

ORIGINAL

W-01303A-08-0227
SW-01303A-08-0227

Mr. Bob Stump, Commissioner
Arizona Corporation Commission
Commissioners Wing
1200 W. Washington - 2nd Floor
Phoenix, Arizona 85007



May 21, 2010

Dear Commissioner:

I am writing this letter to express my dismay at a water rate change that was approved by the Arizona Corporation Commission. Specifically this rate change dramatically increased the cost of irrigation water for the 18 hole golf course located inside the Corte Bella gated community.

The rate change that was proposed by Arizona American Water Company was to increase the rate to \$1.24 per 1,000 gallons of usage, which would have been a 100% increase. However, the Exhibit filed by Arizona American Water Company indicates the increase requested is 50%.

For your reference, I am enclosing a page from the filing by Arizona American Water Company; Docket W-01303A-08. For Rate Schedule C8M2 as well as the other rate schedules on this page all of the percentage increases for the proposed rate are miscalculated. The proposed rate increase percentage was calculated by dividing the proposed change to the rate by the proposed rate to calculate the percentage increase. To properly calculate an increase you first determine the amount of the increase, in this case \$94,749.02 and then divide the increase by the original rate, which is also \$94,749.02. This is an increase of 100%, not 50% as shown for Rate Schedule C8M2.

While a 50% increase perhaps could have been tolerated, instead the increase that was approved raised the rate for Rate Schedule C8M2 from \$0.62 per 1,000 gallons of usage to \$2.73 per 1,000 gallons of usage; an increase of 340%. Why this happened, no one on the Arizona Corporation Commission staff seems to be able to explain.

This increase in operating cost will render the golf course operation economically unviable. Loss of the golf course will significantly depress the value of Corte Bella real-estate, which has already been depressed in the current economy. Additional foreclosures will result as home value to loan ratios drop. There will also be a reduction in the property tax base and the loss of 30 plus jobs when a \$2.5 million a year business is shuttered.

I can only believe that this rate increase was approved in error. There must be some procedure available to set aside or modify a rate that was set in error. I ask that you look into this matter and look forward to your response on how this can be corrected.

Sincerely,

William D. Folkerts

[Redacted]
Sun City West, AZ 85375

Arizona Corporation Commission
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Arizona American Water Company - Agua Fria Water
Test Year Ended December 31, 2007
Analysis of Revenue by Detailed Class

Line No.	Rate Schedule	Description	Average		Revenues		Proposed		Increase %
			Number of Customers	Average Consumption	Present Rates	Proposed Rates	Increase Amount		
1	C1M1A	Agua Fria Residential 5/8 & 3/4"	28,342	7,400	\$8,484,999.02	\$13,261,361	\$	4,776,361.65	36.02%
2	C1M1B	Agua Fria Residential 1"	4,711	11,753	\$3,055,961.70	\$4,541,605	\$	1,485,643.36	32.71%
3	C1M1C	Agua Fria Residential 1-1/2"	151	143,951	\$747,063.71	\$1,082,552	\$	335,488.05	30.99%
4	C1M1D	Agua Fria Residential 2"	187	218,777	\$1,395,311.46	\$2,024,439	\$	629,127.54	31.08%
5	C1M1E	Agua Fria Residential 3"	2	40,017	\$5,570.27	\$8,240	\$	2,669.26	32.40%
6	C1M1G	Agua Fria Residential 6"	-	-	\$425.22	\$610	\$	185.14	30.33%
7	C2M1A	Agua Fria Commercial 5/8 & 3/4"	69	6,015	\$20,824.29	\$30,298	\$	9,473.90	31.27%
8	C2M1B	Agua Fria Commercial 1"	123	37,770	\$174,633.18	\$255,944	\$	81,311.07	31.77%
9	C2M1C	Agua Fria Commercial 1-1/2"	183	113,367	\$741,442.97	\$1,077,388	\$	335,944.93	31.18%
10	C2M1D	Agua Fria Commercial 2"	311	191,585	\$2,086,763.40	\$3,019,609	\$	932,845.77	30.89%
11	C2M1E	Agua Fria Commercial 3"	76	161,694	\$506,625.80	\$736,841	\$	230,215.27	31.24%
12	C2M1F	Agua Fria Commercial 4"	1	748,909	\$19,217.31	\$27,624	\$	8,406.23	30.43%
13	C2M1G	Agua Fria Commercial 6"	3	1,707,931	\$164,568.20	\$235,703	\$	71,134.85	30.18%
14	C2M3	Arizona Water Contract	1	285,857	\$4,474.42	\$6,920	\$	2,445.71	35.34%
15	C4M2	Agua Fria OPA - State Prison	1	869,508	\$31,032.11	\$54,537	\$	23,505.31	43.10%
16	C5M1	Agua Fria - DWU PI Surprise	4	2,805,455	\$123,440.00	\$123,440	\$	-	0.00%
17	B6M04	Private Fire 4"	1	-	\$422.64	\$769	\$	346.56	45.05%
18	C6M04	Private Fire 4"	82	-	\$26,936.35	\$49,029	\$	22,092.75	45.06%
19	C6M06	Private Fire 6"	111	-	\$54,302.94	\$98,838	\$	44,534.79	45.06%
20	C6M08	Private Fire 8"	38	-	\$23,718.96	\$43,167	\$	19,447.98	45.05%
21	C6M12	Private Fire 12"	1	-	\$1,961.28	\$3,570	\$	1,608.24	45.05%
22	E6M06	Private Fire 6"	1	-	\$886.20	\$1,613	\$	726.67	45.05%
24	C7M2	Agua Fria Irrigation - Raw	4	97,043	\$2,232.00	\$4,464	\$	2,232.00	50.00%
25	C8M2	Agua Fria Non-Potable	1	12,735,083	\$94,749.02	\$189,498	\$	94,749.02	50.00%
26									
27		Total Agua Fria Water - Billed Revenues	34,402	20,182,115	\$ 17,767,562.45	\$ 26,878,058	\$	9,110,496.05	33.90%
28									
29		Total Residential	33,393	421,898	\$13,689,331.38	\$ 20,918,806.38	\$	7,229,475.00	34.56%
30		Total Commercial	787	3,253,128	\$3,718,549.58	\$ 5,390,327.30	\$	1,671,777.73	31.01%
31		Total OPA	1	869,508	\$31,032.11	\$ 54,537.42	\$	23,505.31	43.10%
32		Total Sale For Resale	4	2,805,455	\$123,440.00	\$ 123,440.00	\$	-	0.00%
33		Total Private Fire	232	-	\$108,228.37	\$ 196,985.36	\$	88,756.99	45.06%
34		Misc Irrigation Sales	5	12,832,126	\$96,981.02	\$ 193,962.04	\$	96,981.02	50.00%
35									
36		Total Agua Fria Water - Billed Revenues	34,402	20,182,115	\$ 17,767,562.45	\$ 26,878,058.50	\$	9,110,496.05	33.90%
37		Miscellaneous Adjustments							
38									
39		C1M1A			\$ (20,341.31)	(27,667.66)	\$	\$4,782.99	
40		C1M1B			\$ (17,720.75)	(23,517.54)	\$	\$36,822.03	
41		C1M1C			\$ (7,914.78)	(10,367.61)	\$		
42		C1M1D			\$ (189.76)	(248.73)	\$		
43		C1M1E			\$ (889.36)	(1,177.47)	\$		
44		C1M1G			\$ -	-	\$	28,581.05	
45		ACRM Credit Adjustors			\$ (2,451.11)	(2,451.11)	\$		
46		Unexplained Variance			\$ (6,489.70)	(6,489.70)	\$		
47					\$ (55,996.77)	(71,919.83)	\$		
48									
49		Residential Billed Revenues			\$13,633,334.61	\$20,846,886.55	\$	\$13,633,334.61	

Customer Annualization
Add back all the CR's and wrong
Rate Schedules to get them
out of the books
PMT (Booked Revenue)
corrected for JE's