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BEFORE THE ARIZONA CORPORATION

IN THE MATTER OF THE APPLICATION OF))	DOCKET NOS.:
ARIZONA-AMERICAN WATER COMPANY,)	WS-01303A-02-0867
INC., AN ARIZONA CORPORATION, FOR A)	WS-01303A-02-0868
DETERMINATION OF THE CURRENT FAIR)	WS-01303A-02-0869
VALUE OF ITS UTILITY PLANT AND)	WS-01303A-02-0870
PROPERTY AND FOR INCREASES IN ITS)	W-01303A-02-0908
RATES AND CHARGES BASED THEREON FOR))	
UTILITY SERVICE BY ITS SUN CITY)	
WEST WATER AND WASTEWATER)	PUBLIC COMMENTS
DISTRICTS.)	
_____)	
AND RELATED MATTERS.)	SPECIAL OPEN MEETING

At: Sun City, Arizona
Date: November 12, 2003
Filed: **NOV 26 2003**

REPORTER'S TRANSCRIPT OF PROCEEDINGS

ARIZONA REPORTING SERVICE, INC.

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Phoenix, Arizona 85004-1103

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1 BE IT REMEMBERED that the above-entitled and
2 numbered matter came on regularly to be heard before
3 the Arizona Corporation Commission, at the Sundial
4 Recreational Center, 14801 North 103rd Avenue,
5 Sun City, Arizona, commencing at 1:07 p.m., on the
6 12th day of November, 2003.

7

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BEFORE: MARC SPITZER, Chairman
 WILLIAM A. MUNDELL, Commissioner
 JEFF HATCH-MILLER, Commissioner
10 MIKE GLEASON, Commissioner
 KRISTIN K. MAYES, Commissioner

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1 CHMN. SPITZER: Good afternoon. This is the
2 time set for the Public Comment Session on the Rate
3 Application of Arizona-American Water Company,
4 WS-01303A-02-0867, and the consolidated dockets.

5 Before we go any further, in light of the
6 events going on throughout the world and the fact that
7 our armed forces are engaged in very serious struggles
8 in Iraq, Afghanistan, and around the world, and that
9 yesterday was Veterans' Day, I'd like newly-appointed
10 Commissioner Mayes to lead us in the Pledge of
11 Allegiance. I would like you to all stand.

12 (Commissioner Mayes leads the audience in
13 the Pledge of Allegiance.)

14 CHMN. SPITZER: Thank you very much.

15 I note that there's some folks who have --

16 A MALE VOICE: Speak into the mike, please.

17 CHMN. SPITZER: How is this? Can everyone
18 hear?

19 A MALE VOICE: Yes.

20 CHMN. SPITZER: Okay.

21 We have some folks who have attended a
22 number of proceedings at the Commission, but I do sense
23 that there's some folks who have not, so I'll explain
24 fairly briefly what I view the Public Comment process is
25 for. The Corporation Commission is unlike other elected

1 bodies in the State of Arizona in dealing with a rate
2 application such as the one before us. We are
3 performing a quasi-judicial role in which we're not
4 acting as legislators like a City Council or the state
5 legislature, but instead, as a tribunal that is ruling
6 on the facts and on the law under the Arizona
7 Constitution.

8 The procedure is very similar to that of a
9 courtroom in that an application has been filed by the
10 company for various rate increases. Other parties have
11 intervened in the proceeding. The Commission Staff is a
12 party, and has filed papers in opposition. In addition,
13 the Residential Utility Consumers Office and Mr. Ahern
14 is present this afternoon, he is the executive director
15 of the Residential Utility Consumers Office, and they
16 have intervened in the proceeding as well.

17 We are in the midst of completing the
18 initial evidence, prefiled testimony, submitted before
19 the hearing. In December, there will be a hearing on
20 the application for Sun City as well as other
21 communities throughout Arizona. Evidence will be taken
22 in addition to the written evidence that has been
23 submitted. Witnesses will swear under oath to tell the
24 truth, will testify, they will be subject to
25 cross-examination.

1 After the conclusion of the hearing process,
2 which is in front of an administrative law judge of the
3 Commission who is an attorney acting as a judge, the
4 hearing officer of the Commission will prepare a
5 Recommended Opinion and Order that will be presented to
6 the five Commissioners for our consideration. And the
7 decision of the administrative law judge is not a final
8 decision at the Commission. We five Commissioners make
9 the decision. We can accept the decision of the judge,
10 we can amend it, or we can reject it in totality. But
11 the decisions of the Commission, again, being unlike
12 other branches of government, are based on the evidence
13 that is produced at the hearing.

14 There are two conflicting provisions of the
15 state constitution that this Commission must deal with.
16 The first provision is that all residents of Arizona are
17 entitled to reliable utility services at reasonable
18 prices. That's in the constitution. It says all
19 citizens of Arizona, not just those that live in
20 Phoenix. So the reason we are here today is to fulfill
21 our statewide responsibility.

22 The second mandate is that the company
23 providing those services be given a reasonable rate of
24 return. So those two provisions form the bedrock law.
25 The evidence that is presented at the hearing presents

1 the facts that we are constrained by, and as you may
2 have surmised, this is a very legal intensive
3 proceeding.

4 Today is not for the parties to the case.
5 Today is not for the lawyers. Today is for the people.
6 And since my colleague Bill Mundell became Chairman in
7 2001, the Commission has made great efforts to go all
8 over the State of Arizona to conduct Public Comment
9 meetings to hear from citizens who wish to have input
10 into the process. Although the comments are not
11 evidence in the record, they are part of the record in
12 this case.

13 The court reporter to my right will
14 transcribe every word that is said at this meeting. We
15 will have slips for those who wish to speak. We ask you
16 to please identify yourself, spell your first and last
17 name for the benefit of the court reporter, and speak
18 slowly so that she can create a complete and accurate
19 verbatim transcript of your remarks. Those remarks will
20 then be entered into the record of the Commission in
21 this proceeding and filed with the docket.

22 There are other ways to communicate with the
23 Commission. Letters and e-mails are by and large
24 received by we Commissioners and are also filed within
25 the docket, so that's an alternative if you wish to

1 exercise it that you can use in lieu of speaking this
2 afternoon, or in addition to your comments this
3 afternoon. We look forward to that.

4 At this time, I will recognize Commissioner
5 Mundell for his opening remarks.

6 COM. MUNDELL: Thank you, Mr. Chairman.

7 Just briefly, I think you covered very well
8 the process of the Commission and the uniqueness of the
9 Commission compared to other legislative branches, the
10 legislative branch of government, whether it's the city
11 council or board of supervisors.

12 The purpose of this proceeding from my
13 perspective is to listen to your concerns and comments
14 here today, take those concerns and comments into
15 consideration. I always find these Public Comment
16 sessions very useful because it helps me formulate
17 questions at the hearing that will be coming up December
18 4th, and as the Chairman indicated, it is like a trial.
19 There are people put under oath, accountants, engineers,
20 they're cross-examined. Discovery which is the legal
21 word has taken place where all the records of the
22 company have been ascertained by the parties to this
23 proceeding.

24 And so as the Chairman said, we've made it a
25 practice in recent years to go to the communities that

1 are impacted by our decisions, and that's why we're here
2 today to listen to you folks. And like I said, it will
3 help me formulate questions for the hearing on December
4 4th and ultimately when it comes time to vote on this
5 matter. So I look forward to your participation today,
6 and I will be taking copious notes.

7 Thank you.

8 CHMN. SPITZER: Thank you, Commissioner.

9 The Chair will recognize Commissioner
10 Hatch-Miller.

11 COM. HATCH-MILLER: Thank you, Mr. Chairman.

12 It's a delight to be out here. Thank you
13 for having me. Thank you for coming and being a part of
14 this discussion.

15 The purpose as I see it as the role of the
16 Commission is to determine to the highest degree
17 possible with accuracy how much it costs to provide you
18 with water and wastewater services, and then to divide
19 that cost up among you as citizens, as users, to come up
20 with a fair and just rate based upon the real cost of
21 providing that water and service to you.

22 I can guarantee you it will be fair; I can
23 guarantee you it will be open. I can't guarantee you of
24 the outcome because we don't know exactly what that is
25 going to be and certainly don't know even sort of what

1 it's going to be at this time. That is yet to be
2 determined. It will be fair and open.

3 I am not here today for you to listen to me.
4 I'm here today to listen to you, to hear your input
5 because the other part of this process is to understand
6 the views and wishes and concerns of the people in the
7 community that are receiving those services.

8 So again, thank you for coming here today.
9 And for the record, there's at least 120 people here.
10 That's a large turnout, and you should congratulate
11 yourselves as a community for having the interest and
12 the energy to be a part of this process.

13 Thank you.

14 CHMN. SPITZER: Thank you, Commissioner.

15 The Chair will recognize Commissioner
16 Gleason.

17 COM. GLEASON: Thank you, Chairman.

18 Can you hear me in back?

19 A MALE VOICE: Yes.

20 COM. GLEASON: Okay. Usually my wife is
21 sitting back there, and if she can't hear me, she waves
22 her hand. So if one of you guys in the back can't hear
23 me, wave your hand because I tend to slough off.

24 Anyway, it's so nice to see all of you out
25 here on what is really a beautiful Arizona day. Any

1 time we get those raindrops, it's a beautiful Arizona
2 rain day, and what better day apropos to have a water
3 meeting than on a day like this. So thank you all for
4 coming.

5 I want to briefly explain to you what a rate
6 case is, and some of the restrictions that we have.
7 When you go into a rate case, the first thing that they
8 find out is the expenses that the company has, you know.
9 There's all the intervenors get this information, and
10 then there's a discussion, well, this thing, yes, it's a
11 ratepayer cost, no, this goes to the shareholders, yes,
12 this, and that goes on so you establish their expenses.
13 The next thing that's more difficult is you establish
14 what we call rate base. That's how much equity they
15 have in the company, and that is more technical than the
16 expenses.

17 Now, after that, that's the easy part. The
18 next part is they determine what rate of return the
19 company gets on their rate base. Now, I'll irritate the
20 Chairman just a minute here. You know, if you want to
21 sit in four or five hours of boring discussions of
22 accountants talking to lawyers about the idiosyncrasies
23 of the rate and how do you do it and what formula you
24 use, come down and listen to one of those things down
25 there. I'll tell you, it's a wonderful sedative for me.

1 But anyway, that's what we get.

2 Then you've got costs, you've got the amount
3 of return they get on their base, and that's the bucket.
4 That's the bucket that we have to fill with dollars.

5 Now, then the discussion comes, who puts the
6 dollars in there, and that's where you get into all of
7 these books about rates. You should be asking what is
8 the minimum amount of water before you go to the second
9 tier, how the costs are to the commercial users versus
10 the homeowners. These are the things that really
11 determine how much the homeowner has to pay, and these
12 things are what we will determine.

13 I want to make one other analogy to this
14 rate case. It is just like if you were going to drill
15 your own well, you have to hire a well driller to come
16 in and put the hole in the ground, you have to case it,
17 put cement in it, put a pump in there, pipes into your
18 house, all these things. In other words, that's the
19 expense, that's the rate base that you have. Then, the
20 next thing, you have to pay for electricity,
21 maintenance, any repair work or anything. Those are the
22 expenses.

23 Now, I want to make one other statement that
24 you may find strange, but in all of these things, water
25 is free. There's no charge for water. You're paying to

1 move that water from one place to another. Now, when
2 you talk to Arizona-American, they will say, "Yes, but
3 we pay CAP for water." No, they pay CAP because CAP
4 gets water free from the Colorado River and they have
5 the exact same kind of expenses to get it up to deliver
6 to Arizona-American.

7 So what I get down to, we have some
8 restrictions on what we can do in a rate case. In other
9 words, when these parameters are set, why, then the
10 discussion is how do we, who puts, who puts the money in
11 the bucket, and that's usually where a lot of the
12 discussion comes.

13 Thank you.

14 CHMN. SPITZER: Thank you, Commissioner.

15 The Chair will recognize Commissioner Mayes.

16 COM. MAYES: Thank you, Mr. Chairman.

17 I think just about everything has been said,
18 but as many of you know, I'm the new kid on the block
19 here, the most recent appointee to the Commission, and
20 I'd like to thank the Chairman and my fellow
21 Commissioners for having these hearings.

22 As a couple people have said, there's
23 nothing like getting out on the ground to really figure
24 out what these cases are all about, and I have to say,
25 my favorite days, my best days on the job have been when

1 we have had field hearings. We had one recently in
2 Anthem where we had also a very large turnout, and you
3 know what? The fact is we learned a lot of stuff that
4 we didn't know before, and we were surprised by it. So
5 I am looking forward to listening to you, and it's a
6 real honor to be here.

7 Thank you.

8 CHMN. SPITZER: Thank you very much,
9 Commissioners, and now the learning process will
10 commence for us.

11 I will first exercise prerogative and
12 recognize elected officials and officials of some of the
13 nongovernmental entities. First is Bryan Hackbarth,
14 Mayor of Youngtown. Mayor, welcome.

15 MAYOR HACKBARTH: Thank you.

16 Bryan Hackbarth, Mayor of Youngtown,
17 B-r-y-a-n H-a-c-k-b-a-r-t-h.

18 Thank you, Chairman Spitzer, Commissioners.
19 I'm the Mayor of the Town of Youngtown. The water and
20 wastewater system located in Youngtown are included in
21 Arizona-American's Sun City Water and Wastewater
22 Districts which as you know is the subject of the rate
23 increase Public Comment meeting.

24 By way of background information, the Town
25 of Youngtown was founded in 1954 as Arizona's first

1 Commission, however, are keenly aware that under Arizona
2 law, the company must charge just and reasonable rates
3 on the utility services to consumers. Rates charged to
4 consumers by the company that are not just and
5 reasonable are simply not in the public interest.

6 Youngtown through its town council has
7 intervened in the Arizona-American rate case proceeding
8 with one major objective in mind: To conduct a thorough
9 and independent investigation of the company's rate
10 increase application and present evidence to the
11 Commission demonstrating just and reasonable rates that
12 the company should charge ratepayers in its Sun City
13 Water and Wastewater District. To this end, Youngtown
14 retained the services of a professional rate case
15 consultant firm to investigate Arizona-American's rate
16 case application.

17 As reflected in Youngtown's prefiled
18 testimony docketed with the Commission which is now
19 public record, based upon the results of the town's
20 independent investigation and analysis of the company's
21 rate increase request for Sun City Water Districts,
22 Youngtown believes that it has substantial evidence that
23 the company's proposed 87 percent increase is not just
24 and reasonable, and it is not in the public 's interest
25 of ratepayers in Youngtown and Sun City. Youngtown will

1 present evidence at the hearing that only a 33 percent
2 rate increase would produce just and reasonable rates in
3 the company's Sun City Water District.

4 As also reflected in the Youngtown prefiled
5 testimony docketed with the Commission which is now
6 public record, based upon the results of the town's
7 independent investigation and analysis of the company's
8 rate increase request for its Sun City Wastewater
9 District, Youngtown believes that it has substantial
10 evidence that the company's initial proposed 11 percent
11 rate increase in wastewater rates is not just and
12 reasonable. At the hearing, Youngtown will present
13 substantial evidence that a 14 percent rate decrease
14 would be just and reasonable rates for the company's
15 wastewater district.

16 The reason why Youngtown recommends
17 substantial decreases in the rates proposed by
18 Arizona-American in the company's Sun City Water and
19 Wastewater District stems from the town's determination
20 and belief that Arizona-American uses an inappropriate
21 and illegal accounting methodology for determining the
22 fair value rate base in connection with the company's
23 acquisition of these districts from Citizens Utilities
24 Company. The Commission's Utilities Division Staff and
25 the Residential Utility Consumers Office, RUCO, both

1 reach similar conclusions in their prefiled testimony in
2 this regard and corroborated Youngtown's position.

3 In conclusion, although consumers in
4 Youngtown will still find a 33 percent increase in their
5 water rates as recommended by the town difficult to
6 absorb into their fixed incomes, this is far preferable
7 to the company's proposed 87 percent rate increase. As
8 I indicated earlier, the town recognizes that the
9 company should have an opportunity to charge just and
10 reasonable rates in order to operate its safe and
11 reliable water system. Youngtown's recommended
12 14 percent rate decrease in the company's wastewater
13 rates should also help offset the rate increase in the
14 water rates.

15 Chairman Spitzer, members of the Commission,
16 thank you.

17 CHMN. SPITZER: Mayor, thank you very much.
18 We appreciate your comments, and we also very much
19 appreciate your participation in the docket in this case
20 and submittal of evidence and look forward to your
21 further participation at the hearing.

22 The Vice Mayor, Janice Beck, has indicated
23 she does not wish to speak, but is she present? We
24 would like to recognize you, Vice Mayor. Thank you very
25 much.

1 Mark Fooks, town manager.

2 MR. FOOKS: My name is Mark Fooks, M-a-r-k
3 F-o-o-k-s. I am the town manager of Youngtown, and I
4 wanted to take a few minutes of your time if I could
5 today to explain sort of a side issue that the Mayor has
6 talked about, the, for our accounting meeting you guys
7 are going to have one of these days to determine how
8 that will be set. This issue is simply that Youngtown
9 is proposing to you that Arizona-American, the town, and
10 the Sun City Fire Department work together to develop a,
11 for lack of a better term, this is what we are going to
12 call it, a fire hydrant water service improvement plan
13 for the Town of Youngtown to expedite Arizona-American's
14 efforts to upgrade substandard sized main and branch
15 lines feeding hydrants located in certain older areas of
16 the Youngtown water system. And in the testimony,
17 there's a map that shows you exactly where those areas
18 are, and if I could indulge you to read one quick letter
19 here from Sun City Fire Department that pretty well
20 explains what I'm about to say.

21 This is a letter to Mayor Hackbarth from the
22 Fire Marshal, Sun City Fire Department. It says, "This
23 letter is to express concerns the Sun City Fire
24 Department has with the current water system established
25 inside the Town of Youngtown, Arizona. There are

1 several areas of the water system that have substandard
2 size main and branch lines to support the required size
3 and type of fire hydrants. These lines are to achieve
4 required fire flows for residential and commercial
5 structures. This requirement is in accordance with the
6 Uniform Fire Code, 1997 edition, which has been adopted
7 by the Town of Youngtown as well as the Sun City Fire
8 District in which the town of Youngtown is a part of."

9 And I would remind you throughout this that
10 while the Town of Youngtown is a municipality within
11 this case, we're simply seen as Sun City. So when you
12 see Sun City, think of us, kind of out there on the edge
13 of it.

14 Additional areas of concern, pocket areas of
15 the Town of Youngtown in which there is a lack of fire
16 hydrants as required per code. The required standard
17 spacing for hydrants is 600 feet of travel distance.
18 The flow pressure of the water system is a concern.
19 Appropriate flow pressures for fire departments used
20 during emergency activities, pressure variance from
21 static and residuals range wildly depending on the
22 location and time of day the flow tests are conducted.

23 I believe that long-range planning and
24 engineering with all parties involved is required.
25 Planning with the water system operators inclusive of

1 department and are far smaller than current
2 standard-sized main line standpipes used by utilities in
3 new housing developments.

4 It's our belief, Mr. Chairman,
5 Commissioners, that the company has, in reading the
6 testimony, it was like about this tall if you stacked it
7 all on top each other, I went through it once and then a
8 number of times in some particular areas that interested
9 Youngtown. The company has rejected Youngtown's
10 recommendation that the company commit to a formal fire
11 hydrant service improvement plan, which is, in all the
12 places I have managed, pretty standard type of
13 operation, that you come up with and work with the
14 municipality to upgrade your system. Youngtown is
15 appalled with the company's rebuttal testimony that
16 improving substandard water service to the town's fire
17 hydrants that could possibly save lives and structures
18 in the event of a fire should not be given any special
19 priority of the company's routine planning efforts.
20 This is not indicative of a good corporate citizen. The
21 company's apparent cavalier attitude on this important
22 water service problem completely ignores the company's
23 duty as a certificated utility to provide safe and
24 reliable water service to all of its customers, not just
25 its new customers.

1 In closing, Mr. Chairman, Youngtown's
2 recommending that as you take a look at all these other
3 issues that you include a decision and order the
4 requirement that Arizona-American complete the plan at a
5 date certain to insure that the company follows through
6 with that plan. We're not setting the date. We're just
7 saying there should be a date set, and we're willing to
8 participate as is the fire department to resolve that
9 issue.

10 And that's all I have. Any questions?

11 CHMN. SPITZER: Mr. Fooks, thank you very
12 much, and it would not be appropriate for us to comment
13 on certainly the merits of your case as it's before, it
14 is before us in the rate hearing, but I would suggest
15 that the issue of health and safety is an appropriate
16 one to bring in a rate case, and it's certainly an
17 appropriate way of getting attention to an issue that
18 perhaps was not given adequate attention in the past.
19 We thank you for introducing evidence in the docket on
20 that topic.

21 Commissioner Hatch-Miller.

22 COM. HATCH-MILLER: Thank you, Mr. Chairman.
23 Mr. Fooks, I have been working very closely
24 with another community on the issue of the adequacy of
25 the fire hydrants to meet fire department needs, and I

1 want to make sure before we leave today that I give you
2 the city's contact information for the City Council
3 member heading that up in another community.

4 MR. FOOKS: One of the best examples I have
5 is my public works director, Jesse Mendez, who in fact
6 is bringing testimony to you, who ran the system
7 27 years and is still called upon by the company to show
8 them where some of the older lines are because there
9 really isn't an overall plan that shows Youngtown's
10 waterlines.

11 CHMN. SPITZER: Commissioner Mayes.

12 COM. MAYES: Mr. Fooks, if I could ask you,
13 to your knowledge, does this problem extend to Sun City
14 and other communities around Youngtown or do you have
15 any knowledge of how widespread the problem is on the
16 fire hydrants?

17 MR. FOOKS: Mr. Chairman, Commissioner
18 Mayes, it's my understanding this is only in Youngtown
19 where this type of massive undersizing of the utility
20 lines exists. And in fact, they have put down
21 pressuring, pressure valves on the waterlines that come
22 into Youngtown because the pressure is too large for our
23 lines to accept them normally. But I, you know, I can
24 barely take care of Youngtown, so I don't know if I want
25 to be speaking about the rest of Sun City and whether or

1 not their lines are adequate.

2 CHMN. SPITZER: Commissioner Mundell.

3 COM. MUNDELL: Just briefly, and I think,
4 actually, not I think, Commissioner Hatch-Miller was
5 much too modest in his comments. He's been really
6 leading the charge in another city that this is an issue
7 that's really come to our attention recently. I want to
8 give -- he's been meeting on a regular basis on this
9 water pressure issue, and you really did raise a good
10 issue about how does that fit into the constitutional
11 mandate of safe and reliable water.

12 I mean, you know, historically, maybe I
13 should shouldn't say historically, I think it's always
14 been thought of it's healthy, it comes to you when you
15 turn on your shower or your sink and the water comes out
16 and it's clean and healthy, but this is a very
17 interesting issue that you have raised. And as I said,
18 Commissioner Hatch-Miller has really delved into it
19 since his tenure on the Commission, and it is an issue
20 that may impact a lot of other cities or towns other
21 than Youngtown and the other town that he's been
22 gathering evidence on.

23 So it's really an interesting issue, and I
24 hadn't really thought about it from the perspective of
25 the constitutional requirement of safe and reliable

1 water. I appreciate you bringing it to our attention
2 and your participating in the process because it's
3 always good to get evidence in the record so we can make
4 informed, intelligent decisions.

5 CHMN. SPITZER: Commissioner Hatch-Miller.

6 COM. HATCH-MILLER: I want to thank
7 Commissioner Mundell for those comments, but I will
8 remain soft spoken about this because my real goal is to
9 make sure there is adequate fire protection in the
10 state. So I don't need to toot my own horn for that.
11 There's a lot of work to be done, and I would be glad to
12 work with those who have that work that needs to be
13 done.

14 MR. FOOKS: Thank you.

15 CHMN. SPITZER: Thank you, Mr. Fook.

16 Gene Zylstra.

17 MR. ZYLSTRA: Gene Zylstra, G-e-n-e
18 Z-y-l-s-t-r-a. Thank you, Chairman Spitzer.

19 A couple of comments. I think the
20 appearance of the Commission has gotten a lot better
21 since you've added some people to it, and we also would
22 like to welcome you to Sun City. Thank you for coming.

23 CHMN. SPITZER: Thank you very much.

24 MR. ZYLSTRA: I don't have that much to say
25 about the rates except I think we're all aware that most

1 of us retirees out here are used to getting that little
2 increase the first of the year, and it's like maybe
3 three percent or whatever. So when we start looking at
4 80 percent or 50 percent, we start getting a little
5 concerned. And so I think speaking for a lot of my
6 friends out here in Sun City, we're concerned that we
7 will look at that rate increase a lot more carefully
8 than maybe our American Water Company has. I think we
9 were thinking that somewhere around 20 percent or so is
10 pretty good. I see what your Staff has recommended is
11 probably closer to the 30 percent on the water, and I'm
12 one of those who believe we've had, been lucky enough to
13 have the lowest water rates in the State of Arizona up
14 to now, to my knowledge. So therefore, I'm sure that
15 they're entitled to have some kind of an increase in the
16 water rates.

17 As far as the wastewater, I can't speak too
18 much on that. One of the concerns I have is coming from
19 Chicago and being in a homeowners group out there
20 unincorporated and having dear old Citizens Water
21 Company which I believe was probably part of the old
22 company here, we saw the water rates increase quite
23 drastically. And although I have no facts, I understood
24 that as long as they kept selling the water company to
25 somebody, the increased costs therefore could be added

1 onto the rates and therefore the citizens were paying
2 more each time the water company was sold. I hope
3 that's not going to happen with the fact that it was
4 sold to American Water.

5 Other than that, thanks again for letting me
6 speak.

7 CHMN. SPITZER: Thank you, Gene.

8 COM. MUNDELL: Gene, Chairman Spitzer and I
9 won't be offended with the remark that the Commission
10 has gotten better looking with the three other members
11 added. Chairman Spitzer and I have been here a while.

12 CHMN. SPITZER: Gene, truth is always a
13 defense.

14 MR. ZYLSTRA: Yes, Commissioner Gleason?

15 COM. GLEASON: Yes, I was going to ask you
16 to be more specific on this beautification of the
17 Commission. I guess we'll let that pass.

18 But I want to, what I want to do, I want to
19 point out one thing. As you delve into these rates,
20 something that that little flyer doesn't put out, but
21 the Staff recommendation is a three-tiered rate. The
22 first tier is 4,000 gallons, and the increase in that is
23 five cents per thousand gallons.

24 Now, the reason why I think we should
25 consider that is both Sun City and Sun City West have a

1 lot of people that live in casitas and things that are
2 small. I would think that if they have conservation,
3 they could live close to that 4,000 gallons a month.
4 And then that comes down to down to 20 cents increase
5 per month. So there are things we need to discuss in
6 these things that I think are advantageous.

7 MR. ZYLSTRA: I appreciate what you're
8 saying. Thanks.

9 CHMN. SPITZER: Thank you, Gene, and
10 Commissioner Gleason, thank you.

11 Commissioner Gleason alluded to the rate
12 design which is part of a water case, and given the
13 drought that we've had in this state, you wouldn't know
14 it from today, but for the first time since they've been
15 recording the Colorado River and Salt and Verde systems
16 are in drought at the same time. And there are folks in
17 particularly northern Arizona that are literally without
18 water and they're having to truck water in, and people
19 are suffering, farmers, across the board. Homeowners
20 who have Salt River Project allocations are being
21 reduced in every community in Maricopa County, and the
22 recent rate cases have incorporated conservation into
23 rate design. That hasn't been done with Citizens
24 because Citizens hasn't been in for a while, and now is
25 the opportunity to incorporate and for the Commission to

1 consider conservation. And Commissioner Gleason pointed
2 out that creating a tiered structure would tend to have
3 people make a choice as to lifestyle, the amount of
4 water they use. They'd be paying a higher amount.

5 That was adopted in Phoenix, and I can tell
6 you, we have a third of an acre, we like grass for
7 football with the kids. My wife is a native Arizonan, a
8 native of Phoenix, and for some reason, she insists upon
9 a winter lawn. So I have \$150 a month water bills, but
10 that is based on the choice, Mrs. Spitzer's choice. I
11 should say that I go along with, and that's one method
12 of dealing with this issue of conservation so that
13 people that are very good at conserving water end up
14 paying lower rates, and those who use more water pay a
15 proportionately higher tier. The idea is we shouldn't
16 sell water like we sell cans of soup, and that's
17 Commissioner Gleason's very well taken point, and the
18 whole issue of rate design is something that can be
19 taken up. This rate case gives us that opportunity to
20 take it up.

21 Raymond Dare of the Sun City Taxpayers.

22 MR. DARE: Good afternoon, Commissioners.

23 My name is Raymond Dare, R-a-y-m-o-n-d D-a-r-e.

24 Currently I am President of the Sun City Taxpayers

25 Association, and I am speaking for the association more

1 today than I am as an individual. So I thank the
2 Commissioners for the opportunity to come forward and
3 express this opinion on the proposed water rates.

4 Whether this issue -- as everybody knows,
5 it's proposed for an 87 percent increase and 13 percent
6 increase in wastewater. The residents in our community
7 who are indifferent probably to this increase are
8 probably not here today. But many of our 15,000 Sun
9 City taxpayers members contacted don't feel that the
10 water utility is entitled to such a large increase.
11 Arizona-American submitted five applications for
12 increasing rates and charges for ten systems including
13 Sun City Water Company.

14 The SCTA water restrictions can only address
15 two of those, one served in Sun City. I'm glad to hear
16 the discussion of Commissioner Gleason explaining the
17 rate process because I summed it up in half of a
18 sentence. I said the explanation of ratemaking process
19 is cumbersome to explain. That's for sure. I've waded
20 through most of the thing.

21 Sun City Taxpayers Association is a legal
22 intervenor in this particular case, in this case mostly
23 from our watchdog type of guardian of the pocketbook.
24 We like to know what is going on, who those people are
25 that are fighting for issues on either side. The bottom

1 line is the company is trying to increase their revenue
2 requirements for a fair value determination of plant and
3 property on the base of a proposed increase of rates.
4 That part of it I understand.

5 Additionally, Arizona-American is asking for
6 accounting treatment for acquisition of Citizens
7 Utilities assets which was the Sun City Water Company.
8 So what do those adjusting such a large increase have to
9 say about Arizona-American's request? Well, uniformly,
10 the taxpayers association looks at two operations in
11 this state. One is the Arizona Corporation Staff who
12 have a Staff of all types of disciplines to evaluate
13 these cumbersome things. The other one is RUCO which is
14 an office of the consumers. But what I think is amazing
15 this time after months of both of them looking at them
16 at how closely they came to what their recommendations
17 are. And at first reading through these documents, I
18 have the testimony, the surrebuttal, then the
19 surrebuttal, it's about this high right now, so the
20 numbers I quote here are a mixed bag of both here. So
21 what RUCO said first, they told us throw the whole bath
22 water out, baby and all, and start all over again, but I
23 guess they went back and looked at it. But the
24 alternative RUCO is recommending is an increase
25 considerably smaller than 87 percent, and that's 25.9

1 for water, and a decrease in wastewater of 16.8 for Sun
2 City water customers. I think that's a fair value.
3 This came out of the surrebuttal testimony. The numbers
4 I have for the Arizona Staff was a rebuttal which is a
5 state jump that was 31 percent increase and 16 percent
6 decrease in that order.

7 These, as far as the Sun City Taxpayers
8 Association, are relatively fair, because over history,
9 we have known for quite a while that there have been no
10 rate increases for these utilities, and for a long time
11 even Citizens had what they called an underearning
12 condition where they couldn't apply for a rate case and
13 probably would have gotten around 25 percent.

14 What about the acquisition adjustment?
15 This bothered me because I, at one time I asked
16 Commissioner Spitzer, and he sent me some dockets on the
17 RWE and the Thames and that whole bag that's been
18 floating around the United States and North America.
19 This acquisition here seemed to me -- at first what the
20 water company did, they didn't address it all, but
21 apparently I found out the last couple days they did.
22 But the acquisition seems they want the money back for
23 what they payed for the overinflated value of Citizens
24 of \$46 when it was only about 25. I don't think the
25 customers should pay for those kinds of decisions.

1 That's about all I can say on that. The Sun
2 City Taxpayers as an intervenor supports the efforts of
3 Commission Staff and RUCO in recommending substantial
4 reductions to Arizona-American Water rate increases. So
5 for that, I thank the Commissioners for the opportunity
6 to be heard, and hopefully, we'll have a good
7 conclusion.

8 CHMN. SPITZER: Mr. Dare, if I may ask a
9 question, it sounds like your sympathies lie with RUCO
10 and the Staff proposals on the water --

11 MR. DARE: Not all the time, but this time,
12 yes.

13 CHMN. SPITZER: -- on water and wastewater.
14 I understand that today, in this case. Do you have a
15 view on how the rate design ought to be constructed for
16 water? I received some comments from citizens in both
17 Sun City and Sun City West regarding metering for
18 wastewater so the wastewater could also be usage
19 oriented. Do you have a feeling on that?

20 MR. DARE: I have some comments on the
21 wastewater because people ask why would it be a
22 decrease. Sun City Sewer Company is unique in any one
23 of the other communities, the other ten, for the simple
24 reason that in the beginning, that was a contract signed
25 by Del Webb where that water was processed I think at

1 that time through either Glendale or Tolleson and then
2 was pumped out to Palo Verde for cooling water. That's
3 kind of a lock-down situation. I can't see where there
4 could be any variables in that other than under the
5 contract, why the ratepayers should have to pay for any
6 acquisitions in that system should be covered in
7 contract price and profit.

8 CHMN. SPITZER: Okay. Commissioner Gleason.

9 COM. GLEASON: Yes. I thank you for that
10 comment about the discussion of a rate case, but --

11 MR. DARE: You're welcome.

12 COM. GLEASON: -- that came straight from
13 Staff. We have a good Staff, but most people
14 appreciate -- but the other thing, you know, I think we
15 should look at percent or some kind of, kind of not too
16 obvious, but the Staff recommendation for a dollar
17 increase on the median use is \$3.11 a month. That
18 sounds a lot better than the 30 percent. But going the
19 other way, the decrease in wastewater is 2.05, and that
20 doesn't sound as good as the 15 percent. So when we use
21 percent, I think sometimes we need to put the dollar
22 sign.

23 MR. DARE: Yes. I lifted them directly from
24 the testimony. I didn't try to evaluate how they got
25 them. As you said, it's a cumbersome thing. I stayed

1 away from that.

2 COM. GLEASON: Thank you.

3 CHMN. SPITZER: Thank you, Mr. Dare.

4 Peggy Hurston.

5 MS. HURSTON: Thank you. I'm Peggie
6 Hurston, P-e-g-g-i-e H-u-r-s-t-o-n. I'm chairman of the
7 Pano Condo Association. I've been Chairman three years
8 and been trying to find out all to time why our sewer
9 rates or wastewater rates were so high because they're
10 more than our water rates in our condo association, and
11 I couldn't get an answer. I couldn't get an answer from
12 the water company, and they kept telling me to call the
13 Arizona Corporate Commission. I've called down there,
14 had some responses, and I still haven't got a good
15 answer why it would be more than our water rates.

16 Our association has done everything they can
17 to reduce water because as everybody knows, we are on
18 fixed incomes and a lot of our people aren't even here
19 in the summer. We have 33 units in our association, and
20 about half of them are gone all summer. So we're on a
21 fixed rate for our wastewater, and our water has gone
22 down considerably. We've taken out all our grass, gone
23 to desert landscaping to try to keep our folks' expenses
24 down as much as possible. So I think the water company
25 probably should have a small increase in their water

1 rates, but I agree that the sewer should be reduced.

2 Thank you.

3 CHMN. SPITZER: Thank you very much, Peggie.

4 Appreciate your participation.

5 Catherine Mullane.

6 MS. MULLANE: Catherine Mullane,

7 C-a-t-h-e-r-i-n-e M-u-l-l-a-n-e.

8 I'm one of the unit owners at Thunder Fe
9 Condominiums with 35 units there. I have served as
10 chair on the board, and I was disturbed, but I find that
11 my figures I got were from the paper. So I did some
12 mathematics, and I came up with a different percentile
13 than I see as I came in today and read it. So my letter
14 is based on my math and what I got out of the paper. I
15 don't know if I'll ever believe it again.

16 "Dear Sirs and Madam: The Arizona-American
17 Water Company utility bid to boost rates in the Sun
18 Cities is a rate that no community should have to face.
19 This increase of \$11.50 per unit is a 48 percent
20 increase. This requested increase is unconscionable,
21 and even administered in two doses of 24 percent over
22 two years is not reasonable.

23 As consumers, we have not experienced rate
24 reductions once the rates have been approved. To
25 justify their request, the Arizona-American Water

1 Arizona-American Water Company acquired
2 Citizens Water Company in January 2002. Part of that
3 acquisition activity was processed as due diligence. In
4 that, they examined the company's assets, their system
5 design, their plant condition, their rates, their
6 revenue stream, and the plans for future expansion. If
7 they did a proper due diligence, they would see the
8 de facto rate adjustment in January, 2002, because they
9 buried that in their acquisition price which they
10 established after the due diligence, and that's also
11 when they established their equity.

12 Since January 2002, my paycheck says that
13 inflation has increased only 2 percent a year. So the
14 maximum that Arizona-American Water Company should get
15 for any kind of adjustment at this time is 2 percent per
16 year, and I am very pleased to hear the 2 percent that
17 Commissioner Gleason indicated earlier.

18 Thank you.

19 CHMN. SPITZER: Thank you, George. We
20 appreciate it.

21 June MacDonald.

22 MR. McDONALD: It's my understanding that
23 the Commission is committed to --

24 CHMN. SPITZER: Excuse me, sir, could you
25 state your name?

1 MR. McDONALD: My name is Bruce McDonald.

2 CHMN. SPITZER: Okay. I called June. Thank
3 you. Bruce McDonald is here.

4 MR. McDONALD: I've been a resident of Sun
5 City since 1989, and it is my understanding that the
6 Commission is committed to fairness to the ratepayers as
7 well as to the utility which translates to mean that you
8 have two classes of people to consider in this effect,
9 one, the ratepayers, and two, the stockholders of the
10 water company.

11 In this particular case, the ratepayers of
12 Sun City are over 95 percent retired. We have a very
13 different community. It is a retirement community, and
14 most of the people are indeed without cost of living
15 increases. Those who are fortunate enough to have
16 equities, of course, are suffering like everybody else,
17 with lower returns. But nevertheless, this is a burden
18 speaking of any increases that people are required to
19 offset because there are substantial increases in the
20 aggregate. That is to say, we have just witnessed a \$24
21 and change increase in a hospital secondary tax which is
22 only an entry expense. We don't know what the eventual
23 cost or the periodic increases are going to be. We face
24 a nine percent boost in electric rates, and we also can
25 expect according to the local papers increases in our

1 rec. center fees, if indeed the board is successful in
2 carrying out the proposed projects which will require
3 increased annual fees on the part of the residents, all
4 this along with what is proposed to be a very
5 substantial increase in water and sewer rates. And so
6 you are asked to make a decision based on all these
7 facts.

8 It is interesting and encouraging to note
9 that the Agua Fria direct recharge program is increasing
10 the overall supply of water which is the product the
11 water company is concerned about. And when you stop to
12 think about it, there is no worry about profit, eventual
13 profit to the stockholders of the water company,
14 especially if they have more water to deal with. And we
15 understand that water beyond the needs of the residents
16 is available for the water company to sell to other
17 projects. While we cannot grow here in Sun City, we've
18 been built out for 13 years, there are other communities
19 that are going to make requests for more water supply,
20 and the more water that's pumped to these new projects,
21 the more profit the water company is going to make.

22 And so we ask you in all fairness to
23 consider the very special needs of not only Sun City,
24 but other retirement areas and other retirement
25 communities in the proportion that we are being asked to

1 absorb. And let me assure you, there is no escape.
2 Many people bought into Sun City because it is not a
3 resort city for the elegant. It is a basic retirement,
4 comfortable city, and we're trying to survive. But
5 there are many people who are going to be forced as a
6 result of the cumulative increases out of their houses
7 and out on the street. So I beg you to consider
8 carefully the effect on the ratepayers.

9 Thank you.

10 CHMN. SPITZER: Thank you, Mr. McDonald.

11 Agnes Ciula.

12 MS. CIULA: My name is Agnes, A-g-n-e-s
13 Ciula, C-i-u-l-a. I would just like to comment on the
14 increases also. I would like to get an 88 percent
15 increase in my Social Security, but we're getting 2.1.
16 Our Medicare is going up to \$66 from \$54, my husband and
17 I, and I'm sure everybody else who has the supplements
18 pay if you don't have an HMO, you pay each year you get
19 older. My husband's is \$136 a month, and mine is \$113.

20 So I know, Commissioner Spitzer, you
21 remarked about switching water bills during the pipeline
22 hearing, but I'll switch insurance bills with you for
23 health, because once you're retired, you don't get
24 dental, you don't get vision, and all you get is bills,
25 bills for health insurance.

1 That's all I have to say. Thank you very
2 much, and 88 percent is excessive.

3 CHMN. SPITZER: Thank you very much.
4 Mary Becker.

5 MS. BECKER: My name is Mary Becker, M-a-r-y
6 B-e-c-k-e-r, Sun City West.

7 Thank you for coming out and letting us
8 speak. We very rarely get this opportunity to talk to
9 you and let you know how we feel, and we I think are all
10 very unhappy with the proposed increase.

11 I realize that you have no authority over
12 this, but I personally feel that our utilities should be
13 owned by American companies, and I really resent that
14 any profits are going over to Germany who owns this
15 company now. Now, that's beside the point. I realize
16 that, but --

17 CHMN. SPITZER: My mom feels the same way.

18 MS. BECKER: Pardon?

19 CHMN. SPITZER: My mom feels the same way.
20 We won't get into Germany.

21 MS. BECKER: I'm with your mom.

22 We're looking at an increase in personal
23 property tax so that we can pay for the health care for
24 a lot of immigrants and people who don't have insurance.
25 And I realize we all should be doing some of that, but I

1 don't feel that anyone would buy a company and then turn
2 around and say, "Oh, dear. We need almost 100 percent
3 increase in revenue," and I think they should not be
4 given anything higher than what the rate of inflation
5 was for the years since our last increase.

6 Thank you.

7 CHMN. SPITZER: Thank you very much.

8 June MacDonald, did you wish to speak?

9 MS. MACDONALD: My name is June MacDonald,
10 J-u-n-e M-a-c-D-o-n-a-l-d. I'm married to a Scotchman.
11 He's very adamant about the M-a-c.

12 I'm here on a personal note. I'm a retired
13 banker from the east coast where I was employed for
14 27 years in the Boston area bank. Please note, I worked
15 for the bank; I didn't own one. There's a slight
16 difference.

17 After retirement, we found that our
18 retirement income was not really keeping up with the
19 increase in cost in taxes, real estate taxes,
20 insurances, and even the water bill. So imagine how
21 delighted we were to find Sun City, the Sun City that
22 Del Webb founded so that people in retirement income
23 could live with dignity and comfort for the rest of
24 their days. Now, all of a sudden, everything is
25 increasing. Electricity, gas, and this new water

1 increase is very disturbing.

2 I'm 86 years old, and I'm recovering from a
3 brain aneurysm. My brain surgeon says that I'm a
4 miracle, and I'm a living miracle. And I thank God
5 every day for that, but it's very apparent that I would
6 never have the energy or the stamina to go out and find
7 work to supplement my income. So I'm going to
8 respectfully request to you that you be very considerate
9 when you're thinking about this increase in the water
10 that they want, and think about people like me and a lot
11 of others that live in Sun City.

12 Thank you very much.

13 CHMN. SPITZER: Thank you, Ms. MacDonald.

14 Bill Downey.

15 MR. DOWNEY: Bill Downey, B-i-l-l

16 D-o-w-n-e-y.

17 Let me preface this little thing by saying I
18 wrote this back in July when I first got the little
19 flyer that you sent out, probably on the same day I
20 fired my bank from whatever they were trying to hook me
21 up with.

22 What reasonable explanation can
23 Arizona-American Water Corporation give for asking for a
24 100 percent increase in rates? My current water bill
25 came the same day as this notice was \$22 for the month,

1 in which no one is home, okay? This is in Bellingham,
2 Washington where I wrote this letter. Does this mean
3 that next year's bill for the same time period will be
4 \$31? Granted, \$13 is for the wastewater that
5 Arizona-American nicely makes \$78 profit for for a
6 six-month period when I'm not there because there is no
7 wastewater, okay?

8 Is this a movement to turn Sun City back
9 into the desert that it is? A large majority of people
10 in Sun City will turn off their sprinklers, let their
11 citrus trees, shrubs, and flowers die. Only the cactus
12 may survive. Without plants, trees, the air quality
13 will get worse than it is now, more pollution because
14 there's less oxygen being produced by the plants.
15 Somebody has already tore out the grass.

16 The cost of living in Sun City will
17 dramatically increase. These will increase for the
18 association, rec. centers and golf. All these services
19 are highly dependent on water. As these fees increase,
20 the number of people who can afford to live in Sun City
21 will decrease. As people move away, those who stay will
22 spend less on goods and services. The results are
23 layoffs in local businesses, businesses closing, state
24 getting into the real estate business for foreclosures
25 on tax delinquent properties. Keep in mind that the

1 vast majority of residents in Sun City are on fixed
2 incomes. An increase in 50 percent of water coupled
3 with like increases of other fees associated with living
4 in Sun City will drive a lot of people away, not to
5 mention keeping people from coming to Sun City.

6 Arizona-American Water must think they're a
7 drug company, that socking it to the people is okay.
8 Every company should get 46 percent increase in profits
9 every year. Two years from now, will the residents be
10 faced with a bankrupt water company left behind by the
11 executives who absconded with the funds?

12 Thank you.

13 CHMN. SPITZER: Thank you very much.

14 Tom Roberts.

15 A MALE VOICE: How do you spell the last
16 name?

17 CHMN. SPITZER: Roberts, R-o-b-e-r-, or
18 maybe it's Roberis, R-o-b-e-r-i-s, or t-s.

19 James Treece.

20 MR. TREECE: Good afternoon, Commissioners.
21 My name is James Treece, T-r-e-e-c-e.

22 Not by any means has this matter come to the
23 point that it's here. The Sun City Water is fond of
24 saying, "Well, your water is cheap here in Sun City.
25 Therefore, you should give us more money." And in

1 their literature that they pass out, everything is based
2 on comparisons. Well, you must remember that they
3 acquired all the infrastructure, all the everything, the
4 water rights, everything that Del Webb had set up, and
5 this was complete system, for \$900,000. Now,
6 anything -- when you look to see what their value is,
7 you should look at what they have actually spent on
8 improving that system, and you'll find that it's nowhere
9 near a justification for what they're doing.

10 It also upsets me that we have a German
11 company holding itself out as being Arizona-American,
12 which you would want to stand up and salute the flag
13 when you hear those words, Arizona-American, and you
14 find out it's not your flag, and here it's owned by a
15 company and people who are contrary to us about our
16 foreign affairs. That's a very scary proposition
17 itself.

18 The purchase of water is clearly a purchase
19 by American that we presume was a scheme. Let me
20 explain this. There were two purchases here almost
21 simultaneous. One was by an American company, and then
22 it was followed quickly by a purchase of the American
23 company by the German company. So it seems that this
24 whole thing was really planned as one purchase and that
25 probably part of the reason why was to, for the German

1 company to have an American name.

2 The application in my judgment is premature.

3 This Commission has already granted an application to
4 the water company to create a pipeline, and that is an
5 open-ended expense, and it was never even determined how
6 it would be divided up between the people in Sun City.

7 So with this still pending, it seems to me it's
8 premature to be seeking another additional increase
9 until we know what the last one is because the two of
10 them combined could be disastrous for us.

11 So I would urge the company to defer any
12 decision in the case until there's a final decision on
13 what the last grant by the Commission has cost us.

14 CHMN. SPITZER: Mr. Treece, while there is a
15 pause, Commissioner Mayes had a question for you.

16 COM. MAYES: Yes, Mr. Treece, one issue that
17 came up at another hearing was customer service, and I
18 was wondering, you talked about the foreign ownership
19 and the fact that it's not here, but do you have any
20 thoughts on the customer service that has been provided
21 to you to date by the company?

22 MR. TREECE: Well, I haven't noticed any
23 difference, if that's what you're asking. I don't know
24 that I have had occasion to call on them on service.

25 COM. MAYES: And I would be interested to

1 know from anyone else who comes up here about that.

2 MR. TREECE: I don't have any information on
3 that, but my concern is that whenever we became at odds
4 with this country where these people live, and they,
5 they're in control of our water resources or any of our
6 resources for that matter which would make it very
7 difficult for us to survive let alone win.

8 My, another item is that you will see that
9 there was quite a bit of expense probably incurred by
10 the water company in its efforts to get the pipeline
11 approved, and these expenses and expenses of experts and
12 so forth have been utilized for a thing called the CAP
13 Water Task Force. All these should be questioned or not
14 included at this point. For one thing, it's not been
15 determined that this was an appropriate thing to do
16 anyway.

17 In other words, Arizona-American has been a
18 predatory company, preying on the people of Sun City.
19 And this is not my opinion. This is the opinion of the
20 Court of Appeals judge who ruled in this case who wrote
21 the opinion in the case that involved this water case
22 that led to the pipeline. He stated at the hearing in
23 that case that he believed that the water company had no
24 right to -- and, excuse me, and the rec. centers, they
25 had no right to give their water in exchange for the CAP

1 water, that that was inappropriate and improper. And he
2 has the ruling, the ruling of the appellate court has
3 been that the rec. centers didn't have the right either
4 to enter into that agreement with the water company. So
5 a lot of the things the water company has done here may
6 turn out to be part of a predatory scheme which may or
7 may not be lawful. So that, all that remains to be
8 determined at this point, and again, that would suggest
9 that it's premature to make a decision.

10 Thank you very much.

11 CHMN. SPITZER: Thank you, Mr. Treece.

12 Tom, and it's C-o-t, and I can't tell if
13 it's C-o-t-f or C-o-t-e.

14 MR. COTE: Mr. Commissioner, board members,
15 my name is Thomas Cote, T-h-o-m-a-s C-o-t-e.

16 I've been a resident of Sun City since last
17 July. Prior to that time, I was a full-time RV-er and
18 volunteered out at Lake Pleasant, Maricopa County, since
19 1995. My position was working at the overlook station
20 and giving briefings on the CAP system and the CAP
21 water. I had to go to briefings for the dam out at Lake
22 Havasu and sit down with CAP people to inform the
23 personnel, people coming in from the local area, from
24 all around the world, what the water is used for. I was
25 directed that I must tell them twice as I pointed to the

1 lake that Lake Pleasant is not the water for the people
2 of Phoenix. They get their water from the east side of
3 the city from the reservoirs. This water has a priority
4 for the farmers of Phoenix and Tucson. That's why the
5 whole Central Arizona Project was built.

6 My question is has that priority changed,
7 and now they're going to obtain water from the CAP,
8 because back in 1998 when the previous water company had
9 the water system in the Valley, Peoria and Glendale,
10 there was a water drought, and people from those areas
11 would bring in their water statements and show them to
12 me. Water bills jumped from \$20 a month to \$127 a month
13 in Peoria because they were using CAP water. It is
14 very, very high. The water from the CAP goes to the
15 Indians freely because of the Indian treaty, so they
16 don't pay for the water. Therefore, one of my questions
17 is has the priority changed?

18 Also, when I was consulting with the Central
19 Arizona Project people back in 1998 when I was given
20 this briefing and prior to that time I had to go for
21 updates, there was a plan about 25 to 30 years ago to
22 run pipelines to the Pacific Ocean and bring in water
23 from the ocean and run it through ultraviolet rays and
24 reverse osmosis which would be extremely inexpensive.
25 They do this on Guam, Wake Island, Midway, and all the

1 cruise ships. So instead of buying Central Arizona
2 Project water at a very high rate, why don't they do
3 something like that to bring the rate down?

4 Now, I agree with some of the people here
5 before me, this is going to get out of hand. Once this
6 is passed, they're going to increase it every year and
7 force a lot of the retirement people out of Sun City.

8 This Proposition 414 I disagreed with
9 because I thought everybody in the whole area should be
10 paying for keeping that hospital going. My feelings
11 were they should have raised the sales tax one percent.
12 Then the renters and the illegal aliens, people coming
13 in would also pay for it. So I'm concerned about this
14 getting out of hand and being very high.

15 This 88 percent increase is, it cannot be
16 accepted, what they want to have. And I agree, why
17 would a German company who doesn't want to support us in
18 our efforts right now in Iraq, why should they be given
19 the opportunity to have this large increase. And you're
20 going to force people out that are on a fixed income.

21 Thank you for your time. Do you have any
22 questions?

23 CHMN. SPITZER: Thank you, Mr. Cote. Thank
24 you very much.

25 Paul Santoro.

1 MR. SANTORO: Thank you, Chairman. My name
2 is Paul Santoro, P-a-u-l S-a-n-t-o-r-o.

3 In the past, the regulatory rulings sent
4 down the ACC have been very, very fair. I know your
5 Staff is responsive, friendly, and they always have the
6 information that I've asked for.

7 What I'm here about is not something that is
8 a local issue, but it's a statewide issue. As far as I
9 can determine, and I'm sure that you are aware of it,
10 the arrangement entered into by the Arizona-American
11 Water Company with the Board of Directors of Sun City,
12 Arizona, is absolutely unbelievable, unacceptable, and
13 probably illegal. You are mandated, the ACC, as the
14 regulatory agency for all utilities in the State of
15 Arizona. All regulations concerning utilities proceed
16 through the ACC. Here we have a pipeline arrangement
17 set up between Arizona-American Water Company and the
18 board of a recreation center who should never, never
19 have been allowed to get into the game --

20 CHMN. SPITZER: Mr. Santoro, if I may, we're
21 very scrupulous about the Open Meeting Law --

22 MR. SANTORO: Yes, sir.

23 CHMN. SPITZER: -- and this item was noticed
24 as the Open Meeting dealing with the Arizona-American
25 rate case.

1 MR. SANTORO: Yes, sir, it has to do with
2 rates.

3 CHMN. SPITZER: We obviously want to not
4 stanch discussion, but at the same time, we want to try
5 and confine discussion to that topic that has been
6 legally noticed.

7 MR. SANTORO: I understand.

8 CHMN. SPITZER: There was a pipeline
9 proceeding and there is a proceeding in court. That is
10 not before us and that is not the item that was noticed.
11 Certainly there is a degree of interrelationship, but if
12 you could lend your discussion to the Arizona-American
13 application before us, that would be appreciated.

14 MR. SANTORO: Yes, sir.

15 As far as the rates are concerned, I would
16 think that the Arizona Corporation Commission would
17 limit the rate increases to that of an inflationary
18 increase until such time as this other question has been
19 resolved in the courts. It's a statewide issue, and
20 should be addressed as a statewide issue and this is
21 just a local affair and is not at all justified in any
22 rate increase except inflationary.

23 Thank you.

24 CHMN. SPITZER: Thank you, Mr. Santoro.

25 We have a number of slips signed by

1 individuals who do not wish to speak, but I would like
2 to read their name and comments on the slips.

3 Peggy Hicks, "I really would like to see our
4 water company owned by Americans."

5 Robert Arnold, from Sun City.

6 Joe Pendergrass, "We are on a fixed income,
7 about \$20,000 a year. Please do not raise the rates."

8 Walter Huss, I believe, H-u-s-s, "On a fixed
9 income."

10 Carolyn Sparks.

11 Commissioner Mundell is going to have to
12 help me out on this. Bette Crumrine. Commissioner
13 Mayes has the best eyes in the group here. I have these
14 bifocals.

15 D. L. Sparks, Sun City; George Borsing from
16 Sun City.

17 Bob Borkenkamp, "I would like to hear what
18 justifies the large increase in rates. 81 percent
19 sounds much too high."

20 Don Stockman; Austin and Gloria Smith; Larry
21 Hafeman; and Don Hill.

22 That concludes the slips that I have. Are
23 there any further -- why don't you come forward and make
24 your remarks and then we'll, I'd ask you to fill out a
25 slip.

1 MR. SCHMIDT: My name is Ralph Schmidt,
2 S-c-h-m-i-d-t, and I see a larger question here. First
3 of all, the job of the Corporation Commission is to
4 regulate corporations. A little over a year ago, the
5 water company brought in their proposal to buy Citizens
6 Water. First of all, we have a group here of retired
7 people. On the other hand, we have a German company, a
8 billion dollar company. It owns an English company that
9 owns an American company that bought here. So it stands
10 to reason they have the facilities, they have the men,
11 they have the abilities to scrutinize every purchase
12 they make to the highest extent.

13 The last couple years, the last year, the
14 stock market went down on all these things. If that had
15 an effect on it, I don't know. But they in good faith
16 proposed a price of their own choosing to buy Citizens
17 Water, and at that time, they applied for permission to
18 buy them, and the Corporation Commission okayed that.
19 So now, if that offer was a credible one, it establishes
20 a price at that time. Now, if, I would imagine if it
21 was overpriced to some extent and you don't think the
22 new company could perform as well as the old company, it
23 would be your job to say, "Wait a minute. Something,
24 the figures won't work here. You won't be able to run
25 the operation from year to year from hereafter."

1 Now, my point is that, at that date, a price
2 was established of the value of the company. Now, of
3 course, they are trying to get more water companies all
4 the time. It's their background. But if they're trying
5 to increase their dividends at this time, that increase,
6 80 percent, of course, is ridiculous. I believe
7 20 percent is ridiculous. If they want to increase it
8 and if they actually overpaid, that would be their
9 biggest expense at this time, and interest on the money
10 they had to pay for it, if they overpaid, they should
11 not get any more than 10 percent increase at this time.
12 That would be a maximum that you people should give
13 them.

14 Now, if you decide that you should give a
15 company that was just established a year ago for,
16 because they overpaid or any other reason a 20, 25,
17 30 percent increase, you are starting a precedent that
18 any company that comes before you that buys or acquires
19 a company can throw this in your face that you have done
20 this once, you threw out a 25 percent increase. Once
21 it's started in a product, you can do it again. But the
22 question is once a company comes in here, in a short
23 period of time, it should only get a short consideration
24 for an increase.

25 Now, you asked as. I believe, Ms. Mayes,

1 you asked as far as the difference now in this company
2 and a difference two years ago, let's say. There is a
3 difference, and that is two years ago or three or four
4 years ago, I got involved in water in a very crucial way
5 I thought. There was a water forum about the pipeline,
6 and I asked two or three times sitting right over here,
7 "I'd like to have a copy of the contract." The rec.
8 center would not allow me to have the contract, Sun City
9 tax didn't have it, homeowners, no one had it. And
10 Mr. Jones said at that time, "Come to my office right
11 here on Del Webb, and I can give you one tomorrow." My
12 point is there was a relationship between here and the
13 water company. And the next day I sat there and they
14 said, "We'll mail you one." I said, "I'm retired. I'll
15 sit here until I get one." Two minutes later I got one.
16 It was magic how that worked.

17 But I do believe now if I wanted to do, have
18 any questions, normally, and there have been questions,
19 they have to go through Illinois which is a negative as
20 far as the service as far as I'm concerned, the bills,
21 all the billing. But I believe that the percent
22 increase that you give them here will be a percent
23 increase that all corporations can expect if they buy a
24 company in the future, they will throw that at you. You
25 did it once, you can do it again.

1 CHMN. SPITZER: Commissioner Mundell.

2 COM. MUNDELL: You piqued my interest a
3 little bit there. You said all questions have to go
4 through Illinois.

5 MR. SCHMIDT: Not all, but --

6 COM. MUNDELL: Is there a local contact
7 person here?

8 MR. SCHMIDT: Not really. You cannot pay a
9 bill here, so if you had, if you said, "The numbers on
10 my bill I believe are wrong," and you could be right or
11 wrong, you go through Illinois and back there and
12 everything else. I'm just saying it's a negative that
13 we can live around with, but it's a negative.

14 COM. MUNDELL: No, I think it's a good issue
15 you brought up. That's why I said these are important
16 to have these public comments because we learn things we
17 wouldn't learn sitting in our offices in Phoenix.
18 That's why I was trying to follow up on your statement
19 that there's not a contact person here.

20 MR. SCHMIDT: I imagine there is a contact
21 person for some questions.

22 COM. MUNDELL: Is there an 800 number to
23 call Illinois?

24 MR. SCHMIDT: There probably is, but what do
25 you usually get when you dial an 800 number? Dial three

1 here, press two there, press two. You got the wrong
2 phone, you're back where you started from.

3 COM. MUNDELL: I didn't want to add insult
4 to injury and have you have to make a long distance
5 call. That is why I asked the question. But whether it
6 is an 800 number or 602, you usually have to go one,
7 two --

8 MR. SCHMIDT: If you have one of those
9 phones where you dial here, put it to your ear, put it
10 down.

11 My suggestion to clarify that in your own
12 minds is in the next period of time before you make a
13 decision, call the water company with some question
14 about your water bill or anything else and see what
15 process you personally will have.

16 COM. MUNDELL: Okay.

17 CHMN. SPITZER: Thank you.

18 COM. MUNDELL: We do that anonymously.
19 Believe it or not, a lot of times I will have my Staff
20 call anonymously as a regular customer, whether this
21 company or Qwest or Southwest Gas or APS, to try to go
22 through their process to see what kinds of results we
23 get.

24 MR. SCHMIDT: I believe maybe an overall
25 thing is knowing that all this water in America is being

1 owned shall we say by an English company, what do you
2 believe as a group as they expand is their motive? I
3 mean, is it just a dollar and cents things, or is it
4 control of all the water, and at that time, water can go
5 up like gas can go up or whatever. I think that's
6 something you should look for in the future or evaluate.
7 It's going to happen.

8 CHMN. SPITZER: Commissioner Gleason.

9 COM. GLEASON: Mr. Schmidt, doesn't
10 Arizona-American still have a drive-up window to pay
11 your bill?

12 MR. SCHMIDT: No, no. They have a drop box.

13 COM. GLEASON: There is a drop box where you
14 can drop your money?

15 MR. SCHMIDT: There's a drop box. I may not
16 be right, I would have to check with my wife, but I
17 believe we have it automatically taken out of our
18 checking account. But you can pay a bill many ways.

19 But the other thing is you have a question,
20 shall we say, if you decided that the water meter was
21 stopping you from bringing water in or something like
22 that, there's no clear way to contact them. It's harder
23 to contact people now than before.

24 CHMN. SPITZER: Your testimony is you have
25 to go to Illinois for billing issues?

1 MR. SCHMIDT: Yes.

2 CHMN. SPITZER: Okay. Thank you.

3 Janice Frydendall.

4 MS. FRYDENDALL: My name is Janice,
5 J-a-n-i-c-e Frydendall, F as in Frank, r-y-d as in dog,
6 e-n-d as in dog, a-l-l.

7 I got a little confused when you first
8 started. The piece of paper I have says that they are
9 asking for this increase to make, for the cost of
10 maintaining and operating and testing the water system
11 to provide safe and reasonable drinking water.
12 Mr. Gleason referred to the fact that they were doing
13 this to move the water from one point to another point
14 to another point and the cost of that. That's two
15 different issues, so I don't know why they're asking for
16 this increase, and in my estimation, fair and reasonable
17 has to do with really why they're asking for this
18 increase.

19 If I had a business and my business was the
20 beauty industry, you guys or Ms. Mayes came in for a
21 haircut and I said, "Hey, folks, I'm going to raise my
22 prices because I have to wash down my walls with bleach
23 and I have to repair my equipment and buy new blow
24 dryers and scissors and everything, so my prices are
25 going up 80 percent," you would walk down the street to

1 the next business. You would not come back.

2 I do not have that opportunity with the
3 water company. I have to take their water because I
4 live here. But I do have a choice. When I bought here,
5 I did not sell my motorhome, and I haven't been here
6 that long. So if you do raise these prices, I can get
7 in my motorhome and become a nomad again, and that may
8 be my only choice because I do live on a fixed income.

9 My husband is retired, not retired military;
10 he is disabled military. I am disabled. We live on a
11 fixed income. We can only do so much with our income.
12 When you are on a fixed income, and one of you is
13 disabled or both of you are disabled, you can only do so
14 much. If the prices keep raising, and if you do raise
15 them, they will keep raising, then you have no choice
16 but to leave something that you love dearly. And I do
17 love my home dearly. That's why I bought it. It's
18 beautiful. I have a beautiful backyard. I have lots of
19 birds in my backyard which I love. I came from Kansas.
20 Kansas is a beautiful state. We have beautiful green
21 grass there, lots of trees. I have trees in my
22 backyard. I have no grass because I came to the desert
23 to live in the desert. I do not water a lot. I
24 conserve your water for you. But I love where I live,
25 and I don't want to have to leave, but if you raise my

1 water prices, I may be forced to.

2 Thank you.

3 CHMN. SPITZER: Thank you.

4 Yes, sir.

5 MR. JOHNSON: I would like to clarify
6 something.

7 CHMN. SPITZER: You need to come to the
8 microphone, and you need to identify yourself.

9 MR. JOHNSON: My name is James Johnson,
10 J-a-m-e-s J-o-h-n-s-o-n.

11 I had a mix-up on my water bill. I went up
12 there. They had to call Illinois. Illinois had to
13 straighten it out. Then I paid it and everything was
14 all right. But they can't do nothing for you at that
15 building up there.

16 CHMN. SPITZER: Okay.

17 MR. JOHNSON: The drive-up is only where you
18 put your bill in, and it's no window.

19 CHMN. SPITZER: Thank you for clarifying
20 that.

21 MR. JOHNSON: Okay.

22 CHMN. SPITZER: Thank you very much.

23 Gordon Layden submitted a slip, did not wish
24 to speak, but wrote, "We hear so much about conserving
25 water and yet as I have had the opportunity to fly into

1 Phoenix, there are many, many man-made lakes. In
2 addition, none of the political entities seem to have
3 the courage to say no to thousands of new homes started
4 in the West Valley."

5 Is there anything further? Yes, Mayor.

6 MAYOR HACKBARTH: Thank you. I stepped out,
7 and this is directed to Ms. Mayes.

8 You were worried about customer service. In
9 submitting our legal packet was a bill that came to my
10 home residence of a credit because they do not read the
11 meter. On an average, out of a 12-month period, they
12 probably read the meter eight times. So in that time,
13 depending on when they decide to read it, you could
14 either get a credit because they've overcharged you, or
15 you could come back and as most of the Sun City people
16 that do leave for the summer could come back and end up
17 owing more than what was billed.

18 Customer service is a problem. When I first
19 moved out here and it was Citizens, their office on
20 Del Webb, piece of cake. Didn't have to make a phone
21 call, it was real easy, and now it is very complicated.
22 As a person that is very busy on a day-to-day basis, to
23 sit on the phone for a half hour and wait for a human
24 being and have to ask for an 88 percent increase is not
25 justified.

1 If they get any rate increase, I would also
2 recommend that their customer service level improves
3 300 percent, because the way I see it, it doesn't matter
4 what utility company it is, if it's Qwest, APS, your
5 average length of time on hold is 35 minutes to try to
6 get a problem resolved. And by the time you get that
7 person on the phone, you are getting one that's not been
8 trained, who doesn't understand the system, and you have
9 now an irate customer. And when that customer decides
10 this person can't help me and you ask for a supervisor,
11 you now have a whole line of processes, you can't talk
12 to them, they're busy, blah, blah, blah. If you decide
13 that an increase is needed, I do want to also make it on
14 the record that they perform customer service and open
15 the office back up.

16 Thank you.

17 CHMN. SPITZER: Thank you, Mayor.

18 Yes, ma'am.

19 MS. BECKER: I'm Mary Becker; I spoke
20 before.

21 If you are looking for horror stories, I had
22 to go back right after they bought the water company, I
23 had to go back to Illinois because my sister's husband
24 was dying of a brain tumor and she needed help. I was
25 gone for two and a half months. I had all my mail

1 forwarded to Illinois, and then I had it forwarded back
2 when I got back on Valentine's Day. And there I had a
3 notice that they were going to turn off my water, and if
4 they had to turn it back on, I was going to have to pay,
5 I think it was a \$50 fee or something.

6 So I called them right away and said, "I'm
7 very sorry, but apparently in the mixup, you know, I'm
8 not that late. If you look, I've always paid my bill on
9 time." And they said, "Well, that's too bad, but if you
10 don't pay it, if you're two weeks late, we turn it off."
11 And I said, "There's a lot of retired people here who
12 maybe were in the hospital, you know, they're just a
13 little bit late. If you look at their history and
14 they've always paid their bill on time, why would you
15 automatically shut it off."

16 I got nowhere. That's when I said, "You
17 better debit my checking account because I don't want to
18 have to pay an extra 50 to \$75 to have the water put
19 back on."

20 I don't travel a lot; I can't afford it, but
21 a lot of people do. So if you're looking for customer
22 service horror stories, on top of that, they had my
23 water usage the very same level as it was the year
24 before. I wasn't even home. I wasn't home for two and
25 a half months. And I said, "How can that be?" It is.

1 I said okay. I mean, you can't argue.

2 CHMN. SPITZER: Thank you.

3 Well, I thank you very much. You all have
4 been very patient to listen to your friends and
5 neighbors have their public comment, to have their day
6 in court, and we appreciate that. I'll now ask for
7 closing comments from my colleagues.

8 Commissioner Mayes.

9 COM. MAYES: Mr. Chairman, I would just like
10 to quickly say thank you again for all coming out today.
11 We are honored to be here with you, and again, the
12 discussion that we had here at the end about customer
13 service points up why we do these things, why it's so
14 important that we do these things to hear what's really
15 going on, and that seems to me to be something that
16 ought to be addressed and can be addressed. So again,
17 thank you very much for coming.

18 CHMN. SPITZER: Thank you, Commissioner.

19 Commissioner Gleason.

20 COM. GLEASON: Yes. Again, thank you for
21 everybody that came, especially those that stayed. But
22 we hear loud and clear your, some of your thoughts on
23 increasing price.

24 I think that one of the things that Chairman
25 talked about and I hinted at was the inverted rate

1 system which is there to encourage conservation. And as
2 I listen to people talk about the cost of water, by and
3 large, most people can save money by conservation. It's
4 one of these things that whether you believe it or not,
5 we are in a short water situation here. We're pumping
6 our water. We're using it up. So we need to save
7 water, not only to lower our pumping rates but to save
8 your -- excuse me, your cost of your water bill.

9 I'm done.

10 CHMN. SPITZER: Commissioner Hatch-Miller.

11 COM. HATCH-MILLER: Thank you for this water
12 from Anaheim, California. It's very good, although the
13 stuff from the drinking fountain was pretty good, too.

14 Anyway, I appreciate being here today. I've
15 heard your message. The main message is you feel an
16 80 percent increase is unjust, and you couldn't say that
17 more clearly. I understand there are additional issues
18 today that have been brought up and I appreciate hearing
19 about those as well. If it was up to me, I'd give away
20 water free, but it's not up to me, and the Commission is
21 charged to make sure that we look at every penny that's
22 being spent and used by this water company to provide
23 you with water and wastewater and then come up with a
24 fair rate based upon what it costs them to provide it to
25 you, and we will do that. As I said at the beginning,

1 there is a reason that there is a Commission to regulate
2 the utilities.

3 One of the most important things we do is to
4 make sure that the utilities treat the customers fairly.
5 That's true in rate cases, and it's also been brought up
6 by customers, it's true in providing services. We've
7 had a lot of issues regarding telecommunications, and as
8 my colleagues have pointed out, you don't need a rate
9 case against a regulated telephone company and the State
10 of Arizona to call the Commission if you feel that
11 you're being mistreated or you feel that there are
12 service problems or you wish to have your voice heard
13 because that was the intent of the people who wrote the
14 Arizona Constitution, and it's the reason the five of us
15 serve at the pleasure of the people and stand for
16 election.

17 In terms of this particular case, a few
18 people have brought up an APS rate case. APS has filed
19 an application for a rate increase. It's not a done
20 deal. I have no idea how that case is going to come
21 out. We've just been starting the initial part of that
22 case. That is the same, the same is true of this case.
23 We don't know how it turns out. We really don't know
24 until the final vote. And in fact, the hearing doesn't
25 even start until December 4th. Our Staff has a number

1 of lawyers and accountants who look very, very carefully
2 at every line item in this company's balance sheet to
3 see to it that the rates as the mayor pointed out are
4 just and reasonable.

5 That's our job. We look forward to doing
6 that job, and we thank you very much for your
7 hospitality here in Sun City, and we thank all of you
8 for taking the time out of your day to come and speak
9 before your government. You know, there aren't that
10 many countries in the world where citizens can have a
11 direct input to their government, and for that we should
12 be very grateful, and the five of us are very grateful
13 for your participation.

14 If there is nothing further, we will
15 adjourn.

16 (The proceedings concluded at 2:57 p.m.)

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25

1 STATE OF ARIZONA)
 2) ss.
 3 COUNTY OF MARICOPA)
 4
 5
 6

7 I, DAWNA J. BOSWELL, Certified Court
 8 Reporter No. 50326 for the State of Arizona, do hereby
 9 certify that the foregoing printed pages constitute a
 10 full, true and accurate transcript of the proceedings
 11 had in the foregoing matter, all done to the best of
 12 my skill and ability.

13
 14 WITNESS my hand this 25th day of November,
 15 2003.

16 
 17 _____
 18 DAWNA J. BOSWELL
 19 Certified Court Reporter
 20 Certificate No. 50326
 21
 22
 23
 24
 25

Attachments

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-12-2003 Telephone No. 623-933-8286

Name Bryan Hackbath - Mayor of Youngtown

Street Address 12030 Clubhouse Sq.

City Youngtown State AZ Zip 85363

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-12-03 Telephone No. 603 933-0966

Name Bonnie A. McDonald

Street Address 10302 W. Camelback Ave

City San Lita State AZ Zip 85351-4712

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11/13/03 Telephone No. 623/972-9151

Name GENE ZYKOSTRA

Street Address 9501 CEDAR HILL CIR

City SUN CITY State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-12-03 Telephone No. 623 933 8286

Name Mark Fooks

Street Address 12030 Clubhouse Square

City Youngtown State AZ Zip 85363

I WOULD like to speak.

I do NOT want to speak.

Comments: Town Manager

ARIZONA CORPORATION COMMISSION

Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11/12/03 Telephone No. 623 875-0754

Name PEGGIE HURSTON

Street Address 10520 W DEETIHO DR

City Sun City State AZ Zip 85373

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION

Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11/12/03 Telephone No. 623-972-8960

Name KAYMOND DARR

Street Address 10725 CHEWEN DR

City SUN CITY State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-12-2003 Telephone No. 623-876-1137

Name George L. Morgan

Street Address 9610 W. Appaloosa Dr.

City Sun City State AZ Zip 85373

I **WOULD** like to speak.

I do **NOT** want to speak.

Comments: I would like to comment on the lack of justification for a rate increase, and the misleading information on AZAUC's reimbursements.

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-12-03 Telephone No. 623-815-8928

Name Catherine Mullane

Street Address 13229 N. 108 Ave

City Sun City State Arizona Zip 85351

I **WOULD** like to speak.

I do **NOT** want to speak.

Comments: Signed petition from fellow

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-12-03 Telephone No. 623-975-1037

Name MARY BECKER

Street Address 13111 W. SEVILLE

City SUN CITY WEST State IL Zip 85375

I WOULD like to speak.

I do NOT want to speak.

Comments: General

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-13-03 Telephone No. (623) 933-3199

Name Agnes Cula

Street Address 9607 W Pennington

City Sun City State Az Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 12 Nov 03 Telephone No. 623 977-0226

Name Bill Downey

Street Address 11202 W Pueblo Ct.

City Sun City State AZ Zip 85373

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-12-03 Telephone No. 623 933 0966

Name JUNE MacDONALD

Street Address 10302 W. Cinnabar Ave

City SUN CITY State AZ. Zip 85351-4712

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11/13/03 Telephone No. (602) 933 8466
Name James Treece
Street Address 12651 N. Pebble Beach Dr
City SUN CITY State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-12-03 Telephone No. NOV PUP.
Name TOM ROBERTS
Street Address 10231 CUMBERLAND DR.
City SUN CITY State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 12 NOV 2003 Telephone No. 623-974-4592

Name PAUL SANTORO

Street Address 9723 W. INDIAN HILLS DR.

City SUN CITY State AZ Zip 85357

I WOULD like to speak.

I do NOT want to speak.

Comments: ACC CHARTER VIOLATION

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11/13/03 Telephone No. 623-972-7622

Name TOM COTE

Street Address 10716 W. WELK DR

City SUN CITY State AZ Zip 85373

I WOULD like to speak.

I do NOT want to speak.

Comments: CAP WATER PRIORITIES

ARIZONA CORPORATION COMMISSION

Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-12-2003 Telephone No. 623-876-1983

Name JANICE FRYDENALL

Street Address 11030 MOUNTAIN VIEWS

City SUN CITY State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: Comments from the platform and those in the material
provided have me confused as to the real reason for the rate hike?
movement of water - providing safe water, repairing systems, or buying their Co.?
**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION

Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-12-03 Telephone No. 623 583 3277

Name Georg Borrmann

Street Address 17827 N. Rosewell Blvd.

City Sun City State AZ Zip 85373

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11/12/03 Telephone No. 972-5772
Name Austin + Gloria Smith
Street Address 10050-C Royal Oak Rd
City San City State Ariz Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: No increase in bill.

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11/12/03 Telephone No. 635 935 6699
Name LARRY HAFEMAN
Street Address 12547 W SENECA DR
City SUNCITY State AZ Zip 85375

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date BOB BOEKENKAMP Telephone No. 623-933-3652

Name 11/12/2003

Street Address 16230 N. 111TH AVE

City SWD CITY State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: I WOULD LIKE TO HEAR WHAT JUSTIFIES
A LARGER INCREASE IN RATES - 31% +/- SOUNDS MUCH

**** THREE MINUTE SPEAKING LIMIT **** TO HIGH

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11.12.03 Telephone No. 876-0455

Name DAN STOCKMAN

Street Address 10023 SHASTA DR

City SWD CITY State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date BOB BOEKENKAMP Telephone No. 623-933-3652

Name 11/12/2003

Street Address 16230 N. 111TH AVE

City SUN CITY State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: I WOULD LIKE TO HEAR WHAT JUSTIFIES
A LARGER INCREASE IN RATES - 81% +/- SOUNDS MUCH

**** THREE MINUTE SPEAKING LIMIT **** TO HIGH

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11.12-03 Telephone No. 876-0455

Name DON STOCKMAN

Street Address 10023 SHASTA DR

City SUN CITY State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11/12/03 Telephone No. 623-877-7420

Name Gordon Lander

Street Address 10013 W Highland Lane

City Sun City State AZ Zip _____

I WOULD like to speak.

I do NOT want to speak.

Comments: We hear so much about conserving water and
yet as I have had the opportunity to fly in to Phoenix there are
many many, many more make hikes. In addition, none of the political entities are
to have the courage to say no to the thousands of new homes that are
being built in the valley.

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-12-2003 Telephone No. 623-977-6605

Name Ruby Wells

Street Address 10722 Cumberland Dr

City Sun City State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: After a prolonged absence,
I needed to further my knowledge on issue.

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-12-2003 Telephone No. 623-933-8286

Name Jamie Beck Vice Mayor of Youngtown

Street Address 12030 Clubhouse Sq.

City Youngtown State AZ Zip 85363

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

**** THREE MINUTE SPEAKING LIMIT ****



ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-12-03 Telephone No. 623-583-2665

Name Bett Crumrine

Street Address 10541 - Cumberland

City Sun City State AZ Zip 85357

I WOULD like to speak.

I do NOT want to speak.

Comments: Why the "raise increase" so soon after acquiring the business - Did NOT evaluate the prospective revenues? "

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11/12/13 Telephone No. 942-0335

Name D. L. SPARKS

Street Address 10437 W. Brookside Dr

City Sun City State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-12-03 Telephone No. 972-2335

Name CAROLYN SPARKS

Street Address 11437 W. BROOKSIDE DR

City SC State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date Nov. 12, 03 Telephone No. 623/876-1528

Name Walter Huss

Street Address 9403 Hidden Valley Circle

City SC State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: on a fixed income

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11/12/03 Telephone No. 623-977-8063

Name ROBERT ARNOLD

Street Address 17289 N. DEL WATERS BLVD

City SUN CITY State AZ Zip 85373

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11/12/03 Telephone No. 623-977-7897

Name Joe Pendergrass

Street Address 9520 Hidden Valley Cir

City SUN CITY State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: We are on a fixed income (about \$20,000
A yr.) please do NOT Raise The Rates

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date 11-12-03 Telephone No. 977 8577

Name Don Hill

Street Address 10579 W. Kels

City SO State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: _____

**** THREE MINUTE SPEAKING LIMIT ****

ARIZONA CORPORATION COMMISSION
Information for Public Comment Meeting

PLEASE PRINT CLEARLY

Date PEGGY J. HICKS Telephone No. 623-583-938

Name 11/12/03

Street Address 10455 SUTTERS GOLD

City SUN CITY State AZ Zip 85351

I WOULD like to speak.

I do NOT want to speak.

Comments: I REALLY WOULD LIKE TO
SEE OUR WATER Co. OWNED BY