senior Discount rate
- Separate volume/rate for water (in) vs. wastewater (out). (All the water "in" does not go "out" to wastewater).
- Reversal of infrastructure repayment cost from the base rate to a special assessment and amortized over a period of time
- Special low rate for users equal to or under 4,000 gal.
- Rates based solely upon gallons used vs. meter size/gal. used

I fully understand it is the Commission's role to protect both the provider and the interests of its customers. I remember all too well the phrase: "Used and Useful". However, whining and voicing other adjectives that reflect how **egregious** their request is will not reduce or eliminate my disgust in their filing.

Respectfully submitted,

Bob Golembe
Anthem, AZ