

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

ORIGINAL



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ARIZONA CORPORATION COMMI
UTILITY COMPLAINT FORM

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Investigator: Richard Martinez Phone: [REDACTED] Fax: [REDACTED]

Priority: Respond Within Five Days

Opinion No. 2009 83306 Date: 11/24/2009

Complaint Description: 08A Rate Case Items - Opposed
N/A Not Applicable

Complaint By: First: Peter Last: Petrone

Account Name: Peter Petrone Home: [REDACTED]

Street: [REDACTED] Work:

City: Anthem CBR: [REDACTED]

State: AZ Zip: 85086 is: E-Mail

Utility Company: Arizona - American Water Company

Division: Water

Contact Name: [REDACTED] Contact Phone: [REDACTED]

Nature of Complaint:
RE: Docket No. W-01303A-09-0343
SW-01303A-09-0343

This request of rate increase is both out of line with normal cost increases and has deceptively been attached to my operating expenses. I was never informed of this added cost. Please be a "mench" and do the right thing.
Peter Petrone
End of Complaint

RECEIVED
2009 DEC 17 A 8:13
AZ CORP COMMISSION
DOCKET CONTROL

Utilities' Response:

Investigator's Comments and Disposition:
12/15
Emailed to Carmen Madrid in Phoenix to docket. FILE CLOSED.
End of Comments

Date Completed: 12/15/2009

Opinion No. 2009 - 83306

Arizona Corporation Commission
DOCKETED
DEC 17 2009

DOCKETED BY [Signature]

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

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Jenny Gomez

Phone: [REDACTED]

Fax: [REDACTED]

Priority: Respond Within Five Days

Opinion No. 2009 83760

Date: 12/15/2009

Complaint Description: 08A Rate Case Items - Opposed
N/A Not Applicable

Complaint By: **First:** Ora D. **Last:** Fant

Account Name: Ora D. Fant

Home: (000) 000-0000

Street: [REDACTED]

Work:

City: Phoenix

CBR: [REDACTED]

State: AZ **Zip:** 85086

is:

Utility Company: Arizona - American Water Company

Division: Water

Contact Name: [REDACTED]

Contact Phone: [REDACTED]

Nature of Complaint:

*****DOCKET NUMBER W-01303A-09-0343**SW-01303A-09-0343*****

REFERENE: Arizona - American Water Company
Anthem Water rate increase

From: Ora Fant [mailto:[REDACTED]]
Sent: Wednesday, December 09, 2009 8:01 PM
To: Utilities Div - Mailbox
Subject: Arizona American Water - Docket number: W-01303A-09-0343

Dear Commissioners:

I am attaching a copy of a letter that one of my neighbors has recently sent you regarding the increases requested by Arizona American Water. He has captured my sentiments exactly so I see no need to repeat all the background details. Suffice it to say, as an Anthem homeowner, I feel that the requests are unjust and are detrimental to the future survival of this community. I sincerely hope that you will head the requests made in the attached letter and of those elaborated in an earlier letter from Mr. Robert Golembe.
Yours truly,
Ora D. Fant
[REDACTED]
Anthem, Arizona 85086

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Douglas D. Perez
[REDACTED]

December, 7, 2009

Re: Docket # W-01303A-09-0343

Dear Chairwoman Mayes and Commissioners:

I am taking this opportunity to write because of the Arizona American Water rate increase request currently before the Arizona Commission Council. I trust my comments will provide additional perspective and dimension beyond statements already submitted or presented by other Anthem residents.

Make no mistake about it, the residents of Anthem are victims. We are victims just like those affected by hurricane Katrina or the financial hurricane provided by the mortgage crisis as inflicted on the US population by Wall Street and the nations banking institutions.

We were victimized first by Del Webb/Pulte and now by AZ American. The rate increases requested, and I might add granted, over the past several years are unconscionable and are now compounded by plummeting real estate values. When do the residents of Anthem stop taking it on the chin? We look to the Commission to be our advocates to restore some semblance of balance if not justice to this assault. Let me give you an example of the rate shock homeowners have experienced in Anthem. Despite no increase in consumption my water/sewer rate has more than doubled over the last two years. My latest bill was \$145.72!

And, we continue to be victims. I don't know that we can, but if we could, ignore the gross non disclosures by Del Webb/Pulte the victimization began when Anthem home buyers had little choice in choosing their utility companies. We had no choice whatsoever regarding basic services such as electric (APS), gas (SW Gas), garbage (Allied Waste) or water (AZ Amer.). These vendors were predetermined by the builder. The only choices available were for optional services such as telephone, cable TV and Internet providers.

Additionally, Del Webb/Pulte required that all basic services be connected and operational prior to closing in order that the home buyer, on the day of closing, could inspect the working condition of all services and the associated appliances. This procedure was not optional if homebuyers wanted to close on their homes. Homebuyers then had two days to put the services into their own names.

The Anthem victimization all started with collusion when Del Webb/Pulte entered into a collusive arrangement with Citizens Water/AZ American in which the water company was able to purchase the Anthem infrastructure under very favorable conditions and with other peoples money. Under the arrangement Del Webb was to build the infrastructure and pay its costs to build in order to get Citizens Water to agree to become the Anthem water supplier. Dell Webb/Pulte then sold the infrastructure to Citizens Water/AZ American under extended payment terms. In business, we call that a Sweetheart Deal. Isn't it strange this arrangement, involving a public utility and impacting public interest, was never presented to the Arizona Corporation Commission for approval!

Citizens, and its successor, AZ American, in addition to recapturing the infrastructure cost through depreciation, seek to have their customers pay the financing costs as well. In reality, now that the financing notes are coming due AZ American wants the Anthem home owners to "tote the notes" for them. Also, there is no guaranty that next year or the year after, or the year after that for that matter, that AZ American won't be coming back for additional rate increases based upon claimed increases operating costs, in the cost of equity or some other spurious reason.

I further believe there has been double dipping by both Del Webb/Pulte and Arizona American Water in recovering the costs associated with the water/waste infrastructure. It is a maxim in marketing that a company prices its product based upon its costs to plan, produce, market, and additionally, builds in an element for profit. It is unrealistic to believe that Del Webb/Pulte did not recover its costs to build the Anthem infrastructure in the price of each home sold. Secondly, they then "sold" the infrastructure to Citizens Water in a deferred payment

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plan that would, once again, recover their costs, albeit over time. Therefore they would be collecting twice on the same financial expenditure.

Arizona American Water on the other hand is similarly going to the well more than once. Its German parent purchased the US water company and, as such, have capitalized that purchase on their financial books. According to accepted accounting principles, the US company lists the purchased assets on its financial books under long term assets and then depreciates the asset thereby receiving a financial tax benefit as it recovers their cost over time. The US financial books are then "rolled up" into the parent company to provide consolidated financial statements.

The double dipping comes in when AZ American attempts to recover their acquisition cost a second time by tying its rate hike into the repayment of the financing notes due Del Webb/Pulte. In the capitalist system, even for quasi monopolies, a company invests capital to produce a product it thinks will sell and make a profit. There are no certainties for success. To put it in the vernacular, "You pays your money and you takes your chances". Simply put, where is it written that a company is guaranteed a return of investment, much less a return on investment? Why should the homeowners of Anthem have to bear that burden?

To add insult to injury, should the rate increase, which includes the infrastructure costs in the rate base, be approved, these so called "true up" payments requires Anthem homeowners to be saddled with a mortgage that goes forever into the future. We will pay and continue to pay for that infrastructure over and over, ad infinitum! How many times does AZ American get to recover its costs?

I trust this commentary will provide additional relevancy to your deliberations as you prepare to vote on the issues pertaining to the Anthem proceedings.

Respectfully submitted,
Douglas D. Perez
End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

*****DOCKET NUMBER W-01303A-09-0343***SW-01303A-09-0343*****

REFERENE: Arizona - American Water Company
Anthem Water rate increase

Noted and filed in Docket Number by Carmen Madrid

End of Comments

Date Completed: 12/15/2009

Opinion No. 2009 - 83760

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SW.01303A.09.0343

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

Investigator: Guadalupe Ortiz

Phone: ([REDACTED])

Fax: ([REDACTED])

Priority: Respond Within Five Days

Opinion No. 2009 83720

Date: 12/14/2009

Complaint Description: 08A Rate Case Items - Opposed
N/A Not Applicable

Complaint By: First: Jack and Judy Last: Maltby

Account Name: Jack and Judy Maltby

Home: [REDACTED]

Street: [REDACTED]

Work:

City: Anthem

CBR:

State: AZ Zip: [REDACTED]

is:

Utility Company: Arizona - American Water Company

Division: Water

Contact Name: [REDACTED]

Contact Phone: [REDACTED]

Nature of Complaint:

EMAIL RECEIVED - OPINION OPPOSED (Anthem Water District):

RE: Docket No. W-01303A-09-0343
SW-01303A-09-0343

From: Judy Maltby [mailto:[REDACTED]]
Sent: Friday, December 11, 2009 11:32 AM
To: Utilities Div - Mailbox
Subject: Anthem Water rate increase. W01303A-09-0343

RE: Arizona American Water Docket # W-01303A-09-0343

In reference to the rate increase which has been filed before the Arizona Corporation Commission.

The proposed rate increase is outrageous. We are retired citizens residing in Anthem. The previous rate increase increased water rates substantially and was unwarranted.

The proposed rate increase would put a financial hardship on ourselves, living on a fixed income.

We request that the commission consider the citizens of Anthem and not grant an unwarranted rate increase.

Jack and Judy Maltby

[REDACTED]

Anthem

End of Complaint

Utilities' Response:

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Investigator's Comments and Disposition:

Opinion docketed with the Docket Control Center of the Commission to be made part of the record. CLOSED
End of Comments

Date Completed: 12/14/2009

Opinion No. 2009 - 83720

W-01303A-09-0343

SW-01303A-09-0343

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

Investigator: Guadalupe Ortiz

Phone: [REDACTED]

Fax: [REDACTED]

Priority: Respond Within Five Days

Inquiry No. 2009 83702

Date: 12/14/2009

Complaint Description: 08A Rate Case Items - Opposed
N/A Not Applicable

Complaint By: First: Donald Last: Ruedinger

Account Name: Donald Ruedinger

Home: [REDACTED]

Street: [REDACTED]

Work:

City: Phoenix

CBR:

State: AZ

Zip: [REDACTED]

is:

Utility Company: Arizona - American Water Company

Division: Water

Contact Name: [REDACTED]

Contact Phone: [REDACTED]

Nature of Complaint:

EMAIL RECEIVED - OPINION OPPOSED:

RE: Docket No. W-01303A-09-0343
SW-01303A-09-0343

From: [REDACTED] [mailto:[REDACTED]]
Sent: Friday, December 11, 2009 11:39 AM
To: Utilities Div - Mailbox
Subject: Az Water rate case W-01303A-03-3043

Ladies and gentlemen,

I understand that Arizona Water Company has filed for a rate increase that will double my water rate here in Anthem. That seems totally egregious and outrageous. It is also very deceptive and I believe unethical given the understandings that I was given when I first purchased a house in Anthem.

In February, 2000 when I contracted to have a house built in Anthem I was assured that the water and sewer rates would be comparable to rates in Phoenix. I was told nothing about the arrangement that Del Webb (now Pulte) had that involved "balloon payments" or what's now called 'true-up' costs that would be affecting my future water and sewer rates. Had I known this I would have purchased in Terra Vita, not Anthem. But I'm concerned about the basic dishonesty on the part of Del Webb. I would have thought the Arizona Water Co would have had serious misgivings about purchasing something under what appears to me to be unethical terms. They should have realized that such deceptive behavior on the part of Del Webb (now Pulte) would cause serious negative reactions on the part of their future customers.

The financing of the utility should have been done by issuing bonds or some other alternative means of financing which would spread the cost over the life of the utility, at least thirty or more years.

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I hope the Arizona Corporation Commission will recognize the dishonesty and injustice to the residents of Anthem that lies behind this egregious and outrageous request for such a rate increase that would double my water and sewer rate in one year with no change in the amount of usage.

Thank you for your consideration.

Sincerely,

Donald Ruedinger

[REDACTED]
Anthem, AZ 85086

[REDACTED]
End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

Opinion docketed with the Docket Control Center of the Commission to be made part of the record. CLOSED

End of Comments

Date Completed: 12/14/2009

Inquiry No. 2009 - 83702
