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 Sent: **RECEIVED** Thursday, August 26, 2010 5:40 PM  
 To: Mayes-WebEmail  
 Cc: Kennedy-Web; Newman-Web; Pierce-Web; Stump-Web; Jodi Jerich; Utilities Div - Mailbox; Arizona Corporation Commission  
 Subject: Comment: Percent of Pulte Refunds, Arizona American Water Rate Filing, Docket  
 W-01303A-09-0343; **SW-01303A-09-0343**

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Dear Chairwoman Mayes and Commissioners:

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I believe the record needs to be corrected and expanded regarding the percentage amount of Pulte refunds included in the company's rate increase. As you will see, the value ranges from 17 to 52 percent per the documentation cited below.

In December 2009, I posed the question in an email to AAWC's rate expert Mr. Thomas Broderick. He replied: "40 percent water and 12.2 percent for wastewater." At the April 7th Public Comment with the Commissioners in Anthem, I stated for the record that per Mr. Broderick's email it was over 52 percent. Since that statement, Mr. Broderick corrected and informed me that I was mistaken to combine the water (40 percent) to the wastewater (12.2 percent) for a total of 52.2 percent.

The following testimonies follow up on answering this question. You will find that Mr. Broderick's answer ranges from 17 percent to 52 percent. Per the following transcript testimonies:

**I. Arizona-American Water / Rates 5/18/2010 W-01303A-09-0343, et al. Phase II Vol. I, page 143, lines: 10-16:**

Q. MAYES: "Mr. Golembe during a public comment said it was **52 percent**. Is that right?"

A. *Your Honor, Madam Chair, I don't think it would be that much. Let me just supplement that. But I believe we ran that. But just roughly, a \$20 million payment would be roughly about -- well, I don't want to just do it on the fly. I believe there was already a response by Anthem running -- they were asked by, I think, Commissioner Pierce to run some numbers, and I think we helped them on that. So that was submitted. So if we could just find that exhibit, we have that data.*

**II. Arizona-American Water / Rates 5/19/2010 W-01303A-09-0343, et al. Phase II Vol. II, page 311, lines: 17-20:**

Mr. Broderick on Redirect Examination:

*"You can see that the Pulte refunds in and of themselves caused a **17.16 percent rate** increase for the Anthem water and Anthem/Agua Fria Wastewater districts."*

**III. Arizona-American Water / Rates 5/19/2010 W-01303A-09-0343, et al. Phase II Vol. II, page 313 line 25 and page 314, lines: 1-13:**

Cross of Mr. Broderick by Mr. Larry Robertson Jr.:

*Q. It is simply for the purpose of trying to find the source of that 52 percent that was mentioned. Do you by any chance happen to have Mr. Neidlinger's March 8th, 2010 initial direct testimony with you? I don't have my copy with me. And that's the only reason I pose the question. A. No, I do not have it up here. Q. Okay. My recollection of his testimony was that he referred to the 2008 Pulte refund representing on the order of **52 percent** of the increase in the company's rate base for the Anthem district during the 2008 period. In that context, does that 52 percent figure sound familiar? A. That does, and that might be accurate if we are discussing rate base. Okay. That's all I have. Thanks, Mr. Broderick.*

#### **IV. AAWC Consolidation Meeting at Anthem, 26 July 2010:**

Mr. Broderick was asked, "how much of the Pulte refunds are in the increase?" **Ans: Approximately 33 percent.**

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In closing, I find it at the very least disconcerting that AAWC cannot nail this figure down or if the range is true, it leaves one in great confusion and mistrust of their accounting methods.

So, I ask in simple terms: "what percent increase in my bill will the Pulte refunds play?"

Bob Golembe  
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