



0000111983

ORIGINAL

RECEIVED
BEFORE THE ARIZONA CORPORATION COMMISSION

2010 MAY 26 P 4:40

AZ CORP COMMISSION
DOCKET CONTROL

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

KRISTIN K. MAYES
Chairman

GARY PIERCE
Commissioner

PAUL NEWMAN
Commissioner

SANDRA D. KENNEDY
Commissioner

BOB STUMP
Commissioner

Arizona Corporation Commission

DOCKETED

MAY 26 2010

DOCKETED BY *MJ*

IN THE MATTER OF THE APPLICATION OF)
ARIZONA-AMERICAN WATER COMPANY,)
AN ARIZONA CORPORATION, FOR A)
DETERMINATION OF THE CURRENT FAIR)
VALUE OF ITS UTILITY PLANT AND)
PROPERTY AND FOR INCREASES IN ITS)
RATES AND CHARGES BASED THEREON)
FOR UTILITY SERVICE BY ITS ANTHEM)
WATER DISTRICT AND ITS SUN CITY)
WATER DISTRICT.)

DOCKET NO. W-01303A-09-0343

IN THE MATTER OF THE APPLICATION OF)
ARIZONA-AMERICAN WATER COMPANY,)
AN ARIZONA CORPORATION, FOR A)
DETERMINATION OF THE CURRENT FAIR)
VALUE OF ITS UTILITY PLANT AND)
PROPERTY AND FOR INCREASES IN ITS)
RATES AND CHARGES BASED THEREON)
FOR UTILITY SERVICE BY ITS)
ANTHEM/AGUA FRIA WASTEWATER)
DISTRICT, ITS SUN CITY WASTEWATER)
DISTRICT AND ITS SUN CITY WEST)
WASTEWATER DISTRICT.)

DOCKET NO. SW-01303A-09-0343

NOTICE OF FILING EXHIBIT

At the hearing, Arizona-American Water Company agreed to file as a late-
filed exhibit a description of the Company's community outreach in relation to
consolidation. The exhibit is attached to this filing.

1 Copy of the foregoing mailed
2 this 26th day of May, 2010, to:

3 Judith M. Dworkin
4 Sacks Tierney PA
5 4250 N. Drinkwater Blvd., Fourth Floor
6 Scottsdale, AZ 85251-3693
7 Attorney for Anthem Community Council

Lawrence V. Robertson, Jr.
P.O. Box 1448
Tubac, AZ 85646-1448
Attorney for Anthem Community Council

8 Daniel W. Pozefsky, Chief Counsel
9 Residential Utility Consumer Office
10 1110 West Washington Street
11 Suite 220
12 Phoenix, Arizona 85007

Jeff Crockett
Robert Metli
SNELL & WILMER
One Arizona Center
400 E. Van Buren Street
Phoenix, AZ 85004-2202
Attorneys for Resorts

13 Larry Woods
14 Property Owners and Residents Assoc.
15 13815 E. Camino Del Sol
16 Sun City West, AZ 85375-4409

Bradley J. Herrema
Robert J. Saperstein
Brownstein Hyatt Farber Schreck, LLP
21 E. Carrillo St
Santa Barbara, CA 83101

17 W.R. Hansen
18 12302 W. Swallow Drive
19 Sun City West, AZ 85375

Greg Patterson
Water Utility Association of Arizona
916 W. Adams, Suite 3
Phoenix, AZ 85007

20 Andrew M. Miller
21 Town Attorney
22 Town of Paradise Valley
23 6401 E. Lincoln Drive
24 Paradise Valley, AZ 85253

Desi Howe
Anthem Golf and Country Club
2708 W. Anthem Club Drive
Anthem, AZ 85086

25 Norman D. James
26 Fennemore Craig, P.C.
3003 N. Central
Suite 2600
Phoenix, AZ 85012

Joan S. Burke
Law Office of Joan S. Burke
1650 N. First Avenue
Phoenix, AZ 85003
Joan@jsburkelaw.com
Electronic Service Only Preferred

Philip H. Cook
10122 W. Signal Butte Circle
Sun City AZ 85373

Larry D. Woods
15141 W. Horseman Lane
Sun City West, AZ 85375

Marshall Magruder
P.O. Box 1267
Tubac, AZ 85646

26 

Arizona American Water actions through May 26, 2010 to have a dialogue with customers and key officials and to create opportunities for customers to provide feedback on rate and system consolidation

A. The Company attended meetings with the following public entities. The meetings were advertised and open to the public and the Company gave presentations / briefings on rate consolidation.

<u>District</u>	<u>Date / Location</u>	<u>Materials Provided</u>	<u>Hosting Entity / Attendees</u>
Sun City West	3-08-10 PORA Office	Fact Sheet ¹	PORA Board Members
Sun City West	3-31-10 PORA Office	Fact Sheet	PORA Water subcommittee, Public
Sun City West	4-28-10 PORA Office	Fact Sheet	PORA Water subcommittee, Public
Paradise Valley	3-03-10 PV Town Hall	Fact Sheet / Excerpts	Town Council, public
Paradise Valley	4-14-10 PV Town Hall	Update on Consolidation	Town Council, Public
Tubac	3-22-10 Santa Cruz Valley Council	Fact Sheet	Citizens Council, Public
Anthem	3-24-10 Anthem Com Council	Fact Sheet	Anthem Council, Public
Havasu	4-10-10 Desert Hills Comm. Assoc.	Fact Sheet ²	Association, Public
Youngtown	4-12-20 Youngtown Council Meeting	Fact Sheet	Town Council, Public

Note: The Company requested to participate in a joint meeting with the Sun City Tax Payers Association, Sun City Home Owners Association (SCHOA), Sun City Recreation Centers, and Sun City West Property Owners and Residents Association (PORA) which was scheduled for March 12, 2010, but the group rejected our participation in the meeting, subsequently cancelled the meeting, and it was not rescheduled. The group was provided copies of the rate consolidation fact sheet. The Company is still willing and interested to meet with this group.

B. Company met with Arizona Corporation Commission Staff at ACC on Friday December 11, 2009 to discuss a way forward on community outreach on rate consolidation and shared the consolidation fact sheet.

C. Company hosted rate consolidation training and workshop on February 10, 2010.

All interveners to the consolidation matter were invited. The half-day meeting was attended by representatives of nearly every intervener. During the meeting, the Company presented and explained the rate consolidation model it developed, answered questions about the model, and invited discussion on rate consolidation in general. Copies of the model were provided to all interveners. Attached is the attendee sign-in sheet from the workshop.

D. Company held Community Open Houses at its facilities on rates, rate consolidation, water quality, water conservation, and other issues of interest to our customers.

- Agua Fria District - Saturday, January 9th, 2010
- Sun City/Sun City West - Thursday, January 14th, 2010
- Anthem - February 20th, 2010
- Paradise Valley / Scottsdale- Saturday May 22nd, 2010.

The Rate Consolidation Fact Sheet was provided at all open houses and was enlarged and featured at three open houses. Company representatives were available to discuss rate consolidation.

Information and Consolidation Fact Sheet provided to reporters:

- Daily News Sun Reporters/ Sun City & Sun City West: Erin Turner and Jeff Dempsey
- Arizona Republic Reporter/ Covers Anthem: Betty Reid

¹ Attached is the Rate Consolidation Fact Sheet.

² Distributed by Desert Hills Council President, Company not in attendance.

- Paradise Valley / Scottsdale Independent Editor Zach Collick & Dan Quigley
- Tubac - Nogales International / Green Valley News Reporter Kathleen Vandervoet
- Mohave Daily News Reporter Heather Smathers
- Arizona American Water first provided rate consolidation information at previously scheduled meetings on other topics to:
 - Anthem Community Council Water Subcommittee Meeting November 5, 2009
 - Sun City HOA (SCHOA) meeting and information for newsletter November 18, 2009
 - Anthem Community Council Presentation on December 15, 2009
 - Paradise Valley Water Committee on December 2, 2009 and January 6, 2009
- Meetings were held with State representatives to brief them on rate consolidation:
 - Senator Bob Burns (District 9) 4-1-10
 - Representative Rick Murphy (District 9) 4-1-10
 - Senator David Braswell (District 6) 4-12-10
 - Representative Sam Crump (District 6) 8-26-09
 - Senator Pamela Gorman (District 6) 10-27-09
 - Representative Carl Seel (District 6) 12-01-09
- The media was in attendance at most public meetings which usually resulted in a written news story.
- Company used other community opportunities to share information on rate consolidation and answer customer questions:
 - Bullhead City Health Fair 10-23/10-25-09
 - Sun City West Health Fair 10-1-09
 - Sun City West Fire Days 10-05-09
 - Youngtown Days 10-10-09
 - Anthem Autumn Days 10-25-09
 - Sun City West Family Fair 10-25-09
- The Commission's required public notice on rate consolidation was mailed to each customer, in all districts.
- Rate Consolidation Fact Sheet is posted to Arizona American Water's website and passed out at most all events.
- Dedicated email address (azrates@amwater.com) disseminated and used to answer questions from customers.
- Direct phone numbers for both Rates Director Thomas Broderick (623) 445-2458 and External Affairs Manager Joni McGlothlin (623) 445-2458 were provided to the public. External Affairs Manager phone is forwarded to her cell when out and also listed on our website www.azamwater.com.

- Company employees received many e-mails and telephone calls directly from customers, especially Sun City, and responded to many of them individually.

WATER & WASTEWATER RATE CONSOLIDATION



Q. What is water and wastewater rate consolidation?

A. Currently, Arizona American Water's rates are unique for each of its geographic districts as a result of district specific rate cases before the Arizona Corporation Commission ("ACC"). The existing rates reflect the differing cost to serve each geographic area. Rate consolidation is the process of averaging the differing rates for each district into a single rate for comparable customers (i.e., residential customers). Therefore, instead of charging a different rate to customers in, for example, Tubac, Bullhead City and Sun City, those customers would all pay the same rate for the same water usage.

Q. When will the ACC evaluate rate consolidation for Arizona American Water?

A. The ACC ordered its Staff prepare and submit a rate consolidation proposal in early 2010. Arizona American Water will likewise file a proposal in response to the Arizona Corporation Commission staff's proposal. If a consolidation proposal is ultimately approved by the ACC, rates may be consolidated as soon as 2011.

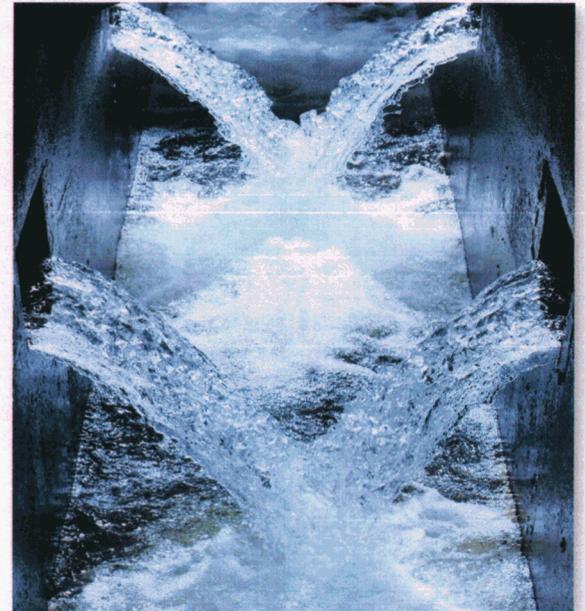
Q. Does rate consolidation already occur in Arizona?

A. The gas, electric, and telephone rates for Arizona's major utilities are already consolidated across large geographic areas. The U.S. Postal Service's rate are uniform across the nation. Such consolidation is now non-controversial and widely accepted as benefiting customers.

APS' electricity rates are applicable state-wide, despite the fact that there are significant differences in local cost of service to customers in Phoenix versus customers, for example, in Flagstaff. There are also sections of APS' service territory which are not contiguous (e.g., Yuma).

Q. But aren't gas and electricity different from water because they distribute a common source of energy and are interconnected?

A. Arizona American Water's source of water is increasingly from the Colorado River. It is now a sole or partial source of water for our Bullhead City, Havasu, Agua Fria, Anthem, Paradise Valley, Sun City and Sun City West districts. This common source of water is similar to the common source of energy used by gas and electricity utilities.



Q. In what situations would rate consolidation positively impact customers of Arizona American Water?

A. In the long-term, rate consolidation would help ease the rate increase burden of building new or replacement infrastructure in your district, especially in an era of increasingly strict water quality standards issued by the EPA pursuant to the Safe Drinking Water Act. Consolidation spreads infrastructure costs over all customers. All districts will eventually benefit even if some districts benefit more or less initially in the transition.

Q. How would rate consolidation benefit Arizona American Water?

A. Rate consolidation would simplify and improve communications with customers about rates, rate cases and rate increases. It would also reduce administrative costs, including rate case expenses for both Arizona American Water and the ACC. Arizona American Water already operates as a single company.

Q. Would consolidation be good for the state of Arizona?

A. Consolidation promotes public health and safety for small water systems by eliminating discrimination on the basis of the size or rural location of a community. It also promotes positive economic development in Arizona.

Consolidation helps small systems become more reliable by integrating them into larger systems.

Have an opinion or question or want more information?

We encourage you to share your thoughts with us or ask questions by e-mailing azrates@amwater.com (subject line "rate consolidation"). You may also contact Joni McGlothlin, Manager, External Affairs at (623) 445-2456 or Tom Broderick, Director, Rates & Regulation at (623)-445-2458.



A R I Z O N A
AMERICAN WATER

WE CARE ABOUT WATER. IT'S WHAT WE DO.
(800) 383-0834 • www.arizonaamwater.com



Training and Development of Rate Consolidation Scenarios
 February 10, 2010 – 8:30 am to 12:00 pm

SIGN IN SHEET

Anne Randall Stewart	
✓ Connie Heppenstall	present
Dan Neidlinger	Not Madhugis
Desi Howe	present
Doyle Dickson	Doyle Dickson
Jeff Michlik	Jeffrey Michlik
Jessica Marlow	Jessica Marlow
John Thornton	John Thornton
Judy Dworkin	Judith M. Dworkin
Larry Robertson, Jr.	Larry Robertson Jr
Larry Woods	Larry Woods
Lou Sneiderman	
Maher Hazine	Mafer
Marv Worthen	Marv Worthen
Mike Hallam	Mike Hall
Nancy Scott	
Noel Kasper	
Phil Cook	Phil Cook
Robert L. Jones	
Robert Metli	Robert Metli
Roger Willis	Roger Willis

