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1 BE IT REMEMBERED that the above-entitled and
2 numbered matter came on regularly, to be heard before the
3 Arizona Corporation Commission at the Maricopa Wells
4 Middle School, 45725 West Honeycutt Avenue, Maricopa,
5 Arizona, commencing at 6:30 p.m., on the 1st day of
6 December, 2009.

7

8 BEFORE:

9 KRISTIN K. MAYES, Chairman
10 GARY PIERCE, Commissioner
11 SANDRA D. KENNEDY, Commissioner
12 BOB STUMP, Commissioner

11

12

13 ALSO PRESENT:

14 CITY OF MARICOPA CITY COUNCIL
15 MAYOR ANTHONY SMITH
16 VICE MAYOR BRENT MURPHREE
17 COUNCILMEMBER MARVIN BROWN
18 COUNCILMEMBER CARL DIEDRICH
19 COUNCILMEMBER JOE ESTES
20 COUNCILMEMBER EDWARD FERRELL
21 COUNCILMEMBER MARQUISHA GRIFFIN

18

19 RESIDENTIAL UTILITY CONSUMERS OFFICE
20 MR. WILLIAM A. RIGSBY

20

21

22

23 KATHERINE A. McNALLY
24 Reporter

24

25

1 (Proceedings commenced at 6:00 p.m.)

2 CHMN. MAYES: Let's go on the record.

3 Ladies and gentlemen, again, I'm Kris Mayes,
4 I'm the chairman of the Arizona Corporation Commission.
5 And I -- let me just go through a few preliminary items
6 while we're waiting for folks to sit down.

7 What we're going to do is take public comment
8 in this matter. And we are, of course, here for a Public
9 Comment in the matter of the Application of Global
10 Water - Palo Verde Utilities Company, Docket Number
11 SW-20445A-09-0077, for the record.

12 And what we're going to do is take public
13 comment. And we'll -- what I will do is I'll call one
14 person up first, and then I'm going to call one person to
15 be on deck. So if your name is called, please just be
16 ready to come forward and provide a public comment.

17 We have quite a few folks who want to speak
18 tonight, so I really don't like doing time limits, but if
19 you could try to limit your comments to maybe three or
20 four minutes, that would be helpful. And if somebody
21 before you has said something that you wanted to say, you
22 can feel free to say, Hey, you know, my comment has been
23 made. But we will be here as long as you want us to be
24 here and as long as it takes to take in all the public
25 comment.

1 So with me tonight -- if you could just take
2 your seats, that would be great.

3 With me tonight are Commissioners Gary Pierce,
4 to my right, and Commissioner Sandra Kennedy, to my left.
5 Joining us, as well, tonight, will be Commissioner Bob
6 Stump. I think he's still making his way, maybe got
7 caught up on the railroad tracks -- which is also,
8 interestingly enough, a matter we have dealt with in the
9 past. And we are responsible for railroad safety, as
10 well, in the State of Arizona, as many of you know, so our
11 apologies, but we're trying to make that crossing there
12 safer.

13 Let me start by saying thank you, very much for
14 coming tonight. This is a fantastic turnout. I've been
15 on the Commission for six years, and this has to be in the
16 top five most well-attended public comment sessions I've
17 ever been at, so --

18 (Applause.)

19 CHMN. MAYES: Maybe even the top three, so...

20 I know this is a very difficult topic. I've
21 been reading the articles in the newspaper and -- in the
22 newspapers about this case.

23 I wanted to just say a few words, before we get
24 started, about the Commission's process, for those of you
25 who are not familiar with it. Your Corporation

1 Commission -- and we are yours, you voted for your
2 commissioners, we are a statewide elected body -- that,
3 basically, if you're from another state, we are the
4 Arizona's version of the Public Utilities Commission.

5 And we are responsible for regulating the
6 utilities for the state of Arizona. And whenever a
7 utility like Global Water comes forward and wants a rate
8 increase, they have to come to us. They, basically, have
9 to put on a case.

10 We have a proceeding, a very formal proceeding,
11 at the Corporation Commission, which is very much like a
12 trial. The Commissioners sit as the ultimate judges in
13 this case, but an Administrative Law Judge hears the case
14 in the first instance. And evidence is put on, witnesses
15 are put on the stand, witnesses are put under oath -- so
16 the company will be required to put witnesses on the
17 stand; they'll be under oath. Our Staff puts witnesses on
18 the stand that are also under oath; as does the
19 Residential Utility Consumers Office, which is the office
20 that is responsible for representing ratepayers in these
21 cases.

22 And do we have representatives from RUCO here
23 tonight?

24 MR. RIGSBY: Commissioner Mayes.

25 CHMN. MAYES: Over here, okay.

1 Mr. Rigsby is here from RUCO. Bill Rigsby is
2 representing RUCO.

3 And so all of those what we call "parties" and
4 any other intervenors -- and anybody in this room, if you
5 really wanted to -- could intervene in our cases and come
6 to the Commission and put on evidence and participate in
7 these cases.

8 That process will go forward. There will be a
9 hearing. The Administrative Law Judge, based on the
10 evidence provided in the record, will issue what's called
11 a Recommended Opinion and Order -- sometimes referred to
12 as a ROO -- and that's what comes to the commissioners for
13 our final determination.

14 We also do public comment sessions, and these
15 are extremely important to us. I have never been to a
16 single public comment session that I didn't learn
17 something very important, and we use these public comment
18 sessions to gather information and to ask good questions
19 in the cases.

20 I will be sitting on the bench when this case
21 is heard -- I'm pretty sure my colleagues will, as well --
22 asking questions based on information that I get tonight
23 and information in the record throughout the case.

24 You see here we have a court reporter, she is
25 one of the best. And she's taking verbatim notes of

1 everything that is said tonight, so this will be
2 available. It will be available to the Commissioner who
3 is not here tonight. Commissioner Newman is out of the
4 country right now, but he will be -- he will have access
5 to this record.

6 So tonight is a very important night, and I
7 want you to know that we take this case very seriously.
8 We understand how much interest and, frankly, controversy
9 it has stirred in the community, and we will be listening
10 very, very, very closely to what you have to say tonight.

11 We also understand that these cases are coming
12 at the worst possible time in our economy, and for
13 families and communities, with the recession that we're
14 facing.

15 So with that said, I want to turn it over to my
16 colleagues for any introductory remarks. And I have
17 filibustered just long enough for Commissioner Stump to
18 get here.

19 So Commissioner Pierce, would you like to say
20 something?

21 COM. PIERCE: Sure. It is a pleasure to be
22 here. This is one of the larger hearings I've been to.
23 We had a pretty large one in Yuma about eight months ago,
24 where the Fire Marshall actually told us he was going to
25 shut us down if we didn't clear half the people out, and

1 so we took an intermission and we had been into it an hour
2 and a half already so a lot of folks had pretty much made
3 their -- heard their piece, knew where we were headed,
4 what was going on, and we know what will happen, too, is
5 that there'll be more places to sit as time goes on.

6 The best thing about being in the commission as
7 we come to these is we're pretty much certain we're going
8 to have a place to sit down so I appreciate that.

9 One thing that Commissioner Mayes didn't speak
10 about is if someone has major comments, you are a hero to
11 everybody out here -- we'll stay as long as you want --
12 but everybody out here really, you will see, as time goes
13 on, that you want things said, you want them concise, you
14 want them short, so that you get your chance, because if
15 you're on the back end of this hearing, it gets to be long
16 for you.

17 We're kind of immune to it. We're used to
18 being through these things to the end, and actually for
19 me, I'm going to Yuma after this meeting, so I'm going a
20 little farther. But I know the shortcut, so I'll be
21 there -- I knew the shortcut when it was dirt -- some of
22 you did too, I'm sure.

23 Well, anyway, it is a pleasure to be here.
24 Thank you for coming out. And I know you're interested in
25 this; it affects you. We all pay these same bills as you

1 do, just in some other municipality or from some other
2 utility, so we know exactly what you're going through.
3 And we've had enough experience looking at these to know
4 that which is legitimate, that which is maybe not, and we
5 do take a hard look at these things. So thank you for
6 being here.

7 CHMN. MAYES: Commissioner Kennedy?

8 COM. KENNEDY: Thank you, Madam Chairman.

9 Thank you, Madam Chairman. Can you hear me?

10 Okay, yes, you can hear me.

11 If I could, Madam Chairman, I would like to
12 acknowledge Councilwoman Marquisha Griffin, tonight, and
13 Councilman Marvin Brown. If you would stand, at least,
14 and be acknowledged tonight, I'd appreciate it.

15 (Applause.)

16 COM. KENNEDY: Madam Chairman, I would also
17 like to thank everyone for coming out tonight.

18 We've had meetings all over the state; very
19 seldom do we see a crowd such as tonight, and I am glad to
20 see you. I will be very attentive tonight to listen to
21 you. My silence does not mean that I am not listening,
22 but I am here because I care, and I want to hear from
23 you.

24 For those of you who have sent me e-mails, I
25 have asked that those e-mails be docketed to the case, so

1 that they are part of the record.

2 And again, thank you for coming out to share
3 your concerns and your thoughts. Thank you.

4 CHMN. MAYES: And we -- I think we also have
5 Mayor Anthony Smith, here, as well, and the Vice Mayor
6 Murphree.

7 And who else do we have?

8 MAYOR SMITH: My full council is here.

9 CHMN. MAYES: The entire council -- so Mayor
10 Anthony Smith, Councilmember Joe Estes, Councilmember Carl
11 Diedrich, and Councilmember Marquisha Griffin -- and who
12 am I missing?

13 MAYOR SMITH: Edward Ferrell.

14 CHMN. MAYES: Oh, indeed. Okay. So, and I --
15 we'll give each of you an opportunity to speak, if you'd
16 like to take it. So we'll do that in a few minutes.

17 And before we do that, Commissioner Stump?

18 COM. STUMP: Yeah. Thanks, so much, Madam
19 Chair. I apologize for being late, I was fighting for a
20 parking spot, and my GPS system was sending me in the
21 wrong direction.

22 But I'm delighted to be here tonight and see
23 this level of civic participation. I mean it's just a
24 really incredible turnout, and I think the biggest
25 turnout, at least, that I've ever seen, since I've been on

1 the Commission since January.

2 This is a tremendously important case --
3 needless to say, in this economy, I think it's more
4 important than ever that we get out of our offices and
5 hear from you. And that's certainly our purpose here
6 tonight. And we've set aside this evening to listen to
7 you; it's your time to speak. And I'm looking forward to
8 hearing from each of you, and making careful note of your
9 concerns.

10 And so again, I just wanted to thank each and
11 every one of you for coming out tonight, and I look
12 forward to hearing your thoughts. Thanks.

13 CHMN. MAYES: Thank you, Commissioner Stump.

14 We will go ahead and begin with Mayor Smith, if
15 you would like to make a few remarks; and we'll go to
16 other councilmembers. And then we'll go directly to the
17 public comment.

18 Just so everybody knows, this is not a night
19 where the Company will be allowed to speak, or any other
20 formal party in the case. This is your night.

21 So Mayor Smith?

22 MAYOR SMITH: Thank you, Madam Chairman, and
23 Commissioners. Welcome to the City of Maricopa.

24 The City of Maricopa started, as a corporation,
25 in 2003, with around 1,500 people; and it now has grown to

1 somewhere around 40,000 people. Along with the growth,
2 amazing growth, comes a number of other challenges --
3 challenges in infrastructure, as you well know. You are
4 very acquainted with our road transportation system, and
5 as it also pertains to the Union Pacific Railroad.

6 But, in addition to that are challenges in
7 regards to the infrastructure with utilities, underground
8 pipes, electric transmission -- all of these items are a
9 challenge to a growing city. As we continue to grow, it's
10 imperative that there is, in addition, a balance of
11 healthy utilities and a quality of life that the citizens
12 demand and are required to have that type of system that
13 will deliver a quality product at a reasonable price.

14 Last evening the City Council met and passed a
15 resolution, Resolution Number 0966. I've provided copies
16 of that resolution to you, and I will read the preamble
17 for the sake of time.

18 "A resolution of the Mayor and City Council of
19 the City of Maricopa, Arizona, requesting relief from a
20 rate increase proposed to the Arizona Corporation
21 Commission by the Santa Cruz Water Company and Palo Verde
22 Utilities - Global Water in Rate Case Docket
23 Numbers W-03576A-09 and SW-03575A-09 and declaring an
24 emergency."

25 Now, the declaring an emergency is a clause

1 that the City Council understands was necessary in order
2 for me to have this enacted to be able to read it to you
3 tonight. So as you see, if you would read the rest of the
4 resolution, it's very pointed in its comments.

5 And my full council, as I said, has joined me
6 here at this meeting, but as a mayor, I read these remarks
7 to you; but as a private citizen, I want to add just a
8 couple points -- a couple points that, in my observation
9 from being on the City's Planning Commission and now as
10 its mayor, I believe that we need to emphasize more in
11 conservation.

12 I think that the water use, as we know it
13 today, is not sustainable. I believe that we need to have
14 in a -- this rate case additional incentive to reward
15 customers who will take the effort to conserve water. For
16 that, I have a couple points I want to share.

17 I support Global Water's efforts to expand the
18 existing three-tier rate system to six tiers and encourage
19 consumer conservation.

20 I recommend extending the rebate threshold of
21 7,001 gallons per month to a 7,800 gallons per month to
22 allow a higher percentage of consumers' eligibility for
23 conservation savings.

24 I recommend expanding the Rebate Threshold
25 System to model commercial usage and encourage

1 conservation from the commercial class of users.

2 In regards to planning for the future, as I
3 stated, I do not believe if we continue to design
4 developments and have planned area developments in the
5 character that we have them today, it will not be wise for
6 this area or sustainable for the future.

7 Therefore, I request the ACC set rates to
8 support the area's future growth by making rates
9 compatible and competitive with regional rates.

10 I request the ACC "right-size" Global Water's
11 rate of return so as not to handicap economic development
12 and future expansion opportunities.

13 For sustainability purposes, our own City
14 Planning Department is now examining open space
15 requirements, site design, and landscaping requirements,
16 to help manage our limited water resources.

17 Thank you.

18 (Applause.)

19 CHMN. MAYES: Mayor and Councilmembers, if you
20 can fill out slips afterwards, that would be great. We
21 have got to have that for our court reporter.

22 And then any other councilmember who wants to
23 come forward -- I don't have speaker slips -- but please
24 come on forward if you would like to.

25 VICE MAYOR MURPHREE: For the record, my name

1 is Vice Mayor Brent Murphree.

2 My comments, first off, are welcome to the
3 Corporation Commission, and we so appreciate you coming
4 out and hearing us, additionally, as you come up here to
5 speak. And my -- I think my second comment is directed
6 towards those people who, unfortunately, are behind me.

7 This is an amazing crowd, and I encourage you
8 to participate like this at every opportunity. This is
9 part of that informed discourse that we need to be
10 partaking in, and this issue is obviously a hot topic
11 issue. We need to make sure that, first off, the citizens
12 are heard; and then also that what happens is it's fair
13 and balanced in this process.

14 And my last comment is that, unfortunately,
15 this is absolutely the wrong time for this increase.

16 Thank you.

17 (Applause.)

18 CHMN. MAYES: Any other members of the
19 Council? Please come on forward.

20 MS. GRIFFIN: Good afternoon, Madam Chairman,
21 and members of the Commission. Welcome to Maricopa, and
22 we greet you with a wonderful crowd here.

23 I just have a few remarks, with regard to
24 tonight's discussion. I would like to thank you, again,
25 for the opportunity to speak. And I stand before you,

1 here, as a councilmember, speaking on behalf of the
2 citizens of Maricopa, and also as a resident here.

3 I do not support any type of rate increase at
4 this time. Consumers are already facing foreclosures in
5 record numbers.

6 (Applause.)

7 MS. GRIFFIN: Consumers are already facing
8 foreclosures in record numbers, have been hit with utility
9 increases already in our community, and many have lost
10 their jobs -- or if they still have a job, some have
11 forgone merit increases, taken furlough days, or have
12 taken -- have been forced to take pay deductions and are
13 struggling to make ends meet.

14 One of the many reasons Maricopa residents
15 moved to this great city is because it was cheaper to do
16 so.

17 If utility companies continue to be allowed to
18 rob citizens and business owners of the right to the
19 quality of the life they moved here for, soon we will all
20 be known -- we will be known as a ghost town, a community
21 filled with vacant homes because families and business
22 owners will be forced to relocate to areas of the valley
23 that they can afford, because Maricopa will no longer be
24 affordable -- be an affordable place to live and do
25 business.

1 In fact, we are already seeing that. We've
2 heard stories of homeowners whose utilities have --
3 utility bills have been -- were half of where they're --
4 they're paying in their mortgage bills. Also, two income
5 home families that no longer -- that can no longer make
6 ends meet because most of their income is being spent on
7 utilities; business owners who have allowed residents to
8 seek shelter in their businesses because the family's
9 utilities were shut off.

10 There are many other stories and I don't want
11 to re-tell any of -- anyone else's story, because I know
12 you will hear of many of them tonight.

13 But my own personal story is this: My family
14 has done everything we know to do to conserve water and
15 energy, as I feel it is my personal responsibility to
16 teach my kids and to do so myself, and still I feel the
17 pain like everyone else here.

18 (Applause.)

19 MS. GRIFFIN: To some, 30 or 40 dollar
20 increases may not seem like much, but for others it's a
21 tank of gas that will get them to and from work. It is
22 just enough to -- for them to buy the basic items at the
23 grocery store -- eggs, bread, milk, cheese, and lunch meat
24 for their families; diapers for some for their children;
25 formula for their children; or lunch money for their kids

1 for the week.

2 If a rate increase is approved, not only will
3 citizens be paying more to Global, but I suspect the
4 homeowners will -- HOAs will -- will suffer as well and
5 will be forced to transfer the costs onto citizens --
6 another burden that they will have to endure.

7 (Applause.)

8 MS. GRIFFIN: And lastly, I leave you with
9 this: I hope that the voices you hear tonight will move
10 you to consider the impact this would have, personally, on
11 families' budgets and individual businesses in our
12 community.

13 Thank you, again, for your time and
14 consideration of my opinion, and of all of those that are
15 behind me.

16 (Applause.)

17 CHMN. MAYES: Thank you, Councilmember Griffin.

18 MS. GRIFFIN: Thank you.

19 MR. DIEDRICH: For the record, my name is Carl
20 Diedrich, and I am a member of the Maricopa City Council.

21 Madam Chairman and esteemed Commissioners,
22 thank you for being here tonight. Obviously, this is a
23 very important topic.

24 I am here today to represent the residents of
25 Maricopa as one of their elected officials. The case

1 before you highlights the most significant issues facing
2 our city -- it deals with finances, it deals with jobs, it
3 deals with partnerships, it deals with economic
4 development. The breadth of the impact of this rate case
5 can be seen in the sheer volume of data and information
6 that they've sent to you.

7 I do not stand here today, wishing to tell you
8 what to do -- in fact, I don't want that job. I think you
9 have quite a daunting task ahead. The great people of
10 Arizona have placed in you the responsibility necessary to
11 make this decision. Much has been discussed and much has
12 been published recently about what we are facing with the
13 potential rate increase from Global Water. While we can
14 debate the numbers, I will tell you today any rate
15 increase is too much.

16 (Applause.)

17 MR. DIEDRICH: When I volunteered for our local
18 food bank two years ago, there was 15 to 20 families that
19 would come weekly to pick up food. At Thanksgiving, they
20 fed over 200 families. We simply don't have any more
21 money to give anybody. There is not enough money in our
22 community right now to cover a rate increase like this.

23 Ultimately, it is the responsibility of
24 everybody to make our community better. Residents,
25 elected officials, businesses, local utility partners --

1 we all have to commit to doing more.

2 I stand here today as a resident, and I ask my
3 neighbors to do everything that they can from a
4 conservation standpoint. We live in a desert, and water
5 is a precious resource that should not be wasted.

6 I agree with Global Water's tiered structure
7 plan, but I would like to see it go further. I would like
8 to see Global Water make plans and guidelines clearly
9 available on their web site and in their bills, and have
10 people available to help residents write plans and
11 conservation guidelines that can be implemented at little
12 to no cost. I know they are doing some of this, but we
13 have to be aggressive.

14 I challenge our residents to contact Global
15 Water for -- and ask for help in understanding water usage
16 and how they can do their part.

17 I stand here as a city councilman. I challenge
18 my colleagues to take significant measures to reduce the
19 impact of all utility charges on our residents. We
20 collect franchise fees from Global Water. I suggest timed
21 rebates to those fees, back to our residents based on
22 their ability to conserve. I also suggest that we look at
23 removing sales tax from all utilities for the next six
24 months to a year until our economy is --

25 (Applause and cheers.)

1 MR. DIEDRICH: I stand here as a customer of
2 Global Water. We need better customer service from that
3 company.

4 (Applause and cheers.)

5 MR. DIEDRICH: As I have sat in meetings with
6 Global Water officials, the impact the rate increase was
7 only -- has, was only exacerbated by certain flaws of
8 service that have impacted our community. Our residents
9 are good people, and they need compassion and
10 understanding right now. Times are tough and families
11 face utility shutoffs, foreclosures, lack of money for
12 Christmas presents, increase in gas prices, job losses,
13 and everything.

14 But I also ask our residents to remember the
15 people that work at Global Water are also our neighbors.
16 We must have passion, but we can't be villainous.
17 Everybody has to work together.

18 I stand here as an Arizonan. I ask you, the
19 Arizona Corporation Commission, to find balance and equity
20 in your decision. We are all in this together. And I
21 urge everybody to realize that none of us is as smart as
22 all of us together. Working together we can get through
23 these difficult times, but we have to do our part to make
24 those things happen.

25 Thank you.

1 (Applause.)

2 CHMN. MAYES: Thank you, Councilman Diedrich.

3 MR. ESTES: Good evening, Madam Chairman,

4 Members of the Commission. I'm Councilman Joe Estes.

5 I am grateful for you guys to come out this far
6 to Maricopa to hold a public hearing like this, to listen
7 to the voice of the citizens. And it's that reason why --
8 why I'm here tonight, is to represent those citizens who
9 elected me on the city council, and to say that, in
10 conjunction with some of the members of the council, that
11 I'm opposed to any rate increase at this time.

12 (Applause.)

13 MR. ESTES: I understand the difficulties that
14 Global Water is facing. They put in a lot of
15 infrastructure, and now they're requesting that we pay for
16 it. Those weren't our decisions.

17 (Applause.)

18 MR. ESTES: We've had the same issues with our
19 electric company. Unfortunately, the Commission doesn't
20 regulate that utility --

21 (Applause and cheers.)

22 MR. ESTES: Anyway, I was going to say for the
23 record, I wish we did regulate them, but --

24 (Applause.)

25 COM. PIERCE: For the record, I wish you did

1 too.

2 MR. ESTES: We saw almost a 30 percent rate
3 increase on our electric bills without a notice.

4 (Applause and calls of "yeah".)

5 MR. ESTES: We are facing substantial financial
6 hardship here in Maricopa.

7 And I posed this question last night at the
8 council meeting when we were discussing this resolution
9 that was passed. And the issue comes down to, you know,
10 Global Water has raised the argument, Well, we -- we need
11 to have the money to attract capital so we can continue
12 developing for economic development.

13 My argument is, There's not going to be any
14 business to come out here to put -- to require any of
15 these infrastructure needs because they're going to go
16 somewhere else where it's cheaper for them.

17 (Applause and calls of "right".)

18 MR. ESTES: This increase is going to have a
19 significant negative effect on our economic development.
20 We're going to lose residents. Residents are going to
21 move.

22 I posed the question, What is there that's
23 going to attract businesses and residents to the city of
24 Maricopa as opposed to Chandler, Gilbert -- other towns in
25 the Phoenix Valley? We have a long commute, you've

1 witnessed that tonight. I go through that commute every
2 day, like the majority of our residents here. We have
3 high property taxes. Our property taxes are higher here
4 than they are in Maricopa County. We have significantly
5 higher electric rates, and now they want to raise our
6 water rates.

7 So what are we going to do to attract more
8 businesses, to attract residents to the city of Maricopa?
9 Because it's no longer become less expensive to live here
10 in the city of Maricopa like it used to be. That was one
11 of the main attractions.

12 I request that when the Commission takes this
13 under advisement and makes the ultimate decision, that you
14 take the comments that are made here tonight and you look
15 at those. I understand -- and we -- we need to have a
16 financially viable water company, but not at -- with no
17 rate increase at the same time. There's got to be other
18 means of taking care of these issues.

19 And I -- I ask you not to look at the -- I
20 think it's a red herring that Global Water is throwing out
21 all of these arguments with regard to conservation -- this
22 is a conservation attempt.

23 This is a rate increase.

24 (Applause.)

25 MR. ESTES: Not once have I seen Global Water

1 send out any information to the residents on proper
2 watering techniques and conservation techniques for this
3 area.

4 Global Water issued certificates stating that
5 there was 100 years worth of water for every development
6 that came in here, and now they're touting that they need
7 conservation and we don't have the water.

8 MALE SPEAKER: That's right.

9 MR. ESTES: Why did they issue those
10 certificates?

11 (Applause.)

12 MR. ESTES: There are many other ways that we
13 can look at taking under advisement conservation
14 methods -- and I agree, we need to conserve. But that's
15 not what this is -- that's not what this rate increase --
16 this proposal to the commission is. It's a rate increase
17 and I ask you to look at it at that.

18 Thank you for coming tonight.

19 (Applause.)

20 CHMN. MAYES: Thank you, Councilman Estes.

21 And are there any other Councilmembers that
22 have not spoken that want to?

23 Okay. Let's go ahead and get started.

24 And I'm going to start with Cynthia Morgan.

25 And after Cynthia, Christian Price.

1 (Applause.)

2 CHMN. MAYES: And then folks, I know you want
3 to clap, and I hate, you know, cutting down on that, but
4 we do have a lot of folks who need to speak. So if we
5 could just sort of hold the applause a little bit, that'd
6 be helpful. And I apologize for that, but we really want
7 to move through the speakers and get through everybody.

8 Go ahead.

9 MS. MORGAN: First of all, thank you so much
10 for coming tonight. And I want to thank our city council
11 for being involved and being behind us. You guys are
12 terrific. Thank you, so much.

13 (Applause.)

14 MS. MORGAN: I'm here as -- we started a
15 coalition called "Stop Global Water," for those of us --
16 but what I'm here to talk to you about -- I'm going to let
17 the homeowners' associations talk to you about the rate
18 increases.

19 I am here, with the other members of this
20 coalition, about the other things that we want you to
21 investigate that have been going on here -- water being
22 turned off in July, 117 degrees -- for many people no
23 notice whatsoever -- not for being late, not for not
24 paying their bills. Increases, bills -- late payments on
25 bills, where they're holding checks for three and four

1 weeks so that they can deliberately collect late fees. We
2 have proof of all of this. We have -- we have hundreds of
3 people that have sent me letters and sent you letters.

4 And I want to thank you for -- especially
5 Ms. Kennedy's office -- because your office has been just
6 terrific for all the people that I've had write to you,
7 and I apologize for all of the letters. But I tell them
8 you've got to get to the Commission, they need to hear
9 us.

10 This -- we want a criminal investigation into
11 Global Water. That's --

12 (Applause.)

13 MS. MORGAN: I said, we want a criminal
14 investigation into Global Water. They've done things;
15 they've turned off water in people's homes, where there
16 are children there. My grandchildren were an example of
17 this -- three small grandchildren, they turned off the
18 water, the bill was paid, they said they would turn it
19 back on, they did not -- it was off for the entire
20 weekend. They have turned off water -- since then when
21 I've been in complaining and I went around and around with
22 them, they came out and turned me off three times in a
23 row, three months in a row. And I mean, they're turning
24 off people who are one day -- I'm not talking about even
25 14 days past the due date. They're turning you off if

1 you're a day past the due date.

2 UNKNOWN SPEAKER: And they're charging you
3 \$90 to turn it back on.

4 MS. MORGAN: They're charging 120 to turn it
5 back on.

6 UNKNOWN SPEAKER: That's wrong.

7 MS. MORGAN: They're -- they're supposed to
8 charge 60 to turn it back on, and then they have a \$60 fee
9 if you're past 4:30 or 5 o'clock, but they're charging
10 that if they come in at 3 o'clock.

11 I mean, I have documentation on all of this.
12 This is what I'm here to talk to you about. Besides, like
13 I said, I'm going to let the homeowners' associations talk
14 to you about rate increases, which is very important to us
15 too. Most of us just aren't going to be able to live here
16 anymore if these increases go in.

17 But like I said, most of us are encouraging
18 you, please, we're begging you, to please, please
19 investigate what is illegally going on in this town with
20 Global Water.

21 Thank you.

22 (Applause.)

23 CHMN. MAYES: Okay. Next up, Christian Price,
24 and then Ted Yocum.

25 MR. PRICE: Thank you, honorable Members of the

1 Corporation Commission. Thank you for coming to our
2 little town of Maricopa.

3 My name is Christian Price. I'm a financial
4 advisor by trade and a small business owner. I've also
5 worked at the Arizona State House of Representatives, as a
6 legislative analyst on a human resources project.

7 Tonight I have the honor of representing the
8 residents of Maricopa, and specifically as the president
9 of the Maricopa Meadows HOA. This is the subdivision in
10 which we meet in tonight.

11 And one of the things I'd like to do tonight is
12 kind of talk to you a little bit -- perhaps this is
13 different than what you're used to, in the fact that
14 because Maricopa that has grown up -- not over the course
15 of many, many years -- but recently in the last four or
16 five years, probably 85 to 90 percent of us here, we live
17 within a master-planned community.

18 And so what I would like to focus on tonight,
19 as many will talk to many different angles, I would like
20 to focus, just briefly, on how the HOAs then are going to
21 have to deal with this increase, as well, and how that
22 directly affects each individual that lives here, as
23 such.

24 I fully understand the weight that is placed
25 upon your shoulders in having to make decisions that have

1 both positive and negative effects for businesses,
2 residents, and economies, both local and state.

3 But my purpose in addressing you tonight is to
4 hopefully bring awareness to you of the catastrophic event
5 that is pending, and its outcome lies completely in your
6 hands. And hopefully, you'll be able to understand the
7 impossible dilemma that is placed before us.

8 CHMN. MAYES: Mr. Price, if you could just slow
9 down --

10 MR. PRICE: Sure.

11 CHMN. MAYES: -- for our court reporter.

12 MR. PRICE: Sure.

13 I wish to speak on the subject of the effluent
14 water or reclaimed water, and the direct real-life effect
15 that raising it from -- from the 33 cents that it is now,
16 per thousand gallons, to \$2 -- that's a 300 percent rate
17 increase for reclaimed water.

18 This subdivision, or HOA, has an operating
19 budget -- and I speak specifically for Maricopa Meadows
20 now. There are eight other homeowner-controlled HOAs
21 in -- in Maricopa, currently.

22 But in this specific one, you need to
23 understand that -- that the operating budget comes
24 directly from the members who bought homes in the area,
25 okay? And these homeowners did not pick the amenities or

1 lack thereof in a given area. They were decided for us by
2 the developers, long before these problems occurred.

3 This -- we, as an association, simply maintain
4 the already-established features. In Maricopa Meadows, we
5 have approximately 56 acres of grass, okay? That's a lot
6 of grass and plants to water. Forty-six acres of those
7 are just grass. As per the Arizona Department of Water
8 Resources, we use reclaimed water to irrigate this
9 premises. It costs the association approximately \$50,000
10 a year to do so, at the current rate.

11 If you should grant Global Water their proposed
12 rate increase of two dollars per thousand, it will now
13 cost this association \$300,000 --

14 (Audience response.)

15 MR. PRICE: -- to get the same amount of dirt.

16 Recently, in a local media article, the mayor,
17 Mayor Smith, was quoted as saying, If approved in full,
18 these rate increases are going to be difficult on HOAs.
19 They will need to look at their budgets and make difficult
20 decisions.

21 It is crucial that you understand that we, as
22 HOAs has been looking at our budgets for the last three
23 years and making difficult decisions. We have
24 renegotiated every contract, cut every wasteful spending
25 dollar, and with some of our associations we face a

1 one-in-five foreclosure rate of homes -- one in five.

2 We already have a large portion of the
3 estimated budget that doesn't come in and cannot be
4 counted on. So for example, if we have a \$1.2 million
5 budget, we have approximately 300,000 that we don't count
6 on each and every year, just due to foreclosed homes.

7 Okay?

8 And now we're asking -- now that they're asking
9 our nonprofit organizations to come up with an extra
10 300,000 to pay for a higher rate of return, for their
11 for-profit investors and a company that operates in the
12 black, currently.

13 I don't know how we can do this. I -- I can't
14 do it. I don't ask this rhetorically, but I ask it rather
15 in practicality, because Arizona law, according to
16 state -- the state statutes stipulates that the homeowner
17 board of directors cannot raise dues or assessments above
18 20 percent of what they currently are for any given reason
19 or occasion.

20 Mind you, I don't want to raise the dues one
21 cent, and I would never do it, if we could -- if we could
22 avoid it. Okay? But if this increase goes through, how
23 am I supposed to pay for where the increase in water would
24 be a fifth of the entire operating budget for the year --
25 that's a fifth of our entire budget -- just for water.

1 Well, according to the graph for proposals that
2 have been presented in some of the local papers -- you've
3 probably seen these -- I have a few -- Global Water's
4 proposed increase, the ACC Staff's increased proposed --
5 proposals, as well as RUCOs.

6 According to the graph of proposals, a 200 -- a
7 \$2 increase is 300,000 for us; \$1.39 is still \$210,000,
8 that we have to come up with; and even at the 86 cents,
9 it's 130,000 that we have to come up with for now. If we
10 raise dues, according to state statutes, on 1,539 homes
11 here in the Maricopa Meadows subdivision, that would
12 equate to an extra 45,000 that we could take in, okay?
13 But still nowhere near what is required to even meet the
14 lowest proposed amount of increase at the 86 cents. We
15 would still be \$45,000 short. And that's just to maintain
16 what is currently here, with no increases.

17 We have investigated the costs of ripping out
18 and replacing turf with rock, we are looking at upwards of
19 a million, million and a half, just to do a portion of our
20 46 acres. This increase amounts to literally double
21 dipping, on Global Water's behalf, against the voters who
22 live here, by hitting them for their residences and also,
23 again, for where their residences lie.

24 (Applause.)

25 MR. PRICE: In summary, members of the

1 Corporation Commission, I attest to you, there's --
2 there's nowhere else to cut in the budgets of these HOAs
3 and these residents, in the shadow of this steep
4 recession. We have fought and we used every trick in the
5 book to keep our heads afloat for the last three years,
6 and this simply will put our residents over the edge, and
7 perhaps drive us, ultimately, to bankruptcy and certainly
8 moving towards a city of Phoenix and Glendale and
9 elsewhere. And that would completely destroy the purpose
10 of why we moved here to Maricopa.

11 Therefore, I plead with you, at least to
12 maintain the current livelihood and to stem the tide of
13 foreclosures here in the town of Maricopa. By doing so,
14 we are relying heavily and directly on your decision to
15 grant none of the proposed increases. This entire town's
16 direct future is in your hands and rests on this fateful
17 decision.

18 Thank you, very much.

19 (Applause.)

20 CHMN. MAYES: Thank you.

21 Ted Yocum. And after Ted, I think it's Alan
22 Marchione -- and I apologize if I mispronounced anything.

23 MR. YOCUM: Madam chairman, fellow
24 commissioners, I want to thank you for the opportunity to
25 speak to you tonight. I am the vice president of the

1 Desert Cedars HOA, and I am speaking on behalf of the
2 entire board this evening.

3 What are Global's motivations? What are their
4 real intentions? When I read their rate increase filing,
5 I saw that they were going to try -- they want to achieve
6 an 8 percent return on their equity, on their
7 investment -- 8 percent. Other companies, if they're not
8 getting their return on your investment, they don't get
9 it; sometimes they go bankrupt. If I'm able to get
10 8 percent return on my money, right now, everybody in this
11 room would join me; they'd be up here writing checks and
12 investing in Global Water.

13 (Applause.)

14 MR. YOCUM: Eight percent return? I'm lucky if
15 I can get 2 or 3 percent on anything.

16 I was listening to Christian's remarks -- and I
17 might be wrong -- but I do believe that the HOA water rate
18 is going to go from 33 cents to \$2 -- that's over a
19 500 percent increase on HOA water. What does that mean?
20 Our HOA averages about \$9,000 a month, or \$96,000 a year,
21 for water. If that increase were to go full -- through,
22 fully, our water bill would be over \$500,000 a year. It's
23 ridiculous. I can't believe that they -- they have the
24 audacity to request this kind of an increase. This would
25 result in our HOA having to increase our monthly

1 assessment, per home, per month, by at least \$15.

2 In addition, Global is asking for a 30 percent
3 increase on domestic service -- water service, and
4 116 percent on their sewer increases.

5 We're in troubled times right now. Our
6 speakers have alluded to, and you folk have alluded to the
7 fact, that we now enjoy 10 percent plus unemployment.
8 There's no end in sight to home foreclosures. We have a
9 greed -- greed factor. They want to try to achieve
10 8 percent on the return. We are in a severe recession.
11 It's unconscionable for Global Water to consider placing
12 this additional burden on our Maricopa families. I
13 strongly urge you to, in total, deny their outrageous rate
14 increase request.

15 (Applause.)

16 CHMN. MAYES: Alan Marchione and then Alan
17 Suckerman.

18 MR. MARCHIONE: Madam Chairman, members of the
19 commission, my name is Alan Marchione. I moved to
20 Maricopa in 2006. Since then I've had -- I've gotten
21 pretty involved in my community. I'm now the vice
22 president of the Villages at Rancho El Dorado HOA.

23 CHMN. MAYES: Mr. Marchione, could you make
24 sure --

25 COM. PIERCE: Speak in the mic.

1 MR. MARCHIONE: Is that better?

2 I can tell you from my experience as the vice
3 president of the HOA that we've seen an incredible amount
4 of foreclosures that have resulted in the loss of hundreds
5 of thousands of dollars in revenues to the HOA, and it
6 places a huge burden on us.

7 But our city council members, and Mr. Price,
8 have made some pretty strong arguments, and so sitting
9 here and going over all the same numbers and statistics
10 probably wouldn't serve much purpose. So instead, I'll
11 just address you as just a member of the community and not
12 overly the HOA.

13 I'm very concerned about my HOA. I think we've
14 done a fine job. We have been able to negotiate a
15 zero percent rate increase for dues this year. I'm hoping
16 that we can keep it going. And Global Water and you guys
17 make that decision not to give them any rate increase, we
18 can go ahead and just keep that going.

19 (Applause.)

20 MR. MARCHIONE: So you know, I came here in
21 2006. I moved here because I thought, You know, what a
22 great place to live. The homes are affordable. I can't
23 really afford to buy a home in Chandler right now; I can't
24 afford to buy one in Tempe. I'm trying to figure out how
25 I can purchase a home and have a mortgage for it, and

1 still have a few bucks left over, to where I can put some
2 money in the bank and savings and pay for my daughter's
3 college education, and some little bit of financial
4 reserves for those unexpected situations that happen --
5 the ones that we're not necessarily planning for all the
6 time.

7 I look at my budget every month. My wife and I
8 sit down, and this is how much we have coming in, this is
9 how much we have coming out. Some things are fixed; some
10 things are variable. The fixed things, such as our
11 mortgage, maybe a student loan payment, my wife's shopping
12 fund --

13 (Laughter.)

14 MR. MARCHIONE: And then you have -- and then
15 you have the variables, which are like your local
16 utilities -- the things that you can really control and
17 you can say, Okay, how can I be proactive, to make a
18 difference? So I say to myself, you know what, when
19 you're talking about the Global Water rate increase, and
20 as far as tiers are concerned -- about 7,000 gallons.
21 I've got it down to five.

22 We're very conservative in my household. We
23 have -- I thought, Okay, I'll take some of my money and --
24 and my hard-earned green, and go green, and put the
25 sunscreens in; I'll do the programmable temperature

1 controllers, water saving showerheads, water saving
2 faucets in my restrooms and my kitchen. We went to
3 desertscape landscaping -- there's not a blade of grass at
4 my house -- trying to conserve every way we can -- maybe
5 if I spend the green to go green, then I'll save some
6 green, but then I get the bill and it's even more green.

7 (Laughter.)

8 MR. MARCHIONE: So it bugs me, because at the
9 end of the day, what's left over? I haven't had a pay
10 raise in two years and neither has any of my other
11 employees at my company. It's tough times. And right
12 now, I've got to tell you, as far as I'm concerned, this
13 rate increase is nothing more than green. It's just
14 ridiculous.

15 (Applause.)

16 MR. MARCHIONE: So you know, obviously, we're
17 shooting for the moon, and I'm hoping that you guys will
18 bring it down to earth a little bit. But it's -- no, I'm
19 not going to cry. No, just the -- when I -- when I look
20 at how hard it is, my wife and I struggle every day to try
21 to put a little bit away. It doesn't quite go as far as
22 we'd like it to. And I lost -- like, for instance, I lost
23 money in General Motors' stock this year. I thought, Hey,
24 this price is so low, it's never going to go lower than
25 this, and then it went bankrupt.

1 But I didn't go to my neighbors' doors and
2 knock on them, and say, Look, you know what, I lost my
3 money in General Motors' stock. Will you give me \$5?

4 (Applause.)

5 MR. MARCHIONE: My decision to make that
6 investment was my responsibility; I made it. Global Water
7 made that same decision. And you take a company that's
8 maybe not as far in the black as they'd like to be, that's
9 just too bad.

10 (Applause.)

11 MR. MARCHIONE: And you know, I guess it would
12 be a little sarcastic to ask, maybe, if you guys could
13 send a little message, and maybe send Global Water's
14 executives over to the drug counseling, so they can put
15 the crack pipe down.

16 Thank you.

17 (Applause.)

18 CHMN. MAYES: Okay. Where were we?

19 Alan Suckerman. And after Alan, Peggy
20 Chapados.

21 MR. SUCKERMAN: Good evening. I'd first like
22 to welcome and thank the ACC for agreeing to come to
23 Maricopa this evening and provide the citizens of this
24 community with a local forum by which to express their
25 feelings and facts regarding Global Water and the rate

1 increase petition.

2 I personally wish to welcome the commissioners,
3 our city leaders who have come tonight, and all the
4 attendees, and thank you for taking your time to be
5 involved. Never before has an issue galvanized Maricopa
6 like this one. Thank you.

7 (Applause.)

8 MR. SUCKERMAN: I stand before you this
9 evening, representing the single largest resident
10 population, and as a member of the board of directors of
11 the Rancho El Dorado Homeowners' Association. My name is
12 Alan Suckerman.

13 Rancho El Dorado is the oldest development and
14 HOA in Maricopa and represents approximately 3,100
15 households. If we go by the utilities-owned statistics of
16 approximately 15,000 hookups in this city, then today I
17 represent one-fifth or 20 percent of their consumer base.

18 As each of you commissioners entered the city
19 this evening, you were greeted, on your left side, by the
20 wonderful entrance, beautiful holiday lights, ornaments,
21 and landscaping that adorns not only our development, but
22 serves this entire community as the first thing anyone
23 sees, entering town.

24 (Applause.)

25 MR. SUCKERMAN: We at Rancho El Dorado are very

1 proud of this and strive to maintain the standard of life
2 for all of greater Maricopa. In the Rancho El Dorado
3 Homeowners' Association, we've taken many steps to control
4 our expenses, yet provide a quality lifestyle to our
5 residents.

6 I'd like to take a minute to provide you with a
7 few of the statistics of what impact this and any increase
8 will have on the single largest population base in this
9 community, and I might note the physical location of
10 Global Water itself and many of our elected officials and
11 dignitaries within this community.

12 Rancho El Dorado, in 2008, spent 237-plus
13 thousand dollars on the water. If the rate increase, as
14 proposed, would have been in effect in 2008, that total
15 would have been just shy of \$400,000 -- or over \$140,000
16 increase.

17 In 2009, through ten months of the year, we
18 spent over \$200,000 on water. And under the proposed
19 increase, that would look like close to \$350,000, or an
20 increase in excess of \$120,000. On a per resident basis,
21 or per household basis, that translates to \$6.84 a month
22 under the old plan, under the proposal \$10.80 per month,
23 per household, or a 60 percent increase. That's absurd.

24 This increase, in and of itself, would require
25 an increase of HOA dues well in excess of Arizona statute

1 allowable in any single year -- or multiple years,
2 20 percent. As a result, this is totally unacceptable and
3 should not be allowed.

4 Our HOA has undertaken many initiatives
5 already, in anticipation of this action, to control and
6 conserve our water usage. In fact, our reduction was so
7 drastic that Global Water made a phone call to our
8 management company to ask why our usage was down so far.

9 (Laughter.)

10 MR. SUCKERMAN: Doesn't this sound rather
11 self-serving?

12 We've renegotiated all our landscaping
13 contracts. We have capped irrigation emitters. We have
14 turned off water and gone brown in certain areas, and
15 explored removing vegetation and grass in other areas, and
16 more.

17 At this juncture, we've raised HOA dues to the
18 maximum level for a single year increase -- that being
19 20 percent -- and yet our proposed budget will still be in
20 a deficit by \$250,000, in 2010. And this is as a result
21 of an increase in utility rates, as an overwhelming
22 reason.

23 On behalf of the largest residential base in
24 this city, I implore this commission to not fall prey to
25 Global Water's request to merely increase profits and

1 return to their investors. Additionally, to continue as
2 we all have to tighten their belts and ride out this
3 economic storm.

4 (Applause.)

5 MR. SUCKERMAN: Every single person in this
6 room has had to reduce their investment return in their
7 own lives and Global Water must also.

8 (Applause.)

9 MR. SUCKERMAN: When Global Water is still
10 paying out multimillion dollar total compensation packages
11 to their executives, then that should not be the basis for
12 a rate increase.

13 (Boos and applause.)

14 MR. SUCKERMAN: And it is not reasonable
15 thinking to suggest that increasing the rates will not
16 result in water usage cutbacks, to the point of the entire
17 community going brown, causing residents to lose value in
18 their homes, people to leave town and not move in, as it
19 will not be as aesthetically appealing.

20 This issue is greater than just utility rates,
21 but rather a domino effect to the entire lifeblood of this
22 fine community. It is with great respect that on behalf
23 of my residents I implore this commission to reject all
24 increases to Global Water and demand that they act in
25 partnership as a quality community steward and neighbor,

1 to take their responsibility to, not only provide water,
2 but a quality of life; and finally, to be honest,
3 respectful, and consumer-driven in their service of the
4 City of Maricopa and its citizens.

5 Thank you.

6 (Applause.)

7 CHMN. MAYES: Okay. Thank you, Mr. Suckerman.

8 Peggy Chapados. And after Peggy, Pamela

9 Hilliard.

10 MS. CHAPADOS: Good evening, Madam Chairman,
11 fellow commissioners.

12 I have to start by thanking you for coming to
13 Maricopa. This is huge. And I also would like to
14 recognize the efforts of the Maricopa Unified School
15 District, our school board, our City Staff, our City
16 Council, for the roles that they played in tonight's
17 event, but mostly my neighbors. This -- This is great to
18 see this kind of turnout for this issue.

19 I want to speak to you tonight as a board
20 member from the Villages of Rancho El Dorado, the second
21 largest community of homeowner -- HOAs in Maricopa, and
22 also as an active community citizen.

23 My first issue that I'd like to discuss
24 concerns customer service. I am aware that Global has
25 made concerted efforts to reduce operating costs by

1 downsizing their staff, also installing automatic --
2 automated call indication system for delivering to
3 homeowners.

4 However, in my dealings with a lot of the
5 residents in Maricopa and in my HOA, I've personally heard
6 a number of accounts of customer dissatisfaction stories.
7 Some of the specific areas that have been shared with
8 me -- inability to speak to a representative in a timely
9 manner; responsiveness to questions, concerns, complaints
10 and inquiries; clarity in explaining procedures and
11 policies to new and existing customers; mechanical and
12 technical difficulties associated with meter readings;
13 feeling of perceptions that Global Water lacks compassion
14 and empathy towards their consumers, and in some cases
15 where they can't or won't go that extra mile.

16 My second issue concerns the financial impact
17 that these proposed rate increases would have in my
18 community. You've heard the numbers, so I'm not going to
19 repeat them. But basically it would create a financial
20 hardship for our HOA, that we would, in turn, have to pass
21 on to our customers, who may already be facing higher
22 water bills, individually, as well. Based on the rates
23 suggested in the recent article, our rates would
24 quadruple, and upwards of that.

25 You've also heard much said, recently, about

1 the need to focus on conservation efforts in terms of the
2 stated effort, and I concur that we do have options and
3 that we should explore those options. But there is also
4 some up front costs to our HOAs that need to be
5 considered. A lot of people have spoken tonight about our
6 operations to convert turf to granite. There is a huge
7 up-front cost that we, again, pass on to our homeowners,
8 that could seriously impact our reserves. Reserves are
9 for emergency expenses and things that we, as HOAs, come
10 across, that we need to correct or resolve.

11 It also will have an adverse impact on our
12 community. Our aesthetics, in a lot of cases, are our
13 green areas, our trails -- the amenities that, again, we
14 did not choose, we also inherited. We also inherited the
15 fiduciary responsibility to maintain those amenities.

16 We, as HOA boards, cannot just throw up our
17 hands in desperation and say, We can't afford to even keep
18 the pool open, folks; or we've got to kill off grasses and
19 trees. You're going to just have to live in a brown
20 community -- that affects the sales and marketability of
21 our communities. Again, we've heard numerous comments
22 made tonight about what attracts people to Maricopa.

23 Again, we've already experienced a significant
24 rate increase in our electricity.

25 We have, as a city, a lot of potential and a

1 lot of possibilities. What we shouldn't have is people
2 that have to move out or can't afford to live here because
3 of the utility rates. It's my hope that the decision
4 ultimately will bear in mind a semblance of everybody that
5 speaks to you tonight, as well as the public comments and
6 documents that you will receive in the future.

7 I ask you to, first and foremost, please
8 consider the consumers -- whether they be the homeowners,
9 our businesses, our community associations, and our city
10 as a whole -- the timing of this request, again, could not
11 come at a worse time, and any increase at this point would
12 have a negative impact on the City of Maricopa.

13 Thank you.

14 (Applause.)

15 CHMN. MAYES: Thank you.

16 Pamela Hilliard. And after Pamela, Anthony --
17 wait, wait, we've got the mayor, so I guess he did fill
18 out a slip. And then Jim Burgess.

19 MS. HILLIARD: Thank you, Commissioners. I am
20 Pamela Hilliard. I'm here as a resident and homeowner in
21 Maricopa. I live in Rancho El Dorado. But also as an
22 employee of AAM, which is a management company. And our
23 company manages nine associations here in Maricopa. We
24 also have several associations, probably as many on the
25 west side, which Global also serves. So I'm here to

1 speak, not just to Maricopa, but to all of their service
2 areas.

3 I will leave this document with the court
4 reporter. It is a breakdown of what the 2008/2009 water
5 usage was, and what the rate increases, for both potable
6 and reclaimed, will mean to every association out here.

7 One thing I did want to clarify is the
8 reclaimed water increase is -- is requested to be
9 500 percent, not 300 percent; also, the potable water is
10 59 percent. So those communities that are south of the
11 railroad tracks, with the exception of Maricopa Meadows,
12 they're all on potable water.

13 HOAs that have to use potable water to water
14 their landscaping are going to be paying the 4.57 per
15 thousand gallons. They're not going to have an
16 opportunity to pay less than they are now. It's going to
17 go up 59 percent.

18 The builders, that represent five of the
19 communities my company manages, out here still, they pay
20 the shortfall. I know nobody's real sympathetic to
21 builders right now. But when you've got a community under
22 construction, they're paying the shortfall with the 20,
23 40, 150 homes out of a thousand -- there's no way those
24 150 homes can -- can support the community. So the
25 builders that are still in Maricopa have to pay for the

1 shortfall on these utilities.

2 We've lost so many of our builders in this
3 state to bankruptcy, going out of business, leaving the
4 state, who is going to come in here and buy these lots if
5 this happens? None of them are.

6 When our grass gets turned off, the water to
7 our grass, and everything turns brown, you're not going to
8 get a homeowner to buy here. Our values are worse in
9 Maricopa and Buckeye than anywhere else in the state.
10 We've had more foreclosures here. Some of these
11 communities take a 38 percent delinquency rate. And I
12 know that because I figure it out every month. We're
13 here -- I'm here on behalf of all the managers that work
14 in Maricopa to request that you deny any rate increase.
15 It's simply not manageable.

16 (Applause.)

17 CHMN. MAYES: Thank you. Jim Burgess. And
18 after Mr. Burgess, Stephen, boy, is it Strand?

19 MR. BURGESS: Thank you, very much, for having
20 us here tonight. It's a pleasure to talk to you for just
21 a few minutes.

22 In June, I started to look at my utility bills,
23 and I readily could see that my -- between my water bill;
24 Pinal County taxes, which is a big problem for us; and
25 Global Water, my bills were somewhere around \$725 a

1 month.

2 My two kids moved here with their families, and
3 they're in their early 30s, have children, and have some
4 real issues in how much discretionary income they have at
5 the end of the month. And so I started to walk up and
6 down the streets, the 347, talking to businessmen who run
7 businesses in Maricopa. I've been in business in Arizona
8 for 30 years and have paid a fair amount of money in
9 taxes.

10 I personally believe that America and Arizona
11 have lost an understanding of capitalism and what
12 capitalism does for this country. America is great
13 because of capitalism.

14 So if a family has to pay \$800 a month, 7- to
15 \$800 a month for utilities and taxes -- not including
16 state and federal taxes, not including gas tax, not
17 including all of the other taxes that they pay -- they
18 have no discretionary income.

19 And so we ask ourselves, Why are our businesses
20 struggling and why are we losing businesses? I doubt that
21 very many people really get this in the federal and state
22 government.

23 Please listen to this carefully. America is
24 great because America has had a fabulous middle class who
25 work hard, who pay taxes, who work for small businesses,

1 and those small businesses are the only way that this
2 country will survive, period.

3 Government does not make anything; government
4 does not sell anything; government does not make a
5 profit. Government takes our discretionary money and
6 spends it, frivolously, stupidly, on too many things.

7 (Applause.)

8 MR. BURGESS: So on Friday and Saturday night,
9 we want to go get a pizza, we want to go get a Mexican
10 dinner, we want to have our kids in a karate class, we
11 want to go play golf on the weekends. We don't have the
12 money and cannot afford to enjoy life, liberty, and the
13 pursuit of happiness. That's what the Founding Fathers
14 asked us and told us that we had the right to have.
15 Thomas Jefferson said that when a nation loses its virtue,
16 that nation will fall. We have unvirtuous situations,
17 with particularly ED3 and Global water. We are --

18 (Applause.)

19 MR. BURGESS: I've learned in the last four
20 months that it takes an incredible amount of work to
21 gather petitions. When I left the house tonight, I had
22 about 1,325 petitions that members of our community have
23 signed. Thanks to everybody that's here tonight, I think
24 we've got pretty close to 1,800.

25 I don't know what to do with these petitions.

1 What scares me is I give them to you, and they end up in
2 the trash somewhere.

3 (Applause.)

4 MR. BURGESS: And so I honestly am afraid to
5 give you these petitions, because I do -- truthfully, I
6 don't trust you. I don't mean that to be bad, mean, or
7 anything.

8 CHMN. MAYES: Well, it is mean.

9 (Laughter.)

10 CHMN. MAYES: No. And let me just interrupt
11 you real quickly. We often take petitions. We don't lose
12 them. We preserve them. They become a part of the
13 official record in the case. And if you'd like, we will
14 definitely make photocopies for you.

15 Oftentimes -- well, sometimes, folks make
16 photocopies before they give them to us, so maybe -- maybe
17 somebody else doesn't trust us either. But these
18 petitions do become part of the record, and we're very,
19 very careful about that.

20 So please do leave them, or if you want to
21 photocopy them first or have us photocopy them, that's
22 fine.

23 MR. BURGESS: I'm sick of them, to be honest
24 with you.

25 CHMN. MAYES: That's quite an accomplishment.

1 MR. BURGESS: So I leave you the petitions of
2 1,800 people. Please protect us. God bless America.

3 (Applause.)

4 CHMN. MAYES: Thank you. And we will keep
5 those and make them part of the record.

6 MR. STRAND: Madam Chairman and board members,
7 I came up here hoping I'd get a T-shirt. That's the only
8 reason I'm speaking.

9 The truth is my wife and myself worked and
10 reared our kids in the state of Utah, and we decided,
11 after many cold winters, that we wanted to move to a place
12 that was nicer in the wintertime. Moving down here, we
13 could have moved into Chandler, Queen Creek, Florence,
14 Casa Grande -- but we picked Maricopa because it was up
15 and coming; and in judging your economy in this community,
16 there isn't a better police department; I'm satisfied with
17 the Council that's here; and I want to see the community
18 up and growing and staying alive.

19 When we moved here, we found out that we were
20 going to have to pay a \$62 fee a month for water. Now,
21 we're only here six months out of the year. The other six
22 months, we're in Utah, when it's too hot. But we're
23 willing to pay the 62, even when we're not here. We're
24 paying for sewer that we don't use and we're paying for
25 water that we don't use.

1 But when you raise the rates to \$114 to \$125,
2 that is absolutely outrageous. And my family feels like
3 it's too much of a burden. And I would move -- I'd leave
4 this community if this type of progress continued because
5 we can't afford it.

6 So I'm hoping you look at us also -- the
7 seniors that are here, the landscapers that are here, that
8 won't be able to work. There's a lot of commitment that
9 would be lost when a lot of people lose their jobs, please
10 turn this down.

11 (Applause.)

12 CHMN. MAYES: Thank you.

13 John Kamouzis. And then after John, James
14 Valenzaro, on Kingston Road.

15 MR. KAMOUZIS: Madam Chairman, thank you for
16 allowing me to speak.

17 My name is John Kamouzis. I'm a resident here
18 in Maricopa, and I also have a business at Prudential One
19 Realty. I'm a business owner here with my father and my
20 brother. And I think this is wrong.

21 I've written some -- some notes down here.

22 Mr. Rigsby, who works for Global Water, made a
23 statement in the paper, and I quote, A lot of people --

24 CHMN. MAYES: Just for the record, if -- if
25 you're talking about Bill Rigsby, he works with the

1 Residential Utility Consumer's Office.

2 MR. KAMOUZIS: Okay. Well, Mr. Rigsby made a
3 statement in the paper and I quote, "A lot of people will
4 come to the hearings and say, Why should we pay this much
5 when another company is cheaper? But one of these
6 companies may have had to drill through rock and the other
7 through sand."

8 I guess what I'm going to infer is that Global
9 Water may have had to drill through rock. I'm sorry for
10 that, but why is that my responsibility?

11 (Applause.)

12 MR. KAMOUZIS: Global Water is having so many
13 financial issues, but somehow, per Business Week, Global
14 Water was able to pay four of its top executives over a
15 million dollars in compensation for the year 2008. The
16 company's having financial issues, but were able to pay
17 over a million dollars to their top people? Hmm, where
18 have I heard that before? Sounds like while they were
19 drowning, they were still able to fork out cash to their
20 top executives, doesn't it?

21 During the housing boom, many people bought
22 homes and lost money on them when they sold them. They
23 didn't go to people and ask them to contribute money to
24 them, to help pay for their bad investment. In my
25 business, when things are going bad, I don't go to the

1 residents of Maricopa and say, Can I have \$5 to try to pay
2 for everything?

3 If you grant them the increase they seek, you
4 are dealing a big blow to the people of Maricopa. Haven't
5 we paid enough in this current economy? We already were
6 hit with a big blow with the Ed-3 fiasco that we're all
7 locked into. The utilities in Maricopa are outrageous
8 already, and if you give them this increase, you will
9 cripple us even more.

10 The increase will not only affect us with the
11 water company, but the HOAs, as you've already heard, will
12 surely raise their rates due to them having to pay for --
13 for their water portions. The foreclosure issues are
14 already at the forefront here in Maricopa, but ED3,
15 coupled with the water and association increases, will
16 surely add to the already rising numbers.

17 Why would someone new move to Maricopa? As a
18 Realtor, you have to disclose everything. So when asked
19 about the utilities, you must tell them the truth. It's
20 not a pretty truth.

21 Most of the people who live here, work in the
22 Valley. In my opinion, with some of the numbers I have
23 put together, a buyer could afford \$50,000 more on the
24 mortgage, when you figure how much more the water,
25 electric, and association will be. At \$50,000 more in

1 mortgage, their income will increase about \$268 per month
2 at today's interest rate. This would more than make up
3 the difference between the utility companies and the
4 HOAs.

5 Why would they want to be here, when they could
6 spend that much more and live in the Valley? I know
7 several people that have moved here, and left in the last
8 year, because they were in shock of how much they had to
9 pay for these utility companies, and they just couldn't
10 afford it. Maricopa has always been known as a nice,
11 quiet community outside of Phoenix, but it is quickly
12 becoming known as a community that is being gouged by its
13 utility companies.

14 Thank you.

15 CHMN. MAYES: James Valenzaro, and then Marty
16 McDonald.

17 MR. VALENZARO: Good evening. I'm just a
18 simple homeowner out here. I've got a couple of real
19 quick things to say to the mayor, if he's still here.
20 That speech you gave, it certainly sounds like you're in
21 bed with these people.

22 (Applause.)

23 MR. VALENZARO: A lot of people -- I DJ over at
24 a car show up here on Tuesday nights, from Sonic. And the
25 people -- I talk to people and everything. And somebody

1 who came up to me, that was an employee of this lovely
2 company, told me that this -- and I do believe it -- but
3 there's a lot of things that you can't believe that you
4 read on the Internet -- the guy who is running this whole
5 show ran two companies in Canada into the ground -- two
6 water companies. Okay?

7 If he turns around and he hedges his bets and
8 puts piping all the way out past the Topago Road, and then
9 says, Well, now you guys have got to pay for it because
10 nobody's out there, well, that's not my fault. It's none
11 of these people's fault. I don't believe he should get a
12 dime; as a matter of fact, they should be giving us
13 money.

14 (Applause.)

15 MR. VALENZARO: The one woman -- I'm sorry, I
16 forget your name -- but my hat's off to you. That was one
17 heck of a speech, right from here. And I'll tell you that
18 I -- every word, I was right there with you.

19 This increase would, in essence, bury my
20 family. I'm the only income in my family. I haven't had
21 a raise in four years, and I work in the tech industry,
22 and I haven't seen a raise in four years.

23 I don't believe that these guys -- I know you
24 guys don't have the power to do it, but the people on the
25 board of this company should be cut down at the knees.

1 They should -- it's done, you're all out, too bad. You've
2 got \$27 million in the black, from what I last read, and
3 now you want more?

4 I'm flabbergasted. I am completely -- I, for
5 lack of better words, if I was to see the guy who was
6 running the show on the street, I would slap him.

7 (Laughter.)

8 MR. VALENZARO: No doubt about it. Zero
9 increases. Zero increase.

10 Thank you.

11 (Applause.)

12 CHMN. MAYES: Okay. Marty McDonald, and then
13 Shawn Payoe or Payne, I'm sorry.

14 MR. McDONALD: Good evening, Madam Chairwoman,
15 and the members of the Commission. I apologize for my
16 deep voice, I'm getting over a cold. I want to thank you
17 for the opportunity to be heard tonight.

18 We understand -- all of us in the community --
19 understand the situation, and your willingness to come
20 down here is greatly appreciated.

21 But, like everyone else behind me, as well as
22 our city council, we're here to ask you one thing tonight,
23 and that's fairness. That's all we ever demand in life as
24 a human being.

25 To be fair, Global Water has a lot of quality

1 people working for them. I played college baseball with
2 one of the field workers -- great guy. My wife taught one
3 of the employee's -- one of the daughters of one of the
4 employees connected to that family.

5 The comments that we hear tonight, we still
6 have to remember, as Councilman Diedrich alluded to
7 earlier, they are our neighbors as we. And I think that's
8 something that's very important for the rest of us to keep
9 in mind.

10 On the other hand, fairness also means that the
11 residents in this community are playing billing -- I'm
12 sorry -- bill-paying roulette. People are juggling their
13 finances. Unfortunately, that's what our society has
14 become. We can armchair everyone's personal financial
15 decisions all we want, but that's the reality that we're
16 faced with.

17 A lot of people say, Well, you should have done
18 research on the utilities in Maricopa when you moved
19 here. I know I did and I know a whole lot of people did.
20 But the one thing that we never researched, and it was
21 never disclosed in any public report, was the lousy
22 customer service, was the missed billings, the faulty
23 meter reads, the inadvertent water turnoffs.

24 And you know, sometimes it's almost as if some
25 folks in the community have been treated as second-class

1 citizens, and that's not fair.

2 (Applause.)

3 MR. McDONALD: Where I've been in my life,
4 water has always been priced on consumption. Global has
5 extra pricing for those that have large pipes coming into
6 the house, if you have a larger house. Water needs to be
7 priced on the consumption, not on pipe size. And
8 unfortunately, with Global, pipe size matters. And that
9 is very wrong.

10 (Laughter & applause.)

11 MR. McDONALD: That was not to be interpreted
12 as everyone took it.

13 (Laughter.)

14 MR. McDONALD: We're all rushing tonight to
15 condemn the ginormous rate increase that Global Water is
16 asking. Right in the heart of the economic downturn that
17 has been one of the worst that our country has ever
18 experienced, all we have at this point is a forum to
19 express our displeasure.

20 What's hard for a lot of us to accept, but we
21 have to, is that they are subjected to whatever final
22 decision the Commission makes. Be it a rate increase of
23 what Global's asking for, a smaller one, an alternative
24 percentage -- we are still subjected to that rate increase
25 or we move. We make those decisions once your final

1 decision is made.

2 However, this is a business decision by Global
3 that deserves intense and severe public scrutiny. We have
4 a sudden mystery that Global has allegedly paid four
5 executives a combined cash flow of a million dollars in
6 bonuses that escalates to another 3 million, when the
7 stock options are calculated. This is according to a news
8 report on InMaricopa.com.

9 It was also, last night, at the council
10 meeting, debated by Trevor Hill, who is a wonderful guy,
11 very smart, very intelligent, when he said, No, that's not
12 true.

13 We need, under oath, in a hearing, to know why
14 this was reported in Business Week. We need an answer to
15 that question, because, again, it's only fair.

16 What Global's doing with the excessive bonus
17 structure has presented us in Maricopa a micro sample of
18 what's gone on throughout the country with AIG and with
19 Bernie Madoff. This has got to stop. And in some cases,
20 I almost look at all of this and wonder if the wisest
21 decision is to let Global Water go bankrupt, and to let
22 the city of Maricopa take over.

23 (Applause and cheering.)

24 MR. McDONALD: This isn't the "golden goose,"
25 because the City would have to figure out ways to pay for

1 the infrastructure, the service, and the employees to run
2 this business, but it removes the for-profit nature of
3 what Global Water does.

4 The decision that is being driven tonight, and
5 in this case, is by the same people protecting themselves
6 against sharing the pain and the risk of their own
7 misguided and miscalculated investment.

8 If Global's rate increase turns out to be
9 denied, the theory is that the whole edifice of the water
10 and sewer system could collapse and fall into disarray.
11 If that is the counter-argument, then how does it address
12 the true financial stability of the company?

13 Global has already cut operation hours, staff,
14 and they certainly have played a reduced role in
15 community-based sponsorships. They can continue to
16 operate within their current framework, but their ability
17 and profit will be impacted.

18 Global, as well as the developing community,
19 have been requested over time to invest in water recharge
20 efforts in the past, but opted out because of the extreme
21 costs to do that. That is code for a negative investment
22 impact.

23 Today, you can look at the Santa Rosa Wash,
24 right now -- well, it's dark, but in the morning -- and
25 you're going to see a river of effluent water discharged

1 into the wash. The Santa Rosa Wash is a landmark of our
2 city that has been mismanaged and mishandled through Pinal
3 County, through the development communities, and to this
4 day is an asset that should have been better utilized and
5 better designed, but it's not. But now we have a small
6 puddle of water that stretches a quarter of a mile -- it's
7 not longer in length -- water becomes stagnant, odor
8 issues.

9 Global has the full right and authority to
10 discharge it into our washes. That's fine. But is that
11 the best use? Does that really fall in tow with their
12 conservation efforts? Is it really the most logical thing
13 to do?

14 (Applause.)

15 MR. McDONALD: This is a time that we all
16 needed a place of logic as organizations across America
17 are in the midst of reopening contracts all over the place
18 to share the burden of the financial crisis. From raising
19 taxes that includes property and sales, to properly
20 reopening labor contracts, we are all being asked to pitch
21 in and carry our share of the burden. Workers are being
22 asked to take pay cuts and accept shorter work weeks so
23 that colleagues won't be laid off.

24 Why can't Global Water royalty shoulder some of
25 this burden? Why is this burden placed on the backs of

1 the homeowners, who will be hit twice, as other people
2 have mentioned, over their monthly bill, with their HOA?

3 And it's almost -- this concept is a redheaded
4 stepchild to double taxation. And when you do the math
5 and you figure out the truth of that impact over a year,
6 this amounts to an extra house payment for some folks, or
7 an extra car payment; or a gentleman I spoke to earlier
8 has to make a decision because of his budget -- is his kid
9 going to go into a karate class at Maricopa ATA or any of
10 the other dance studios in our community?

11 That's the trickle-down effect that we have
12 with all of the mom-and-pop businesses and small
13 businesses that rely on discretionary income of our
14 residents to survive.

15 I think we all understand the effort being made
16 here though -- Global is going to ask the commission for a
17 lot. Commission, you're going to say, No, you can't have
18 the maximum, it's just too much of a financial impact.
19 But then they're going to come back with an alternative
20 percentage. Everyone is happy, everyone wins, except for
21 the residents.

22 What is missed in this entire discussion -- and
23 it's a question that needs to be asked and then come back
24 to it again -- is Global Water capable of operating if the
25 ACC determines that a rate increase of 10 percent or lower

1 is sufficient? That has not been discussed, and we need
2 to know that answer. Better yet, if you are not to
3 approve a rate increase, are we going to have water in our
4 pipes? Can we wash our cars? Do our laundry? It's a
5 legitimate question.

6 There are four questions that I would like
7 answered in public, under oath, to clear the air.

8 What was the motive behind the alleged payout
9 of a million dollars in cash to top executives and another
10 three million in stock benefits? If it's contractual,
11 it's time to demand that those contracts be reworked so
12 Global Water can share in our pain. If it's tax driven,
13 they need to tell us why.

14 What is the financial outlook of Global Water
15 should a different amount be proposed or no rate increase
16 is given? Why shouldn't Global Water bear a percentage of
17 the risks of failure of their expansion plans? Can a
18 solution that is more friendly be created? The six-tier
19 solution that Mayor Smith brought up -- really, it needs
20 to be looked at a little bit harder.

21 Failure to answer these questions will continue
22 to feed the populous rage that's existing in our community
23 and it will raise basic questions about the competence of
24 those guiding Global Water.

25 But there's also two other issues --

1 conservation, as someone -- I think it was Councilman
2 Estes -- alluded to earlier, is the red herring. It's a
3 valid one and we have a lot of great resources in this
4 community that have not been tapped to release the full
5 potential and devise the true conservation plan. We can
6 talk about it at the 30,000 foot level or we can look to
7 our neighbors to the north in Las Vegas, to the
8 conservation efforts that they have done -- the
9 \$1.50-a-square-foot credit for ripping out grass and
10 putting in rock.

11 I think if Global is going to get any type of
12 rate increase, they need to invest some of that money into
13 a fund, okay? Don't touch the City of Maricopa's
14 enterprise fund. The City is relying on that revenue to
15 help pay for the operations. But in this rate increase,
16 there needs to be tangible programs that can be
17 implemented.

18 The other issue is the EPA has labeled Maricopa
19 a non-attainment. If we're going to rip out grass and put
20 in rock and dusty landscape, we live in a very windy
21 town -- how does that impact the air quality? The
22 straight feed lots are going to be transformed into
23 business development and future residential areas --
24 whatever that may be. But what about the adverse effects
25 of losing some of the turf and the greenery within our

1 community?

2 CHMN. MAYES: You need to wrap it up.

3 MR. McDONALD: Okay. The one where -- the
4 thing I will finish with is this, is I think we need to be
5 a little bit smarter and actually create a tangible
6 solution for the table. And this is where I'm going to
7 challenge all the key stakeholders. This is really to
8 take a hard look at the EPA's water sense program, which
9 is very similar to the Energy Star program, and
10 essentially it is on all -- it's a voluntary label for all
11 newly built homes -- homes that will win certification if
12 they consume 20 percent less water than the standard
13 homes, use criteria for high efficiency toilets and
14 faucets -- we all have kids that leave these faucets
15 running.

16 At the end of the day, though, the rationale
17 has to be looked at as one simple thing -- we're being
18 told that we have to conserve water. Lush landscape for
19 our homes is a factor of property values. You can ask any
20 of the 65 real estate agents that are still in Maricopa.

21 That's a capitalist market that the homeowner
22 should be able to participate in, just as Global Water is
23 participating in a capitalist market with this rate
24 increase. It can't be one or the other, it has to be both
25 in some capacity.

1 And in closing to end it, it's time to stop
2 talking about the concept of conservation, and time to get
3 serious about what programs can be implemented. The
4 relationship that the City has with the University of
5 Arizona Ag Center is great. It needs to be utilized
6 more. We have probably one of the world's leading experts
7 on water, Dr. Jean McLean, and she needs to utilize it
8 more. Or we can continue to talk about what this issue
9 truly is -- profit, revenue, and return on investment.

10 (Applause.)

11 CHMN. MAYES: Okay. Thank you.

12 Ashlee, boy, Atkins on Alma Drive, and then
13 Clayton Swindell.

14 MR. PAYNE: I thank you for coming today and
15 hearing all of us residents, and I appreciate our city
16 council coming out, and pretty much like most of the
17 united front I saw with the pseudo-increase stands, which,
18 you know --

19 CHMN. MAYES: Sir, I'm sorry. Can you repeat
20 your name?

21 MR. PAYNE: Shawn Payne.

22 CHMN. MAYES: Shawn Payne, I'm sorry. And then
23 we'll go back to Ashlee. I'm sorry. I apologize.

24 MR. PAYNE: I've actually just celebrated my
25 two-year anniversary in Maricopa. I came out here a

1 veteran and used my VA. I found a home, you know, that I
2 was able to afford. You know, we've got -- all seen
3 decreases. I lost my job within 30 days of signing my
4 home, you know. I've lost about \$20,000 a year in
5 income. I haven't missed a payment, you know.

6 I've had my water shut off for a 41-cent
7 discrepancy. I have a \$150 account -- balance on the
8 account. I didn't get a courtesy call. I went online and
9 paid my bill. They made a discrepancy error that was not
10 shown on the Internet. I had a zero balance.

11 You know, I come home from work -- as a matter
12 of fact, I believe it was a Friday evening. And I called
13 them, and my wife's going, Jeez, honey, there's no water.
14 I called these people up, Yeah, we made a mistake, we'll
15 get to you when we can. That's unacceptable.

16 I don't mind paying for a service. You know,
17 if conservation is what this is all about, why is the
18 majority of this rate increase a service fee, okay? I'm
19 not going over, you know, I'm under their threshold of
20 where you should, you know, with the normal household.
21 But I'm going to pay quite a considerable increase
22 because, you know, they can't manage their money properly,
23 or they didn't invest it in the right areas.

24 I'm sorry, but no one is helping me out. No
25 one said, Oh, jeez, sorry. You lost your job. Here's

1 some extra money, but you know, it would be nice if that
2 happened. Maybe they could cut me a check back.

3 Thank you.

4 (Applause.)

5 CHMN. MAYES: Thank you.

6 Ashlee Atkins, and then Clayton Swindell.

7 MS. ATKINS: I just wanted to say that I feel
8 that there should be a hardship clause with Global Water
9 payments. There is no compassion, they are rude, and
10 there is zero customer service, in my opinion.

11 (Applause.)

12 MS. ATKINS: My experience in dealing with --
13 with all of this came at a total overwhelming time in my
14 life. I'm on medical leave from surgeries, and this
15 summer I got the unexpected phone call that mom was dying,
16 come home. Home is in Southern Alberta, Canada.

17 So I was late on my first payment. It's very
18 difficult for me to wrap my brain around someone that has
19 no compassion, no empathy, and are rude. Sorry, your bill
20 is late, this is when it's due. And to come up with \$150,
21 and a month later go back and bury my mom.

22 Had I known I was going to read something else,
23 I would have put my glasses on. So I'm sorry. I cannot
24 read this. But there is a section in here, if there is
25 someone here that would be able to read this, we would

1 greatly appreciate it.

2 Thank you, Marquisha. This right here.

3 (The following prepared statement was read by
4 Councilmember Marquisha Griffin.)

5 Monopolies and trusts shall never be allowed in
6 the state, and no incorporated company, co-partnership, or
7 association of persons in this state shall directly or
8 indirectly combine or make any contract with any
9 incorporated company, foreign or domestic, through their
10 stockholders or the trustees or assigns of such
11 stockholders or with any co-partnerships or association of
12 persons, or, at any -- in any manner whatever, to fix the
13 prices, limit the production, or regulate the
14 transportation of any product or commodity. The
15 legislature shall enact laws for the enforcement of this
16 section by adequate penalties, and in the case of
17 incorporated companies, if necessary for that purpose,
18 may, as a penalty, declare a forfeiture of their
19 franchises.

20 To me -- meaning her -- this means in a desert
21 you can't cut off water if you control the only water
22 supply.

23 So sign me up -- again, meaning her -- I guess
24 all of us -- I would like to support your -- your class
25 action suit against these tyrants. Thanks, Carla.

1 (End of prepared statement.)

2 (Applause.)

3 CHMN. MAYES: Okay. And for the record, that
4 was Councilwoman Griffin reading. So thank you.

5 Mr. Swindell, and then Becky Clark.

6 MR. SWINDELL: Hi, I'll be real brief. I read
7 the same article. My main information has been on the
8 Internet and the newspapers. And it was huge amounts of
9 money that were given as bonuses in 2008, okay.

10 CHMN. MAYES: Speak into the mic.

11 MR. SWINDELL: There was lots of money that was
12 given as bonuses, roughly 3 million or so, between three
13 or four people, and that was at the end of 2008. In the
14 very opening of 2009 is when they said, Okay, we want
15 their rate increases. So they must have already been
16 thinking about that when they were getting their bonuses
17 because you don't go into that unprepared.

18 The CEO is a nice guy; I met him last night at
19 the council meeting. He said that, No, they're not
20 getting any bonuses. And of course, if you look at it and
21 if you read the articles, they're not getting any bonuses
22 right now. They already got their bonuses just a, what, a
23 year ago. And I'll -- I'd be willing to bet I know what's
24 going to happen -- they're performance based, he doubles
25 the rates. Of course he's going to get a bonus. He's not

1 getting one right now, but as soon as he gets the rate
2 increase, he will. I understand that. I mean, that's the
3 way business goes.

4 I also have no job at the moment either, right
5 about the time I got over here, which was during the
6 summer. My electricity bill was \$200 for one month; I
7 turned off my electric -- my air-conditioning. I knocked
8 that down to \$40 per month -- amazing.

9 But even if I turned off my spigots, I'm still
10 paying 60 bucks a month, and at the moment, it's going to
11 go up. So if it goes up to double, that's 120, and I
12 won't even have to use any to be able to be paying that.

13 And a large part of it has -- has only been
14 mentioned once -- it wasn't even mentioned last night in
15 the council meeting. A large part of the rate increase is
16 actually for the sewage, so you can conserve -- if you can
17 shut off all of your water, you're still going to be
18 paying a bill for getting the water to you, and still
19 you're going to have an increase because of sewage. So
20 it's not just conservation and how much is being used,
21 however, I'm going to be able to pay for that with my HOA
22 and what it is using also.

23 A couple of great things from the council last
24 night was, if possible, take the money that's coming to
25 the city from the Global Water, at least for the moment,

1 and possibly give it to rebates or people who have no
2 money, have no jobs, or are having a real hard time.
3 That's an excellent idea. And if possible, at least notch
4 down some of the taxes. I don't know about -- you guys
5 probably don't have anything to do with that, but that's a
6 great idea.

7 But so anyway, I guess I'm just going over the
8 same old things.

9 But last night, the CEO, I think his name is
10 Mr. Hill, from Global Water -- very personable, and of
11 course that's what they're paying him for, and he said,
12 basically, that he was offended that the City Council even
13 typed up a piece of paper that said, you know, that people
14 here can't afford it. But if it even gets close to that,
15 it's going to be more than offending me, it's going to be
16 really hurting me. I've got no job, and this is all
17 coming out of my savings right now. So anyway --

18 (Applause.)

19 CHMN. MAYES: Thank you.

20 Becky Clark, and then Dallas Paulsen.

21 MS. CLARK: Hello, good evening. I'm here as a
22 homeowner. And my husband and I, we've written a lot of
23 e-mails to the ACC; we've written a lot of e-mails to
24 Global Water. And one of the things that I'd like to
25 bring up -- yes, I also included that the foreclosures --

1 it's going to increase the foreclosures and it's going to
2 increase the HOA fees. That's inevitable if anything goes
3 through. So it doesn't matter if it's 1 percent up to,
4 you know, their 120 -- whatever it is -- it's going to
5 directly affect the quality of life in Maricopa.

6 What I did, in one of the instances, wanted to
7 reflect something that maybe a lot of people don't know.
8 I was in the construction world for a lot of years, and my
9 husband worked for a major utility in California. The
10 main reason Global Water is requesting the rate increase
11 is to recoup expenditures for money spent for
12 infrastructure. This is paid for and built by the
13 developers, then deeded over at the completion of
14 construction.

15 The maintenance schedules for these
16 infrastructures were developed at the time, and there's no
17 additional costs in the Global Water rate cases, because
18 these were paid for, in advance, by the developers, at the
19 time of infrastructure. Okay? So if their homes aren't
20 there, yes, they're not reaping the benefit of the
21 increased water usage, but they are not having an
22 increased rate bases, because they're not maintaining a
23 structure that is just sitting there.

24 All they have to do, according to their
25 schedule at Global Water, is once every two years, they're

1 going to service the fire hydrant. That's it. If there's
2 not any equipment being used to maintain the system, it
3 was already paid for, they did not pay it. It was done by
4 the developers.

5 An e-mail directly from Patty Greco, from
6 Global Water. This is a quote from her paragraph of one
7 of the e-mails that I'll be submitting.

8 The existing rates in all companies included in
9 this application were established eight to ten years ago.
10 In the intervening years, our costs have increased
11 dramatically -- but so has their revenue. If you're
12 looking at eight to ten years of what Maricopa was ten
13 years ago, and how it developed over the last five to six
14 years, look at the money and the increases that they have
15 gotten and the profitability that goes with that. They
16 haven't done any more growth issues, but the developers
17 have already put in it. So they didn't spend, there were
18 no expenditures. There was just profitability and usage.

19 The economic reality is that we're experiencing
20 a large number of foreclosures and that our expenses are
21 increasing -- well, they're experiencing the foreclosures,
22 which are going to turn around as those homes are
23 rebuilt -- but if the rate increase happens, those homes
24 are going to stay empty.

25 But what about all the profitability they've

1 had for eight to ten years ago before the economy took the
2 downturn? Why aren't they using that capital, to cover
3 these foreclosures that are now impacting their money?
4 Okay. It says, while we anticipated and planned for the
5 slow down in the economy -- she's telling us that they put
6 that into their budget and planned for the downturn. Then
7 why are they asking for more money now? If they planned
8 it and it was budgeted and they -- they recognized the
9 downturn in the economy, why are they coming down to ask
10 for rate increases?

11 And is her words, not mine. And it says, The
12 combined effects of the above is that our revenues and
13 ability to meet cash coverages and other obligations have
14 been impaired. Impaired by profit? I don't call that an
15 impairment, myself. That is a direct comment from her
16 e-mail regarding the issues.

17 The other thing that I did want to say is, yes,
18 that increasing the rates, at a time in our economic
19 crisis, would only create more foreclosures and less
20 revenue, not meeting the goal intended. There are many
21 people on the bubble of losing their homes, and an
22 increase of this magnitude can push them over the edge --
23 an increase of any magnitude.

24 Global Water needs to be an asset to the
25 community, not a detriment, and they have been nothing but

1 a detriment, as you can hear from everybody. The
2 foreclosures are lessening and the homes are selling,
3 which will generate more revenue in the very near future.
4 If Global Water were to receive the increase, will it then
5 reduce the rates once the homes are built? I don't think
6 so.

7 CHMN. MAYES: Thank you. And now Dallas
8 Paulsen. And then after Dallas speaks, we're going to
9 take a five minute break for our court reporter to rest
10 her hands, or she's going to shoot me.

11 MS. PAULSEN: Thank you, Madam Chair, fellow
12 commissioners, for taking a ride down to our fair city and
13 to hear these -- all of us speak in favor for -- or
14 actually it looks like it's mostly against this, as you've
15 heard.

16 I've lived here for a little over six years.
17 I've been very involved with the city, before it was a
18 city, and my wife was on the corporation board, I sat on
19 the commission taking -- or council, taking place of one
20 of the council members when they moved. And I've got my
21 hat in the ring now.

22 I'm not going to go over a bunch of the items
23 that's already been spoken about. I've turned in a
24 two-page letter detailing a lot of my concerns. A couple
25 of my concerns are, you know, the rate increase; the

1 amount everybody's forgetting, like the gentleman before
2 talked about -- everybody is talking about water, but the
3 biggest increase is sewer; it's almost 120 percent, which
4 doesn't make sense.

5 I use everything possible in my house --
6 landscaping and all -- to conserve water. I'm even
7 putting solar energy in my house next week to cut down my
8 expenses, if the things keep going up.

9 Where I work our company is a small company.
10 The two owners have not taken a dime out of the company
11 for salary for 18 months. I have taken a big cut this
12 year as of January 1st of 2010, I will make 75 percent of
13 what I made in 2008. But we're all chipping in together
14 to keep the company running.

15 I don't see this happening. Mr. Hill commented
16 last night that the executive salaries are not in this
17 increase; they have been moved to another fund or
18 bucket -- as I will put it -- somewhere else, but somebody
19 still has to pay for them.

20 What have they done to step up to the counter
21 and show their interest in making this thing work? I have
22 not heard of any cuts in salary. I've heard cuts in
23 personnel which everybody has gone through. But I'd like
24 to see some cuts in salary.

25 So along with that, I submitted my letter

1 earlier to you. I hope that you will put it in the record
2 and I thank you, again, for coming down and taking your
3 time out of your busy day.

4 Thank you.

5 (Applause.)

6 CHMN. MAYES: We will take a roughly five- to
7 ten-minute break and come back. We are about halfway
8 through the amount of speakers.

9 (Recess from 8:27 p.m. to 8:37 p.m.)

10 CHMN. MAYES: I think we have about 28 folks
11 left to speak, if -- if everyone has stuck around. We --
12 we do need to try to get through the remaining speakers.

13 Anyway, we're going to go ahead and get
14 started. Commissioner Pierce will be back momentarily.

15 And we'll go ahead and begin with Fran
16 Helsing, and after Fran, Jay Robertson. Are they here?
17 Great.

18 MS. HELSINGER: I'm Fran Helsing. I am a
19 Realtor in the area and also a property manager. And I
20 just wanted to put a little bit of a more personal thing
21 onto this, as to what we've experienced with some of our
22 tenants and homeowners.

23 I have a homeowner that has not been able to
24 live in her home due to family health issues in
25 California, so her house has been vacant for well over a

1 year. And when she got the information from her HOA about
2 the Global Water rate increases and what they would do,
3 she figured out that she only has like a xeriscape in the
4 front of her house, nothing in the back, that her water
5 rates would be \$150 a month on a vacant house. That's
6 scary.

7 We also have a number of tenants who have
8 called and said, Can I get out of my lease? I can't
9 afford the utilities. And their utilities are running
10 between 60 and 75 percent of what their house payment
11 is -- what their rental payment is. That is just killing
12 this area.

13 And that's what I want, basically, for you to
14 understand, that it's that trickle-down theory, as many
15 others who have spoken tonight have made these comments
16 about what this will do to the community. And I just want
17 to reinforce and put a very personal light on that.

18 And I thank you for coming, and I make my
19 comments just a little brief.

20 Thank you.

21 (Applause.)

22 CHMN. MAYES: Thank you, very much.

23 Jay Robertson, and then Darrell Carey, Sr.

24 Jay Robertson? Okay.

25 Darrell Carey, Sr.? Darrell Carey, Sr.?

1 Tealdo Teal? And then after Mr. Teal, Ignacio
2 Meno.

3 MR. TEAL: I want to take a moment to thank you
4 for coming here. I know that for a lot of you that was a
5 drive and this is your personal time. I do respect and
6 trust you and appreciate -- I voted for some of you, as
7 for some of you.

8 In 2002, my wife and I bought a house in Rancho
9 El Dorado. We had two jobs. My wife lost her job the
10 next day. We now, between my wife and I, have six jobs.
11 We are not lazy people. We work hard, and we pay our
12 bills on time. We bought our house for \$140,000; it's now
13 worth about 80. We plan on staying.

14 And you want to tell me that you want million
15 dollar salaries for Global Water? No. Absolutely not.

16 It's been said before any rate increase will
17 result in foreclosures due to utilities. We've seen it
18 due to bad mortgages, we've seen it due to job losses, and
19 now we're going to see it due to utilities.

20 My wife and I live by a budget. Things have
21 gotten tight. I can't go to my boss and say you need to
22 pay me more money because things are tight. We had to go
23 out and get four more jobs.

24 You know, they say that they want a return on
25 their investment. Well, bully for them. I'd like one on

1 mine. My house is upside down. I made an investment in
2 Maricopa. I'd like to see Global Water do the same
3 thing. They should lower their rates -- ridiculous what
4 they're asking.

5 Dead landscape, it's been said before, it's
6 going to lower property values. When I bought my house in
7 2002, Global Water gave me a contract -- or a certificate
8 saying that we had a hundred years worth of water here,
9 and now you're trying to tell me that you don't. Again,
10 something is the matter.

11 If Global Water cannot live by their budget and
12 their promises, maybe they should shut their doors. At
13 8 percent in the black, somebody else is going to come
14 along who can actually run the business and they're going
15 to buy it. I'm not afraid of that.

16 To the same leaders who stood up and vigorously
17 defended us -- I heard that, we listened. To those of you
18 who did not stand up, we noticed that too.

19 (Applause.)

20 MR. TEAL: My name is Tealdo Teal, and I vote.
21 I am only one vote, but behind me stands an army.

22 Thank you.

23 CHMN. MAYES: Ignacio? And then after Ignacio,
24 April Lett.

25 MR. MENO: Hello. I coming here -- I move to

1 Maricopa three months ago. I was living for six years in
2 Casa Grande. I had -- I have a house similar like the one
3 I have here, cheaper. The thing is, in Casa Grande, I
4 have, in the back of my house, a yard with grass, several
5 trees. And I spend three times or four times more water.
6 And I pay only, at the City of Casa Grande, \$52 to \$62 a
7 month.

8 I came here, three months ago, and I'm paying
9 \$100; and I have no grass, no trees, and only three
10 persons living in that house. And I demand that those --
11 those people in Global Water stealing -- I don't know --
12 something. And I demand -- yeah, yeah.

13 (Applause.)

14 MR. MENO: And I demand -- I demand a state or
15 federal investigation, because we can't pay more.

16 The people that -- I never seen nobody. And
17 like somebody say before, no attention to the customers.
18 They say they have an office here in Maricopa. And I
19 tried to go personally, because I want to talk with the
20 people personally, and I can't find the -- the office.

21 So thank you for laughing.

22 But I demand that if I use less water and pay
23 more, and it is -- out of the same cities, Casa Grande and
24 here -- same cities, same water, same everything. And why
25 we pay more? Somebody's getting something; somebody's

1 doing something wrong.

2 Thank you.

3 (Applause.)

4 CHMN. MAYES: Thank you. April Lett.

5 And if we can have someone help with the
6 microphone. I think it can be taken out of the holster.

7 Can we give her the microphone? There we go.

8 Thank you.

9 MS. LETT: Thank you. I come here as a
10 resident, I just recently moved to Maricopa. And the
11 reason I moved to Maricopa is because I formerly lived in
12 California, the costs of living in California is
13 outrageous.

14 I was able to buy a home here in Maricopa. But
15 as you can see, I'm disabled; my husband is also
16 disabled. And so, being disabled, we're on fixed, limited
17 income, and we simply can't afford this kind of a rate
18 hike for water and sewer.

19 And that's all I really want to say. So I hope
20 that you listen to all the people here tonight, because,
21 as the homeowners' associations have also said, this not
22 only affects us, individually, it also affects us as an
23 association member, because the dues are going to have to
24 go up. And I know that they don't want the -- want to
25 raise the dues, but they're going to have no choice if the

1 water company is allowed to have these rate increases.

2 So as other people have said, it's a double
3 whammy, and we just simply can't afford it. Nobody here
4 can. So I hope that you don't let the water company have
5 any kind of a rate increase.

6 Thank you.

7 (Applause.)

8 CHMN. MAYES: Thank you, very much.

9 Lloyd Flowers, and after Lloyd, Joe Griswold.

10 Lloyd Flowers? Okay. Joe Griswold? Joe Griswold? Kelly
11 Lippold? And then after Kelly, Brandon Reeves.

12 MR. LIPPOLD: I would like to thank the
13 committee for hearing us all. A couple things I'd like to
14 say.

15 CHMN. MAYES: Bring that mic closer, there you
16 go.

17 MR. LIPPOLD: A couple things I'd like to
18 say -- is that better?

19 I used to manage apartments in Bullhead City,
20 where I lived for several years. One of the things we
21 could not do, we could shut off the -- if we had to evict
22 the tenants, we could shut off the electricity. We could
23 not shut off the water. It was illegal, to get them to
24 actually move out. We could not shut off water services.

25 Something else, as far as the HOAs and stuff,

1 if the banks are owned -- if they have a lot of properties
2 owned by the bank, obviously the bank is not going to be
3 paying the water, so that increase goes to however many
4 other houses are there. So instead of dividing it by
5 1,500, if you have a certain percentage that isn't
6 occupied and -- and thus bank-owned, that increase is
7 doubled to the people who are actually living there,
8 because the bank's not going to pay it.

9 And being a retired landscaper from Washington
10 state, granted we have a lot of water up there, but moving
11 down here and stuff, I'm one of the people that monitors
12 their irrigation system very closely, so it's not
13 oversaturating and so forth.

14 The fact that Global Water wants to increase
15 that amount, or any amount, period, is horrendous, simply
16 because, one, they pay -- they charge you on the end and
17 they get you when they flush it; it's a double charge for
18 the same water. Not to mention the fact that when we
19 moved down here -- my wife and I moved down here from
20 Chandler, their average water use at the water company up
21 there would give a home was 4,000 gallons.

22 After 4,000 gallons -- between 3,500 and
23 4,000 gallons, they figured was an average use of a home
24 per month. Above 4,000 gallons, they charged you heavily
25 for it, understandably.

1 Global Water has 1,000 gallons -- anything
2 above 1,000 gallons, they charge you through the --
3 through the nose for it. I don't think that's fair. I'd
4 like to know who thought the 1,000 gallons per household,
5 per month, was appropriate, and where they got that number
6 from, considering a lot of other towns in Phoenix and
7 stuff go by 4,000 gallons on average use.

8 And as far as the electric company, I'm -- like
9 I said, I'm one of the conservative people. I'm putting
10 up gutters on my house. I know it only rains four times a
11 year, but I'm going to stock that water into some
12 underground barrels and stuff, so I can use it. I mean,
13 I've gone --

14 (Applause.)

15 MR. LIPPOLD: I've gone to the extent of
16 spending -- it cost me about \$115 to put a digital
17 thermostat system, rated for the hot water heaters, so I
18 can shut -- when we leave at 5:30 in the morning, it shuts
19 off. Now that'll pay for itself in 10, 12 months, on
20 average. But I've gone to several extremes to conserve.

21 And now the water company is telling me, Oh,
22 here's a stick, bend over. No thanks.

23 Those kind of companies shouldn't be running
24 themselves. If they can't meet their public need, like
25 other companies around the Valley, remove them.

1 Any company -- I've been in small business,
2 I've had a landscape company. I had to pay state taxes.
3 I had to pay B&O taxes and everything else. I had to
4 figure out my own budgets. If I screwed up, I went
5 under. The government wasn't bailing me out; nobody
6 bailed me out. I made a profit or I went under.

7 They're making a profit; a fair profit, I don't
8 think so. I think it's way above fair.

9 Some of the other electric companies and some
10 of the other water companies in the Valley, I bet you if
11 you look at their profit margin, it's way below what
12 Global wants. Or as my wife -- we nicknamed ED's Electric
13 and Bob's Water, as far as the two brothers and they try
14 and bend you over every way they can.

15 But let's have them go to an average use in a
16 home of 4,000 gallons, at a flat rate, like Chandler does
17 and so forth. This thousand gallons of water, and then
18 we're going to, you know, charge you up the ying-yang for
19 the rest of the other 3,000, that we know you're going to
20 use, because the averages of homes in the rest of the
21 Valley are 3,500 to 4,000 gallons. They know that.

22 Why'd they set it so low? And -- and how can
23 we reverse that so that they can put in an average usage
24 and put it at a flat rate, like everybody else? If this,
25 if any rate increase goes through, you are going to drive

1 people out of here. And if you drive the homeowners out
2 from hardship, from everything else, you're going to lose
3 the businesses, because my landscape business up in
4 Washington dealt on disposable money. I've also been in
5 the florist business -- that's a highly disposable
6 business for money.

7 If you don't -- if you burn everything out,
8 you'll dry up the town.

9 Thank you, very much.

10 (Applause.)

11 CHMN. MAYES: Thank you, Mr. Lippold.

12 Brandon Reeves?

13 FEMALE SPEAKER: We need to limit to two
14 minutes.

15 CHMN. MAYES: Okay. We'll -- we do need to try
16 to limit the comments because we're probably going to be
17 booted out.

18 Brandon Reeves; Sean Rieman.

19 MR. REEVES: My name is Brandon Reeves. I
20 moved here in 2007, November 2007. And I purchased a
21 Ryland Home in Rancho Mirage, which, as far as I could
22 tell, I don't see any of my residents here. That's
23 probably because we only have 20 to 25 houses in our
24 entire quadrant.

25 As you know, Ryland is no longer even in the

1 state. The problem is I am still stuck paying \$268 HOA
2 dues, every quarter, for an incomplete community. We are
3 unable to vote on anything yet, nor will we ever, because
4 the only builders in that community at the time were Shea,
5 Morrison, and Ryland. We're only going to be able to fill
6 up to 33.3 percent, by my calculations. How are we ever
7 going to get our 75 percent to be able to vote on
8 anything?

9 I was very thankful to see the other HOA
10 presidents here. I almost feel like I'm representing
11 mine, despite the fact I was actually the second person to
12 ever move into my neighborhood. There were three houses
13 that were finished, the very first week, and I was one of
14 them to move in -- one moved out six months later.

15 I find myself, lately, having to buy lunch in
16 quarters. Even today, I haven't eaten lunch yet. I'm
17 shaking. I put in a 10-, 15-hour day sometimes. It
18 depends, however it takes. I work weekends. I do track
19 support. I'm a factory-trained Porsche technician, that
20 makes \$50,000 a year at my age, and I can barely even
21 afford to put food on our table, for both me, my
22 girlfriend, and her seven-year-old daughter, who now calls
23 me daddy.

24 One question that I have with the sewage
25 bills -- I have my statement here. The basic water

1 charge, because I have a 1-inch meter at my home is 62.50,
2 basic water charge, with a 1-inch meter, my sewer charge
3 is 82.50. You look in the small print here, the water
4 consumption charge of what they're actually charging me is
5 \$7.10, and that is for a use of 3,700 gallons -- that's
6 the most I've had in the entire year, if you even look at
7 their bar graph that they have here.

8 I don't see how I could cut back anymore. I
9 don't have grass in my yard. I still have tumbleweeds and
10 dirt.

11 I look at this raise as being a taxation
12 without representation, and it is also defacing of
13 Maricopa.

14 Thank you for coming out here.

15 CHMN. MAYES: Thank you, very much. Sean
16 Rieman, and then Al Brandenburg.

17 MR. RIEMAN: Thank you, for coming out.

18 I live in Alterra, which is south of the
19 tracks, and everything is supposed to be potable water out
20 there. I moved out there three years ago. I'm a
21 single-income family of six. So we have a lot of toilet
22 flushes, a lot of clothes being washed, and just a little
23 bit of grass in the backyard. But we still pay quite a
24 bit in our water and sewer. To double that would destroy
25 my very small allotment towards my utilities.

1 I don't go out and have excessive toys to play
2 with. We don't take our kids out a lot to eat. We don't
3 enjoy cable; we've cut that out so that we could pay for
4 the utilities.

5 When we first got out here -- I was living in
6 Florida -- that's some very interesting water to drink out
7 there. But when we got here, I was actually getting sick
8 from drinking the potable water that is out here in
9 Alterra, in the community. And I thought I was just
10 getting sick from something else, but my children were
11 also being sick. And they were actually throwing up,
12 until I changed from drinking the water from my house to
13 purchasing water.

14 So now I go and purchase water, which it
15 supports the water boy here in the local community --
16 that's great. But if you raise -- if the rates are raised
17 by Global Water, then who do I support?

18 I'm more than likely move out of Maricopa.

19 Thank you.

20 (Applause.)

21 CHMN. MAYES: Thank you.

22 Al Brandenburg, and then Aron Rausch -- and he
23 may have had to leave, so....

24 MR. BRANDENBURG: Madam Chairperson and fellow
25 commissioners, thank you, again, for coming this evening,

1 to address the people of Maricopa, the people of our
2 various HOAs. My name is Al Brandenburg and I do sit on
3 the board of directors for the Alterra HOA.

4 I would like to just bring up a few bullet
5 points -- I'd like to keep this as brief as possible,
6 because I think a lot of other people have pretty much
7 covered many of the subjects that needed to be discussed.

8 But I would like to submit to you that,
9 presently, Global enjoys about a 4.5 percent profit
10 margin, that they would like to increase. And I would
11 submit, I don't know of any business in these economic
12 times that wouldn't be jumping for joy if they were making
13 4.5 percent profit at this point in time and in this
14 economy.

15 Now, I can tell you that when I first moved
16 into this community, two years ago, and when I became a
17 board member at Alterra, we were under very dire straits.
18 The number of homes that we're supposed to have that were
19 totally built out, weren't occupied as such, and wound up
20 with empty homes and a lot of foreclosures and a lot of
21 the things that our people have been talking about this
22 evening.

23 One of the biggest problems that we had was we
24 couldn't afford many of the things that needed to be done
25 even, from a maintenance standpoint, and we were in the

1 red. And thanks to the hard work of our financial
2 committee, we wound up doing a lot of conservation-type
3 features, scaling back on a lot of our expenses, looking
4 at where we could save the value, and still were forced to
5 increase our HOA dues for the past year.

6 And in addition, what's really worse, is that
7 our entryway monument, which was a beautiful water
8 monument at one time, we had to shut it off because we
9 just could not afford to run it any longer.

10 If this is to go through, if any rate increase
11 is to go through, as many people have already spoken about
12 tonight, the increase in individual -- individual rates
13 for anybody that owns a home is -- is going to be
14 basically under the gun. And what's worse is that it'll
15 be a double whammy with people that have to pay dues in
16 the HOA. There's no way that they're going to be able to
17 afford what dues will have to go up to. And as an HOA
18 board member, there's no way that I'm going to vote for
19 something that the people aren't going to be able to
20 avoid -- to be able to afford.

21 So if -- if allowed to increase the rates, and
22 you see the initial impact on the homeowners, you see the
23 initial impact on the HOA, as far as dues to its people
24 and then services, it could be fine. You're going to see
25 a lot of individual areas that have water features and

1 nice parks and things like that, and they're going to go
2 away because nobody can afford to pay for them any
3 longer. And as a result of that, people are going to
4 express their displeasure with their feet, and they will
5 leave the area.

6 And I'm just speaking as a resident of
7 Maricopa, for a moment -- and I think someone brought this
8 point up earlier, but I would like to expand on it. I
9 think our city council and our government, for that
10 matter, in the city, has a long-term strategic plan for
11 growth in this community. And I would tend to think that
12 the -- in all reality, having this kind of a raise, and
13 probably coming back two or three years from now and doing
14 it again, is going to wind up, who is going to come here
15 and say I'm going to establish my business; I'm going to
16 put a new business here.

17 We have one car wash here in the whole area; we
18 have somebody else that has just been looking to -- to put
19 in another car wash. But they're not going to be able to
20 afford to do that. And you have another individual that's
21 actually going to come to your home and use your water to
22 wash your cars -- that's not going to happen either.

23 So in reality, you know, your future growth
24 is -- is just going to wind up being stagnant, and again,
25 people are going to express their displeasure with their

1 feet, and this community will dry up -- and not just
2 Maricopa, because I tend to think, if I understand the
3 facts correctly, that it's not just the Maricopa
4 community. It's many communities, both south of Chandler
5 and out in Glendale and south of Glendale and all the way
6 out in Casa Grande, for that matter, who are expressing --
7 and out in Buckeye, who are expressing the same -- same
8 issues and the same problems.

9 So I would submit to you, do whatever you can
10 to try to -- to make this thing go away and -- and not
11 have a rate increase. And when I say that, I come from
12 New York state, originally. And I've been involved with a
13 lot of different public utilities in Upstate New York, and
14 I have seen, time and time again, when commissions that
15 were supposed to represent the interests of not only the
16 businesses that were there, but also the people at large,
17 that would say, Okay, this is what they're asking for, 20
18 percent, we'll go fight with them, tooth and nail, and
19 then they wind up just -- they wind up giving them
20 10 percent, and then three years later, it just continues
21 on and on and on.

22 We need to have -- as was discussed, we need to
23 have a viable plan, that looks long-term at where we're
24 going to need to be growth-wise in this community, and
25 also what we can honestly afford as to what's going to

1 happen over the next ten years -- and whether it be
2 different techniques with conversation -- or conservation,
3 or whether it be types of strategies in order to forgo
4 some of the -- some of the expenses that we're going to
5 have to pay going forward.

6 Thank you.

7 (Applause.)

8 CHMN. MAYES: Thank you. Thank you, very
9 much.

10 Aron Rausch. Aron, are you still here? Okay.
11 Tom Bradbury? And after Mr. Bradbury, Greg
12 Morrow.

13 MR. BRADBURY: Thank you. I was asked to
14 represent the Villages -- and most of it hasn't been
15 said -- but basically, we have a very large lake which
16 from the lake, reclaimed water. We support 24 acres of
17 grass and over 64,000 plants, and with that our bill is
18 approximately 18 K -- 18,000, and will go up to about
19 100,000. So that's over a 500 percent increase. So that,
20 of course, will be beyond what we can ask the users to --
21 or ask the members to add. So that's one side.

22 On the other side, I'm a Realtor. I think
23 their fees are way too high. For every home that I just
24 have to inspect, they charge \$150 just for -- just for the
25 fact that -- an up-front fee, they charge \$50 to turn the

1 water on. I turn the water on for five minutes to check
2 and see that everything runs. And then it takes them --
3 they charge me another \$65 to do that, and then they take
4 up to eight months to return my \$150.

5 So I -- and I know other people have complained
6 that the fees are outrageous. So those are the main
7 things.

8 Thank you.

9 (Applause.)

10 CHMN. MAYES: Greg Morrow. And I apologize, it
11 does say either/or, so if you'd like to speak, that's
12 great. And then Charles Anderson.

13 MR. MORROW: I was kind of a little afraid
14 everybody would cover all of the points before I had to
15 get up here and they did. We've heard from people that
16 say their income can't handle an increase. We've heard
17 from people that lived other places and it's cheaper
18 here. And that's all good. And I understand that. And
19 that's what you guys are going to help us with.

20 There are things that I would like you to look
21 into. For a background on me, I've been working in
22 construction for 35 years, about 25 of those were building
23 water plants and sewer plants. Also part of that was
24 doing infrastructure for some of the developments out
25 here. I understand who builds these; I understand how the

1 money gets traded around; I understand how the
2 certificates come up with a hundred years. But we're
3 talking conserving, and that's where most of this money
4 has been spent.

5 Unfortunately, we do need to conserve, but when
6 it is being forced upon us, we have a tendency to think,
7 Can we afford it? The conserving that's been going on now
8 has been taking our effluent water, that has in the past
9 found to be reasonably done, in other words, the cleaning
10 is to a certain point, and then it is given to golf
11 courses, given to HOAs. It's put in the ponds and used
12 for the water for the -- for the drains and stuff that
13 they need in these areas.

14 It has been a real good cost, getting that
15 down. But when you go to start making an area that is a
16 great water community, you have to treat that water more.
17 You can't just put out the standard ten-year renewal
18 effluent for these communities. If you're going to have
19 it piped into a house, there's more stringent regulations,
20 which means it is going to be more expensive.

21 The problem is the HOA water is now going to
22 cost five times more, or whatever the real number is,
23 because it has to be treated five times better than it
24 would have been if it was just going to them.

25 I think that's what we need to look at as a

1 commission, and say, What really is the cost that's going
2 into that stuff?

3 I also think that we need to look at whether or
4 not there's a conflict of interest. If anyone on the
5 board is part of the development that is south or actually
6 to the east of my development, Rancho El Dorado, that put
7 in all of these restrictions of the grey water, which is
8 an added expense -- if they were in charge of the company
9 that decided to do that and they were somehow getting
10 Global to pay for that, I think there's a conflict of
11 interest, and that should never have been done.

12 To the rest of it, I thank you guys for giving
13 your time to us as a community. I just wanted to -- you
14 know, I live here. I work up on Highway 17 in Peoria. I
15 conserve, I drive a motorcycle. It may be a cost of my
16 life some day, but I choose to conserve. That's a cost
17 that I do. I don't want to conserve by having my effluent
18 treated more and costing me, and the rest of my citizens,
19 extra money.

20 Here's the model of my business: Striving to
21 make a better community by helping others. That's what
22 Global needs to understand. They have done so, they
23 better start looking at the rest of the community.

24 Thank you.

25 (Applause.)

1 CHMN. MAYES: Thank you.

2 Charles Anderson, and then Ken Edwards.

3 Charles Anderson? Ken Edwards? Ken Edwards?

4 Oh, there's Ken. And then after Ken, Dale Cox.

5 MR. EDWARDS: Is it good morning yet? It seems
6 like it.

7 I thank you, so much, Commissioner Mayes and
8 fellow commissioners, for coming to Maricopa. I'll keep
9 this brief.

10 I represent -- I'm coming here as the
11 representative for Rancho El Dorado; I'm the president of
12 the HOA. We have 3,100-plus homes. We budget 30- to
13 \$40,000 for a high month; with this current rate, we're
14 looking at possibly going up to 160,000 a month. We have
15 15 acres of green space, we have 3,100 homes. We have
16 approximately 10,000 residents; that's not a lot of green
17 space for the kids. If you drive through the community,
18 you'll notice that it's really nicely xeriscaped.

19 Global wants to -- they claim they want to help
20 conserve water consumption here in our community. Well,
21 if you visit their multimillion dollar facility, you'll
22 find that there's not one brochure on xeriscape. You go
23 over and ask, and it's like, No, we don't have anything.
24 They have all kinds of plasmas showing where -- where the
25 future is -- it's all in water -- and how there's such a

1 crisis worldwide for good clean water, but yet they have
2 nothing there. They never send anything in the mailers.

3 The sewer -- I have a home in Scottsdale and my
4 sewer bill is \$17 a month. My home here is 33, and it's
5 projected to go to 71.

6 For the last two years, we have had zero --
7 essentially, zero growth here, as far as the building
8 permits issued. I don't see where there's been an
9 increase in their overhead.

10 As far as developments and utilities, I believe
11 there may be some documents that exist, that show that
12 the -- some of our utilities here were formed by some of
13 the developers and then spun off. I don't know where you
14 can find them, but I do believe that those -- those
15 documents exist, and I don't know if they're legal.

16 Our tax base is diminishing here with the --
17 with homes being vacated, and the homeowners here are
18 getting hit four times with the -- will get hit four times
19 with the water rate increase -- one, for their personal
20 residential use; two, through the HOA; three, through the
21 tax base -- the City will be paying huge sums for the
22 parks that we do have in the schoolyards; and four,
23 business expense -- the cost of doing business will
24 increase, and then we'll have to pay -- pay that, which
25 means that people will shop less. And we already have got

1 a high vacancy rating, because we have one of the highest
2 per square footage rates for retail space here in the
3 state.

4 We just raised our HOA fee at our last meeting,
5 and the bills went out on Friday, and I've been getting
6 phone calls from irate homeowners about the fact that
7 their bill went up 20 percent. But that 20 percent will
8 not cover -- that's the maximum allowable by law -- but
9 that will not cover the added expense, if this rate
10 does -- rate increase request does go through.

11 And one of the reasons I think we had such a
12 huge -- we had such a huge turnout tonight is that in the
13 past, the Arizona Corporation Commission, it's been
14 perceived that it's been a rubber stamp of the utility
15 companies, that we had commissioners whose basic
16 philosophy is that no regulation is good regulation the
17 government should not be in the business of the people.

18 (Applause.)

19 MR. EDWARDS: I tend to disagree. I think that
20 good government is what we need. I think that regulators
21 should be regulators, and not just let things pass, and
22 they should take a look at the impact that it has on a
23 community. And I request that you all be fair when you're
24 looking at the hardships that it's going to create here.

25 One last thing, some of my experiences, since

1 living here in Maricopa, since 2004 -- I got a phone call
2 from my wife saying she was in the shower when the water
3 was turned off and she had shampoo in her hair and she had
4 to go to work. I was in Buckeye, working. I said, Hon,
5 it was paid. I saw -- I looked at the Bank of America
6 statement and it cleared. Well, the dollar amount was
7 close.

8 She called back. I called Global, paid it with
9 a credit card over the phone. An hour and a half later I
10 got a phone call from her, well, there was an envelope in
11 a plastic bag. My payment was returned to me because
12 there was no -- they never supplied a courtesy envelope
13 and so I did -- I had transposed the last two digits.
14 Their office at the time -- they didn't have an office
15 here, as required by law, to service us consumers. The
16 office was at 19th Avenue and Deer Valley, and a 623
17 exchange -- which they didn't have a local exchange either
18 for calling in to change service or add service, as
19 required by -- I believe state -- state law requires
20 that.

21 Well, my check came back, and that's why the --
22 the water had been disconnected. And the disconnect fee
23 was 60-plus dollars. I noticed -- in the past, I've had
24 to pay my bill at the last possible moment, because in our
25 household the money is tight, as well. And when you

1 receive a disconnect notice, it says that your bill must
2 be paid or your service will be disconnected on -- and
3 most communities, when they have that, the disconnect date
4 is the date that you -- you have to have your payment in
5 by, usually by 5 p.m. Well, if you go to the office here,
6 your water can be turned off, because it has to be -- if
7 you read the fine print, it's the day before.

8 And I have been a printer for 25 years, and
9 when I see a stack of paper, I can pretty much tell you
10 how many sheets there are. On the countertop, behind the
11 reception area, it appeared that there were, like,
12 500 disconnect orders, back there -- each one 60 bucks.
13 And I did the math while I was waiting in line -- that's
14 \$430,000 in additional revenue that they can bring in.
15 It's a great revenue stream. And their invoice that you
16 get indicates that their offices are open from, I believe
17 it's from 8:00 to 5:00.

18 But if you go to the office here in Maricopa,
19 it's open from 8:30 to 10:30, and then it opens again at
20 2:00 -- at 2:30 and closes at 4:30. And so you have
21 people who have to leave their jobs to come and pay their
22 bills, because the kiosk out front, for your convenience,
23 doesn't work.

24 (Applause.)

25 MR. EDWARDS: So you know, I had a -- I had a

1 homeowner call me last week because they had turbid water
2 coming out of their faucet. It was black. She has a
3 newborn in the house. She's had this before. When she
4 calls, she's always told, Well, it's something between the
5 street and your home. And -- but yet, without doing
6 anything, the water clears up.

7 And then finally, Thanksgiving Day, I found a
8 home that was flooding, five doors down. And the water
9 just went on, and the -- the valves were closed, but yet
10 somehow the water pressure caused the home to flood. And
11 there's a lady here in the audience who just bought a
12 house, her first home. And she just told me that she had
13 \$3,000 worth of damage because they turned the water on
14 and the house flooded.

15 And I believe you said your daughter, Therse --
16 her daughter, as well.

17 So anyways, thank you, so much for coming. I
18 do hope that this was worth your time, and for our time.

19 Thank you.

20 (Applause.)

21 CHMN. MAYES: Thank you, very much.

22 Dale Cox, and after Mr. Cox, Mike Cossey.

23 And we really -- we've got to keep it to just a
24 couple minutes, because we're running out of time.

25 Go ahead.

1 MR. COX: Madam chairman and members of the
2 board, I'd like to share my experiences that we've had in
3 the process of trying to buy a home here in Maricopa.

4 We needed to go through a home inspection and
5 needed the water turned on. The Realtor forewarned us
6 that we probably ought to drive out there because they
7 don't answer their telephone. This was true. You could
8 call them and it would just ring and ring and ring. But
9 we drove out there, and as the gentleman said before, it
10 wasn't in between the four hours that they were open. I
11 thought it was during the business hours, so we had to
12 turn around and drive back out there again. No big
13 problem.

14 And in the process of paying the fees and this
15 and that, how long is it going to take to get the water
16 turned on?

17 It'll take four or five days.

18 Four or five days? We can't get it any quicker
19 than that?

20 Oh, yes, you give us an extra hundred dollars
21 and we'll get it turned on tomorrow.

22 Now, this seems like shoddy business practices
23 to me. Maybe this is kosher. Maybe they can do it. But
24 they're a community service utility that's supposed to be
25 there to help you. Part my hand with a hundred dollars,

1 and we can do it -- that probably shoved some people on
2 down the list, if you give them a hundred.

3 I didn't elect to do it. We waited the three
4 or four days. Also, we wanted it turned on for an
5 inspection; if we wanted it shut back off, we had to pay
6 an extra fee.

7 Okay, let's just leave the water on.

8 We get the home finalized, get all the papers.
9 We go over there, no water. The water's been shut off.
10 We're smart enough this time to go out when Global Water's
11 offices are open.

12 Why don't we have any water?

13 We don't know.

14 It's been shut off. Who is -- who had it shut
15 off?

16 We don't know.

17 We sat there. And finally, they said they had
18 a supervisor. About two -- two and a half hours later,
19 they came out and they said it was a mistake. Yes,
20 they'll get out there and they'll get it turned back on
21 for us. It's our mistake.

22 But it took us two and a half hours. Our time
23 isn't worth nothing.

24 This is really a service to a community to run
25 a business like this? I really think if they make shoddy

1 decisions like this, they need to be looked at, because
2 this price increase seems to be they're trying to get
3 their infrastructure paid for, that's, hey, if they make
4 shoddy business decisions, why should all of us have to
5 step up and pay for it? It's not fair.

6 Thank you.

7 (Applause.)

8 CHMN. MAYES: Thank you.

9 Mike Cossey?

10 MALE SPEAKER: He left.

11 CHMN. MAYES: Mike left? Okay. Bill Rooney,
12 Bill. And then after Bill, Carlton Curtin.

13 MR. ROONEY: Good evening. Thank you for
14 coming out here and surviving the trip on 347. It can be
15 deadly; I ride a motorcycle, as well.

16 The reason I'm here is, one, the same concerns
17 as everybody else. I'm not going to go down the triple
18 effect that everybody has gone over.

19 But one of my concerns is, being a resident out
20 here, being in a maintenance position, in a very high-tech
21 company, the -- we're striving to replace parts and do
22 maintenance work at a very efficient rate, very low cost
23 rate, trying to help keep the budget down for spare
24 parts.

25 Knowing some people that work at Global Water

1 in their maintenance facilities, they can sit there and
2 tell you horror stories of sewer pumps that need to be
3 replaced, but they can't schedule it properly, or they
4 have to pay the extra cost of a crane to sit there
5 overnight because the crew wasn't ready to have the sewer
6 pump removed. So there's an additional 10-, \$20,000 for a
7 crane to sit there, because they could not schedule their
8 maintenance properly.

9 There's been numerous times where jobs were not
10 coordinated with outside construction companies, where
11 they actually got the work done in a timely manner. This
12 is adding more costs to the operation of the business,
13 which is not what a good operating business does.

14 So I would really appreciate if when -- when
15 they're asking for this money, that the board looks at
16 them and asks, What about your operating expenses? How
17 are you controlling them?

18 I mean, there's the terms of manufacturing --
19 there's all those golden terms that the corporations use
20 to make maintenance functions profitable.

21 We check the oils on our cars because we can't
22 afford to change the motor; some of us are doing it on our
23 own because we can't afford to go down to Fletchers.

24 But this company does not look at that, and
25 they let their maintenance -- their preventive maintenance

1 schedule slide, when they end up repairing stuff because
2 it has expired or it is no longer functioning.

3 That's all I ask is that you look at their
4 operating costs of their maintenance. And I'm telling you
5 they'd have a whole lot of savings out there.

6 Thank you, very much. And if you'd like, take
7 some water out of the water fountain here, and you'll get
8 to see what Maricopa water is like.

9 Thank you.

10 (Applause.)

11 CHMN. MAYES: Thank you. Carlton Curtin.

12 Carlton, are you here?

13 Nancy Lockridge? Nancy? There she is. Okay.

14 And after Nancy, Andy Lockridge. Nancy?

15 MS. LOCKRIDGE: We're just about last. Thank
16 you for coming down and listening to us, and you've heard
17 a lot of horror stories tonight.

18 I just wanted to break down -- well, I moved
19 down here about three years ago, from one of the Valley
20 cities up north of us. My water bill, when I was there,
21 included water, sewer, and garbage; and it was only about
22 50-some dollars a month. And we had three people there
23 and we had a pool, we had grass. We moved down here, and
24 it immediately increased \$10 a month, and it was only
25 sewer and water, not garbage.

1 And so I thought, huh, I thought we're moving
2 down here for -- I thought it was going to be more cost
3 effective to move down here. Just to quickly go to my own
4 personal accounting of what this is going to do for our
5 family -- if the water for the average homeowner raise is
6 40 percent and the sewer 120 percent, that means that,
7 monthly, I pay \$35 for water; that would be \$49 a month.
8 Monthly, I pay \$35 for the sewer. That would go to \$150 a
9 month, for a total of \$199 a month, just for my own
10 personal water usage, in my home. We only have two
11 people. We don't have a pool; we don't have any grass.
12 \$200 a month just for two people to have enough water for
13 just basic home survival.

14 And then, as you know, we all live in
15 associations here. And I was told that our -- since the
16 association fees for water would go up 500 percent, as I
17 was told, that would probably average out to about an
18 additional \$50 a month, so we will be paying -- and I know
19 this is redundant -- but we will be paying a total of
20 about \$250 a month, just for water and sewer -- nothing
21 else.

22 I think that we need to look to the fact that
23 this is a monopoly. None of us have any choice, anywhere
24 else, that we can get water. This is our water supply.
25 This is our lifeline. And because some company has been

1 poor managers and wants to gouge us to support their
2 immoral approach to doing business, I just would ask you
3 to vote no.

4 In fact, I don't know if you have it within
5 your powers to just approve or disapprove what they're
6 asking, but with the rest of the people here who have
7 already asked you to decrease the amount of money that we
8 spend for water here, I can't understand why we're even
9 paying as much we are right now. So I don't know if
10 that's within your purview or not, but if it is, would you
11 please look into that for us, because we're really being
12 overcharged already.

13 And so with this kind of increase, I just think
14 it's immoral. That's all.

15 Thank you, very much.

16 (Applause.)

17 CHMN. MAYES: Thank you. Andy Lockridge, and
18 after Andy, Chad Chadderton.

19 MR. LOCKRIDGE: I'm a homeowner here in
20 Maricopa, and I would thank you for coming out. It means
21 a lot to us that you would care enough to come to our
22 community.

23 I'm opposed to the rate increase for two
24 reasons, neither, really, of which have been touched on a
25 great deal. One is because of conscience.

1 I'm a business owner, and if I expand my
2 business too fast or if I misjudge the growth rate, I am
3 personally responsible for what happens to my business. I
4 cannot, in good conscience, go to my clients and ask them
5 to pony up more money because I made poor decisions or
6 misjudged the timing of what was going to happen in my
7 business. I have lost money, over the years, in business,
8 and I have made money over the years, but I have never
9 gone to my customers and asked them to give me more money
10 because I made poor management decisions. That is what
11 Global Water is asking us to do, and I think that's
12 unconscionable.

13 The second reason that I oppose the rate
14 increase is because of the state of Florida. You say what
15 does the state of Florida have to do with Arizona? It has
16 a lot to do with it.

17 The state of Florida just had a decrease in
18 population for the first time in its history, this past
19 year. That means more people are moving out than are
20 moving in. And when they traced the reason why, it was
21 because of an increase in utility rates -- both the
22 electric and water had been going on for a number of
23 years. Because of the increase in utility rates, year
24 after year after year after year, people finally got fed
25 up and they said, We're not going to stand for it anymore;

1 we're moving out.

2 You've listened -- you've heard people say that
3 we're moving out of Maricopa if this rate increase goes
4 through. I had my neighbors just put their house up for
5 sale. Why? Because of the proposed rate increase.
6 They're not alone. There are a lot of people here like
7 that. And if this rate increase goes through, to any
8 degree, you will see an exodus out of Maricopa.

9 Will that bring in more water for -- more money
10 for Global Water? No, it will just compound the problem
11 because now they don't have as many people to get
12 water (sic) from, so they've got to come back to you for
13 another rate increase, and the whole cycle continues.

14 So I ask you for the courage to say no and stop
15 it in its place.

16 Thank you.

17 (Applause.)

18 CHMN. MAYES: Thank you. Chad Chadderton, and
19 then Greg Karlstorf.

20 MR. CHADDERTON: Hi, my name is Chad
21 Chadderton. I own Ahwatukee Realty and Property
22 Management. We've been operating our business in town
23 since 2002. And just what I've seen, first-hand, and some
24 other people -- a lot of people came here to get
25 affordable housing, get more for their money. When gas

1 went to four dollars a gallon, we saw a mass exodus out of
2 Maricopa, since 68 percent of the people commute.

3 This rate increase would have the same impact
4 as when gas went to \$4 a gallon. People just simply can't
5 afford to live here.

6 We also do a lot of short sales and bank REOs.
7 One thing that we have found in the Arizona Association of
8 Realtors contract, we are required to have utilities put
9 on to do inspection. That's part of the law, it's part of
10 our contract.

11 What Global Water is doing is the house may be
12 vacant for several months and the landscaping is dead.
13 And to get the utilities turned back on, they are back
14 billing \$62 a month from the time the water was shut off,
15 even though the water was never used. Unfortunately, I
16 see my Realtors having to eat that to get in the house to
17 close and to honor the contract.

18 A lot of other things have been covered
19 already. As a Realtor, I have to disclose things. I
20 think it's very relevant that when someone comes in, that
21 by the way you may be looking at an increase in
22 utilities. Why would people want to move here to rent or
23 to buy?

24 Global Water is just working the numbers
25 backwards. They said this is the return we want, this is

1 how we're going to do it. It's just -- they're just
2 taking a calculator and working it.

3 And there are people that are starting to move
4 out.

5 During the break, I went to use the bathroom.
6 I didn't feel guilty about flushing, but I did think about
7 it.

8 (Applause and laughter.)

9 CHMN. MAYES: I don't know what to say to
10 that.

11 MR. CHADDERTON: And I washed my hands.

12 (Laughter.)

13 CHMN. MAYES: Greg Karlstorf, and then after
14 Greg, Bob Forrester.

15 MR. KARLSTORF: So welcome to Maricopa.

16 I live in Tortosa Development. And I bought my
17 house last March. And I wasn't actually going to say
18 anything tonight, but this is the first time I've been in
19 a group of Maricopa residents, and it really has gone a
20 long way toward helping me understand a little better the
21 community that I live in.

22 And you know, as I understand it, your role is
23 to balance the needs of the shareholders or the capital
24 risk with the public interests. But when I look around
25 here tonight, it's this public, these people. And these

1 are people who, you know, when you consider how many
2 people were here earlier tonight, consider that a year ago
3 there would have been 2,500 people here, because that's
4 what the foreclosure rate in Maricopa is like.

5 And we've heard people who are working six jobs
6 to hold on to their house, they're juggling bills. So
7 these are the survivalists. These are people that are
8 still somehow managing to hold on to what they have. And
9 those are emotional arguments and I understand that.

10 So I'm trying to separate that from sort of the
11 gist of why you're here, and that's to consider the rate
12 increase.

13 Now, I don't know if you've ever looked at the
14 water quality of Global Water, but we're one of the --
15 we're one of the communities where Benzene and Toluene and
16 other carcinogens are actually considered beverages,
17 because there are a lot of them.

18 And I think most of these people -- I mean, I
19 can't speak for them -- but if Global Water came to us and
20 said, You know, we want to raise rates 50 percent, but
21 we're going to give your kids clean water, we're going to
22 ensure that Maricopa isn't a cancer cluster in 30 years,
23 and we're updating our infrastructure, we're going to add
24 value somehow, to give you better quality, I think most
25 people here, for the good of their own children and their

1 own health, will probably say, Well, it's a tough bullet
2 to bite, but okay.

3 But that's not what I'm hearing. We're
4 hearing: We're in the black, our infrastructure is paid
5 for; developers picked it all up, we're just not
6 generating enough revenue, and we have a monopoly on a
7 vital service for a community that can't live without it.
8 Okay?

9 I own and operate a small airline. We do
10 business in communities in Hawaii and New Mexico, and a
11 lot of other places where people need dialysis and
12 medication for leprosy. And in some places, we're the
13 only way in or out, you know, when you have a 3,000 foot
14 sea cliff separating you from the rest of the world,
15 you've got to have a plane to get out.

16 Now, I'm deregulated. I can charge whatever I
17 wanted, but I make about 3 percent. I'm not going to go
18 off on morality here; I'm not going to talk about the
19 emotional side. You've heard all about that.

20 But "unconscionable" was a word I heard used
21 earlier here. But I don't want to tell you how to do your
22 jobs, but if I understand what you're here to do is to
23 protect the public interest, not help the rich get
24 richer.

25 So please protect this public. Look in their

1 eyes, understand who they are, connect with them, really
2 look around. This isn't Scottsdale; it's not Warner
3 Ranch. These are hardworking, middle class people who are
4 just managing to hold on to their mortgages.

5 So as you make your decision, don't leave them
6 with a class action lawsuit as the only option to -- to do
7 what's right. I make about 2 percent.

8 Global Water -- I don't think anybody here --
9 and some people out here will say they shouldn't have
10 anything. But I think we're all reasonable, we understand
11 that a business has to have some capital to run. But the
12 increases they're asking for are astronomical, they're
13 unreasonable. And just because they have a captive
14 audience and a captive market doesn't mean that they
15 should beat us to death with their monopoly and squeeze
16 out every dime. So please look, protect the public
17 interest.

18 That's it.

19 CHMN. MAYES: Thank you, very much.

20 Bob Forrester, and after Bob, Carlos
21 Colindres. Bob? Carlos Colindres? Okay. Therse
22 Starkey, okay. And then Kyle Wells.

23 MS. STARKEY: Good evening. And again, thank
24 you for coming to Maricopa.

25 What I want to talk to you about tonight is not

1 about the increase, as much as the customer service.

2 I think with my heart and not my head. So when
3 all these foreclosures came up, I got number one
4 granddaughter and I said, Grandmother can give you some
5 money. You can put it down on the house. And because the
6 government, she would be eligible for almost 6,500 for
7 buying -- for being a first-home buyer. So we agreed to
8 it, and now I have a daughter living in -- a granddaughter
9 in Maricopa.

10 Well, the bank approved everything. And they
11 told us that it was up to us to turn the utilities on. So
12 Michelle, I had her do everything to show that this is her
13 responsibility. And she called up Global Water. I was
14 standing right next to her, in case she had a question.
15 They took her credit -- credit card, told her it would
16 take three to five days before it would be turned on. So
17 we called up the inspector, and we said, wait five days
18 because we have to make sure the water is coming on.

19 All of a sudden, we got a call that the whole
20 house had been completely flooded, all right? That the
21 police had to be called because the water was turned on,
22 and in the house, the washing machine and dryer had been
23 disconnected and that's where the water was coming out.
24 So we went running down to the house. My son has a carpet
25 cleaning business, and we were able to extract all of the

1 water out of most of the carpeting and do what we can.

2 We called up Global Water. And my Realtor
3 said, I understand that whenever you give a disclosure you
4 have to take that call and record it. And she said, Yes,
5 I will go through the recordings, but there is no way that
6 one of our employees did not give her the disclosure.

7 Three days later they called us and said, Oh,
8 you know, we don't record the calls anymore. Now we just
9 do it for assurance quality.

10 No matter what I try to do with them, I'm
11 responsible now for the water bill. The bank is saying
12 I'm responsible for over \$3,000 worth of damage that was
13 done in the house, because we put the water on, because
14 Global Water says they told my granddaughter that they
15 take care of it at point of entry. We think "point of
16 entry" means by the street. And they're saying, Oh, no,
17 that was over by the house. You should have pushed the
18 water off.

19 I have property in Gilbert. And when the
20 renters leave, I call up Gilbert Utilities, and I say, Can
21 you put the water back on? And they say no problem at
22 all. When somebody comes to look at the house, we just
23 turn the water on. They make sure that the water is not
24 running.

25 As soon as you turn that water on, that little

1 thing starts spinning around. He had to know that water
2 was being sent through that house, and they didn't care,
3 they didn't even try.

4 This is not the only house. There's other
5 Realtors that I've contacted, and also the police
6 department, where they have been called to turn the water
7 off because Global will not. If they see that the water
8 is coming through the house, they do not turn it off.

9 You know, this is an experience for my
10 granddaughter. I mean, I -- you wanted her to live here,
11 and we'll do what we can to continue to get these house,
12 but if these rates go up, too, I'm setting her up for
13 failure.

14 So I'd like you to watch what the rates are,
15 but I think you should check on customer service. Why
16 does everybody else make sure that the water isn't going
17 on through the house, except for Global Water?

18 And I want to know what happened to that
19 recording.

20 Thank you.

21 (Applause.)

22 CHMN. MAYES: Thank you, very much.

23 Kyle Wells?

24 And then I do not have any slips -- oh, we do
25 have one more. No. We don't have any slips after Kyle.

1 But if you'd like to speak, just -- just come forward.

2 MR. WELLS: Madam chair and commission members,
3 tonight is really about accountability. Corporations are
4 accountable to this council for fair business practices,
5 is that fair to say? It's also fair to say that this
6 council is accountable to the public. You're public
7 officials and you were elected by the public also.

8 I would like to have a public commitment from
9 you to return to this community after your decision has
10 been made, to -- to be held accountable for your decision,
11 whether it be for or against the increase, and just to
12 support your decision that you make.

13 Thank you.

14 (Applause.)

15 CHMN. MAYES: Do we have any additional -- and
16 I'll respond to that in a second -- but do we have any
17 additional comments?

18 Sure. Come on forward. If you provide
19 comment, though, make sure you fill out the form
20 afterwards.

21 MR. MOEHR: I did fill out a form.

22 CHMN. MAYES: Oh, you did? Okay, I'm sorry.

23 MR. MOEHR: My name is Chris Moehr.

24 CHMN. MAYES: Can you just refill it out later?

25 MR. MOEHR: I work for the Department of

1 Emergency and Voluntary Affairs, and I've been telling you
2 that because I've been on the environmental committee for
3 four years. And I'm an engineer and we build armories in
4 the state of Arizona, the complete state. So I do a lot
5 of travel. And all the Army's buildings, from 2000 and
6 on, have to all be green. That means, you know, we watch
7 the water usage, put in all waterless toilets, fixtures,
8 and so on.

9 I'm also on the board of directors at Rancho
10 El Dorado, and I chaired the landscape committee there.
11 Rancho El Dorado has shut off all the water in our washes;
12 we have cut our time clocks almost in half to bring our
13 water bill down. We did have to raise our dues for the
14 first time, this year, in three years; I voted against
15 that.

16 I don't like -- you going to -- you're going to
17 have to pay quarterly as it is. But I can see, in the
18 future, if this passes, not 20 percent, but probably 50
19 percent raise in dues.

20 Also, I'm concerned that -- I think it was last
21 year -- there was a house that caught fire in this
22 community. The fire department came to the house, went to
23 turn on the fire -- the water, and the water didn't work.
24 Global blamed it on a computer malfunction, that the water
25 wouldn't turn on in the hydrant. The house burned to the

1 ground. And that wasn't brought up tonight.

2 I just can't -- I've walked our neighborhood.
3 We have one of the biggest communities. Rancho El Dorado
4 is 3-thousand-plus homes. I've probably walked half of
5 them and talked to the people in them. Everybody is going
6 through a recession and hard times. I -- I am included in
7 that. I have five kids. My wife works at Chandler
8 Hospital. We lived in Chandler for 25 years. I've lived
9 here five years. We moved out here because I could double
10 my house size and live the dream that everybody is trying
11 to live out here. I love my house, but it's getting
12 really tough, even with a two-person income, to afford to
13 live out here.

14 So I just hope you just take into consideration
15 how everybody feels out here. We're just all trying to
16 make a living, and it's getting pretty tough. You know,
17 my electric bill has gone from \$500, which I thought that
18 was extreme. I got, in the hot month, a bill for \$880. I
19 looked at that bill and I says, Honey, they had to make a
20 typo.

21 So we called them out and had them come out and
22 check the house. And the guy that checked it said, No,
23 we've had three increases in the last three year. We
24 didn't get any notification about them. I thought 500 was
25 high, but when it was 880, it was, like, holy crap. I

1 mean, that's -- that's half my mortgage. I'm upside down
2 on my house \$120,000. I can't see me making any money on
3 this house for at least 10 years, maybe even 20, the way
4 it sounded on KTAR today. They said two decades before
5 you can make your money back.

6 But we're going to tough it out. I mean, I
7 love this city, I love the council -- except for the
8 mayor. But, I mean, we love our city, and I just hope
9 that you guys can take into consideration our hardships
10 here.

11 And thank you for coming.

12 (Applause.)

13 CHMN. MAYES: Okay. Do we have any -- this
14 gentleman here? Come on forward and fill out a slip, if
15 you haven't already, afterwards.

16 MR. MILLIGAN: I don't have much to say,
17 except --

18 CHMN. MAYES: Can you say your name for the
19 record?

20 MR. MILLIGAN: The water tastes lousy, and you
21 have to buy water to even have a cup of coffee.

22 (Applause.)

23 MR. MILLIGAN: Don Milligan.

24 CHMN. MAYES: Sir, be sure to fill out a
25 speaker slip afterwards. Thank you.

1 I think that does it for the evening. Why
2 don't -- I'll just conclude by saying I want to tell you
3 that I'm extremely impressed with, not just the turnout,
4 but now also the quality of the comments, your comments,
5 your thoughtfulness, the depth of your feeling, and the
6 degree to which you have analyzed this case, and you know,
7 determined where you -- you've come out on it.

8 And I want you to know that the Commission
9 takes its job very seriously. We are not, and have not
10 ever been in my six years on the commission, a rubber
11 stamp for any utility company. In fact, the investment
12 banks in New York have often concluded that the Arizona
13 Corporation Commission is one of the toughest on utilities
14 in the country. They call this in New York City, a,
15 quote, unquote, "challenging regulatory environment."
16 That means --

17 (Applause.)

18 CHMN. MAYES: That's -- that's Wall Street
19 speak for, We're not a rubber stamp for the utility
20 companies and they don't like that very much. But I
21 don't -- I don't really care.

22 We are here to do, as one of the gentlemen
23 noted, the job of balancing the interests of -- of having
24 a healthy utility, that's capable of serving with the
25 needs of consumers. And the Arizona Corporation

1 Commission is, frankly, I believe a beautiful thing, in
2 the sense that it was established by the founding fathers
3 in 1912 as a bulwark to protect consumers against the big
4 natural monopolies of the day, which was Standard Oil, a
5 big oil company and the big railroad companies.

6 Today, it's our job to protect your interests
7 against the natural monopolies of today -- big utilities
8 companies -- and we will do that job.

9 The hearing is scheduled for December 15th. I
10 imagine this hearing, given the complexity and the number
11 of issues, will go several days, at least. If you -- we'd
12 love to have you come and attend if you can, you know, you
13 may not be able to do that, or if everybody's got jobs and
14 things that they need to do.

15 If you can't attend, you can listen to the
16 proceedings on the Internet, Live Streaming Audio. You
17 can go to www.azcc.gov, www.azcc.gov, and you can hear the
18 proceedings as they go on, any time during the day. Most
19 of the days the proceedings start at either 9:00 or
20 10 o'clock in the morning, and go on until about
21 5 o'clock.

22 So we have all been taking copious notes. We
23 also have the transcript to ask questions on. I will be
24 asking a lot of questions, based on what I heard today --
25 everything from the -- what is, obviously, perceived to be

1 poor quality of customer service, the water quality. I
2 will be asking those questions of the executives. And
3 most certainly, I'll be asking about the million dollar
4 salaries and bonuses of the executives.

5 Those are all questions that will and should be
6 asked during the proceedings. And of course, we will be
7 addressing the issue of rate shock.

8 And we will certainly come back. I -- I think
9 I can tell you that I would be willing to come back after
10 the proceedings and talk about our decision.

11 So again, thank you, from the bottom of my
12 heart for being here, and for your time and --

13 (Applause.)

14 CHMN. MAYES: I guess we're adjourned, unless
15 my colleagues want to --

16 (Proceedings concluded at 9:53 p.m.)

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1 STATE OF ARIZONA)
) ss.
2 COUNTY OF MARICOPA)

3 I, KATHERINE A. McNALLY, do hereby certify that
4 the foregoing printed pages constitute a full and accurate
5 transcription of the proceedings had in the foregoing
6 matter, all done to the best of my skill and ability.

7 DATED at Phoenix, Arizona, this 6th day of
8 December, 2009.

9 
10 KATHERINE A. McNALLY
11 Reporter

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