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BEFORE THE ARIZONA CORPORATION COMMISSION

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JUL 30 2010

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DOCKETED BY

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

SUN CITY LOW INCOME – HOA ELIGIBILITY

During the evidentiary hearing in this matter, the Administrative Law Judge (“ALJ”) requested that the Company “investigate how best to administer a low income program to the condo dwellers.” (Phase I Transcript, at 271). The ALJ also requested that

1 the Company “work on doing some outreach and designing and tailoring the program to the
2 condos.” (*Id.* at 272). As requested, the Company has investigated and conducted outreach
3 and recommends below a means to administer the existing Sun City low income program
4 (presently a \$4 per month credit) to the many thousands of condominium¹ residents. The
5 Company is making this filing now to allow parties to respond to this filing in their reply
6 briefs. The Company believes it has the authority to proceed with administering the
7 program to condominium residents and intends to do so, but if any party or the Commission
8 takes exceptions, the reply brief and subsequent final order in this case, respectively, would
9 be timely.

10 As has been noted on many occasions, condominium residents are not the
11 direct customers of Arizona-American, but rather are served in groups on larger water
12 meters for which the name on the account is the condominium association or the
13 management company that pays the bills for the condominium association. Therefore,
14 when a particular low income resident wishes to receive a low income water credit on a
15 water bill, neither the resident nor the Company can require the association to provide that
16 credit to the particular resident. To date, therefore, only single dwelling unit residents have
17 been eligible for Sun City’s low income program.

18 Following the hearing in this matter, the Company investigated and
19 conducted outreach on three possible options, only one of which option is viable at this
20 time:

21 1. The first (non-viable) option would involve the Company providing the
22 low income credit as usual via the water bill and the association in turn providing that credit
23 to the qualified low income resident, most likely through a reduction in the periodic
24 homeowner’s association fee. The association fee is the means by which a condominium
25 resident pays for charges for water and many other services, such as landscaping, incurred
26

¹ Can include some other multi-housing situations such as mobile homes as appropriate.

1 by the association on behalf of its residents. Unfortunately, the associations with which the
2 Company spoke do not want to undertake this responsibility. Among their concerns are
3 that they would be taking on a liability to accurately transmit low income credits.

4 2. As an alternative to providing the low income credit via the water bill, a
5 second (non-viable) option was investigated and would involve the Company periodically
6 (quarterly, annually) providing checks to condominium residents who qualify for the low
7 income program. Unfortunately, a number of computer system and logistics challenges
8 make this option too expensive and unworkable. The primary challenge is that this effort
9 must occur outside of the Company's billing systems, as the residents are not the
10 Company's direct customers. The Company would need to create and maintain a separate
11 process and separate database with handoffs from various Company employees in order to
12 accurately provide checks. First, local Company employees would need to determine in
13 which association the resident resides and next determine the appropriate multi-dwelling
14 water account number for that dweller. Next, other Service Company employees would
15 need to set up a process and system to provide the resident a check to be periodically
16 mailed to the resident. The local Company employees would later need to re-contact
17 periodically each low income resident to ensure he/she is still residing in that unit. In
18 addition, the credits provided under this program would need to be periodically totaled and
19 added to the credits provided to single housing dwellers to be tracked against overall
20 funding. That would require another set of accounting entries (probably monthly) to the
21 regulatory asset used for that purpose. This process would involve the training of
22 employees and the establishment of new responsibilities and would be subject to periodic
23 internal or external audit. As a result, significant resources would need to be devoted to a
24 minor activity to ensure effectiveness and accuracy for this option.

25 3. As a viable alternative to the Company sending checks directly to
26 residents, the Company has on several occasions discussed with the Sun City Taxpayers

1 Association (“SCTPA”) a means of administering this program at a nominal cost. Under
2 this alternative, the Company would periodically (probably semi-annually) provide the
3 SCTPA with a lump sum of funding, (e.g., \$20,000) in order for the SCTPA to cut checks
4 to qualified low income condominium residents. Essentially, SCTPA would handle all
5 tasks described in the second option above. Key features of this option would include the
6 following:

- 7 • SCTPA would process \$4 credits for condominium residents only, as single housing
8 residents would continue to be processed by the Company.²
- 9 • SCTPA would establish accounting procedures to record information about each
10 qualified condominium residents and low income credit amounts provided.
- 11 • SCTPA would maintain a separate bank account for this effort and would
12 periodically and also upon request make records available to the Company or
13 another intervenor for review in future rate cases (e.g., Commission Staff).
- 14 • SCTPA would only be reimbursed for reasonable direct costs to administer this
15 program (e.g., banking and record keeping fees) and an allocation of SCTPA labor
16 costs.
- 17 • SCTPA would periodically inform the Company of the number of low income
18 participants in order for the Company to effectively monitor the 1,000 customer
19 ceiling for this program.
- 20 • The Company would periodically replenish the account via a lump sum as per
21 anticipated requirements of the program as communicated by SCTPA to the
22 Company as regards near term funding requirements.

23 The SCTPA (which annually prepares tax returns for approximately 4,000
24 residents) has informed the Company that this approach would help the SCTPA to better

25 _____
26 ² The credit amount may be increased or decreased by the Commission upon completion of future Sun City
Water District rate cases. A condo resident’s credit would equal the credit provided to single housing
residents.

1 identify persons eligible for some of its other low income related programs (e.g., property
2 tax assistance), and the Company believes SCTPA would be a trustworthy and reliable
3 partner. While there are still details to be worked out between the Company and the
4 SCTPA,³ we have already reached general agreement following a July 29, 2010 meeting
5 between the Company and the SCTPA. Attached is "Sun City / Youngtown Low Income
6 Assistance Program for Condominium Residents" which was prepared by SCTPA and
7 provided to the Company on July 29, 2010, as their response to earlier informal
8 discussions. While a few minor changes are anticipated to this document before it is final,
9 the parties intend to proceed to contracting in order that the expansion of this important low
10 income program to condominium dwellers can occur as soon as possible. The Company is
11 very appreciative of the SCTPA's receptiveness to this low income program.

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³ A contract between the Company and SCTPA would be necessary.

1 RESPECTFULLY SUBMITTED this 30th day of July, 2010.

2 ARIZONA-AMERICAN WATER COMPANY

3 

4
5 Thomas M. Broderick
6 Director Rates & Regulation
2355 W. Pinnacle Peak Rd., Suite 300
Phoenix, AZ 85027

7 ORIGINAL and thirteen (13) copies
8 of the foregoing filed this 30th day
of July, 2010, with:

9 The Arizona Corporation Commission
10 Utilities Division – Docket Control
11 1200 W. Washington Street
Phoenix, Arizona 85007

12 Copy of the foregoing hand-delivered
this 30th day of July, 2010, to:

13 Teena Wolfe, Administrative Law Judge
14 Hearing Division
15 Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

16 Steve Olea
17 Utilities Division
18 Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

19 Robin Mitchell
20 Maureen Scott
21 Legal Division
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23 Copy of the foregoing mailed/emailed this
30th day of July, 2010, to:

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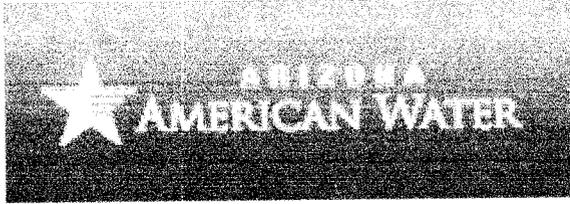
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Audrey Amelle



SUN CITY TAXPAYERS ASSOCIATION

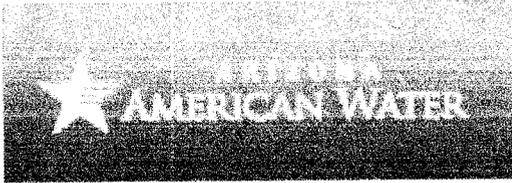


Community Action for Seniors

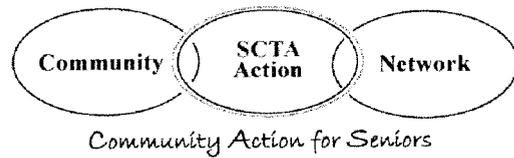
Sun City/Youngtown Low Income Assistance Program For Condominium Residents

**Planning Meeting
SCTA Office
July 29, 2010**

**Sun City Taxpayers Association
10195 W. Coggins Drive
Sun City, AZ 85351**



SUN CITY TAXPAYERS ASSOCIATION



SCTA Board Oversight Chairperson + A pool of eight (8) people will be needed.

Get the word out

- Newspaper stories
- SCTA "tips"
- Flyers to condo residents with help from Condo Association



Dedicated phone line w/answering service



Screen applicants

- Send out information packet w/application
- Set up appointment for SCTA office visit
- Complete benefits check up
- LIAP for AAW



Computer spreadsheet with all pertinent information



Write check for \$4/month (twice a year)



Verify resident still living there before next check is written



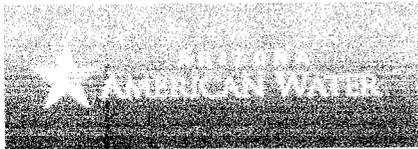
Submit monthly written report to AAW



Meet personally every quarter to review and adjust program



Bill AAW quarterly for misc. expenses (phone, postage, etc.)



SUN CITY TAXPAYERS ASSOCIATION



Community Action for Seniors

APPLICATION: Sun City/Youngtown Low Income Assistance Program For Condominium Residents

(Program is for residential customers and their domestic water service)

Section 1—Customer Information

Association Name _____ Customer Assoc. Account # _____ (Located on Bill)

Mailing Address _____

City _____ Zip Code _____

Management Company _____

Individual (Customer) Name _____

Home Address _____ (Individual Address)

City _____ Zip Code _____

Daytime Phone # _____ Individual Resident (Must list # _____ Condo Assoc. (Chairperson) all three) # _____ (Management Company)

Section 2—Program Eligibility for Condo Owners

Are you Eligible?

Each applicant for the Low Income Assistance Program must meet all four criteria below to be eligible for the program. Please check all boxes that apply:

- Full time/permanent Sun City/Youngtown Resident (Drivers license or AZ car license for I.D.)
Over 65 years old (one member of family)
All Annual income does not exceed \$16,245 for single-person household (\$21,855 for two-person household)
Receive domestic water service from Arizona-American Water

I state the information I have provided in this application is true and correct. I agree to provide proof of income,

X _____ Arizona American Water Customer Signature

_____ Date

Mail or deliver to confirming agent: Sun City Taxpayers Association 10195 W. Coggins Drive Sun City, AZ 85351