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June 2, 2010

Ms. Kristin Mayes
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

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AZ CORP COMMISSION
DOCKET CONTROL

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Dear Ms. Mayes,

The attached article "Sun City, Anthem face off over plan for water rates" appeared in the Monday, May 31, 2010, Arizona Republic newspaper.

I don't know where Lesley Wright obtained his/her information that "Sun City residents in 2007 typically paid about \$14.00 a month for water and sewer".

I am Treasurer of a 24 unit condominium in Sun City Phase Two. Our 2007 water cost was \$9,351.54 and sewer cost was \$3,169.44, making a total of \$12,500.98 or \$43.40 monthly per household.

Our 2009 cost for water was \$10,899.34 and sewer cost was \$3,951.90, a total of \$14,851.24. Cost per household was \$51.56 monthly, somewhat more than the \$14.00 amount quoted.

As you heard at the Sundial meeting many residents are of very low income, are elderly and unable to be employed. We cannot compare them to the younger, mostly two employed in the family, citizens in Anthem.

Sincerely,

Helen M. Kucharski

Helen M. Kucharski, Treasurer
Greenhills Condominium
9602 West Greenway Road
Sun City, AZ 85351 (623)972-7847

Copy to: Ms. Debbie Lesko
4th District State Representative
1700 W. Washington Street #H
Phoenix, AZ 85007

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Sun City, Anthem face off over plan for water rates

By Lesley Wright

THE ARIZONA REPUBLIC

Arizona's new water war pits Anthem against Sun City: one of the northwest valley's newest master-planned communities against one of its oldest.

The battle between young families and retirees was launched before the Arizona Corporation Commission two years ago, and a victor is not expected to emerge until the end of the year.

An administrative judge is taking testimony from thousands of residents who pay water bills to Arizona American Wa-

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VALLEY & STATE

Sun City, Anthem face off over water

RATES

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ter. That judge and, ultimately, the Corporation Commission, must determine whether the water company should consolidate rates for eight residential districts and five wastewater districts that sprawl across the state.

Each water district — Sun City, Sun City West, Anthem, Paradise Valley, Agua Fria, Tubac, Mohave and Havasu — charges a different rate. If consolidated, each of the 90,000 residents involved would pay the same rate.

Numbers continue to be crunched, but one thing is clear: If rates were combined, Sun City would pay more and Anthem would pay less.

Anthem residents with three-fourth-inch meters at their homes pay an average \$85 a month for water and sewer, while Sun City residents in 2007 typically paid about \$14 a month.

It's a tricky situation for the Residential Utility Consumer Office, the state agency charged with representing consumer interests in regulatory cases. Agency attorneys cannot represent all districts at once.

"That is exactly the problem," agency director Jodi Jerich said. "This issue of rate consolidation pits one group of Arizona American customers against another."

The consumer-advocacy attorneys have studied the consolida-

tion puzzle, which includes several complex scenarios, and determined that rate consolidation "is not in the public interest under these sets of facts at this time," Jerich said.

That would be good news for the 1,500 Sun City ratepayers who jammed a Corporation Commission site hearing two weeks ago. Sun City rates, the lowest in Arizona, conceivably could jump by 130 percent under the worst-case scenario. The hearing lasted three hours.

"There were no comments in favor," commission spokeswoman Rebecca Wilder said.

"It really bothers us," Marv Worthen, executive director of the Sun City Taxpayers Association, said of consolidation. "We do not think that people who chose to live in Anthem should benefit from Sun City's situation."

Roger Willis, who chairs Anthem's utilities commission, and many other Anthem residents support consolidation. The community has been hit twice with rate increases because of payments due for infrastructure. Some residents said they are suffering from "rate shock."

Consolidation could lower those Anthem rates by more than 50 percent.

Willis advised Sun City to consider its own long-term needs, because Arizona American is estimating that the community will need to upgrade its own system to the

tune of \$25 million. One well the company replaced last year had been dug in 1948.

"It's divisive between us and Sun City," Willis said. "But we've got families that are young and struggling just as much as the Sun City folks on fixed incomes."

The Corporation Commission first asked Arizona American to draft rate-consolidation scenarios in 2008 as a way to stabilize rates, increase reliability and achieve administrative economy.

Since then, evidence and testimony has flowed through the commission's hearing rooms. A number of parties have a say, besides the ratepayers: staff members for the regulatory commission, the water company and the state agency looking out for the public. The administrative judge is likely to take the summer to craft a recommendation, and then the commissioners will debate the issue and take a final vote.

If consolidation is approved, the new rates could start taking effect next year.

Spokesmen for the commission and the water company were reluctant to voice opinions because the issue is before a judge and the rate figures could fluctuate significantly.

Even if consolidation falls through, Anthem and Sun City residents are still on the hook. Arizona American has requested stand-alone rate increases for each.