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ARIZONA CORPORATION

March 2003

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W-01303A-02-0908

Arizona Corporation Commission
Utilities Division
1200 West Washington
Phoenix, AZ 85007
(602) 542-4251

2003 MAR 26 A 11: 47

AZ CORP COMMISSION
DOCUMENT CONTROL

RE: Docket number WS-01303A-02-0870, Arizona-American Water Company Rate Increase

To Whom It May Concern:

I am a resident of Anthem, Arizona, and as such, subscribe to the services of Arizona-American Water Company. It has recently come to my attention that you are looking into the pending rate increase which has been requested by Arizona-American Water Company.

I am contacting you today to express my concern over this rate increase. Based on the information received, I am concerned that the rate increase requested is not reasonable or justifiable. Specific concerns are as follows:

1. A substantial portion of this increase is to offset new "infrastructure" costs. It is not clear what those costs include, and we are concerned that some of the costs do not directly relate to the water and sewer infrastructure of Anthem.
2. Based on comments by AZAWC in the local newspapers, part of the rate increase is to offset past losses due to their use of overly optimistic growth forecasts for Anthem in determining their initial rates. Actual growth rates for Anthem have exceeded initial Del Webb forecasts, and build-out is scheduled much earlier than originally anticipated. These conditions should lead to greater PROFITS for AZAWC, not losses. Therefore, I have serious doubts that the real cause of AZAWC's losses has much to do with the growth forecasts.
3. There were also comments by AZAWC in these newspapers that rates could be REDUCED in the future depending on the actual growth of Anthem. I would certainly like to see a very strong commitment to future rate reduction as a condition of any current rate increase, including more specific conditions clearly spelled out by AZAWC and ACC.
4. Finally, based on comments by AZAWC in the local newspapers, it appears that AZAWC is requesting a relatively high profit margin in this rate increase.

Additionally, I must object that the current base water rate of \$32.00 is far too much. Never have I had to pay such an enormous amount for the privilege of turning on the faucet. And the sewer base rate is not pro-rated. Therefore, in the summer when gone, I continue to pay for a service I don't even use. This is a prime example why the local municipality, whose loyalty is to the ratepayer—should own the water system. Please reject this increase. Water conservation is needed, not price gouging and that exactly is what this rate increase is.

Sincerely,

Dan & Vicci Lukensow

Dan and Vicci Lukensow
[REDACTED] Golf Crest Road
Anthem, AZ 85085
[REDACTED]

Arizona Corporation Commission
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MAR 26 2003

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