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ARIZONA CORPORATION

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March 2003

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WS-01303A-02-0867  
WS-01303A-02-0868  
WS-01303A-02-0869  
WS-01303A-02-0870  
W-01303A-02-0908

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

2003 APR -7 P 4: 21

AZ CORP COMMISSION  
DOCUMENT CONTROL

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

To Whom It May Concern:

We are residents of Anthem, Arizona, and as such, subscribers to the services of Arizona-American Water Company. It has recently come to our attention that you are looking into the pending rate increase which has been requested by Arizona-American Water Company.

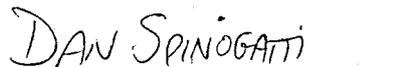
We are contacting you today to express our concern over this rate increase. Based on the information we have received, we are concerned that the rate increase requested is not reasonable. Our specific concerns are as follows:

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, we 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. We 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.

Thank you in advance for protecting our interests and handling this matter to the best of your ability.

Sincerely,

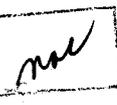
  
(Signature)

  
(Printed Name and Address)

2573 W. LEWIS AND CLARK TRAIL

Arizona Corporation Commission  
DOCKETED

APR 07 2003

DOCKETED BY 

Anthem, Arizona 85086

**COMMISSIONERS**  
MARC SPITZER - Chairman  
JIM IRVIN  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
MIKE GLEASON



BRIAN C. MCNEIL  
Executive Secretary

**ARIZONA CORPORATION COMMISSION**

April 7, 2003

Mr. Dan Spinogatti  
2573 West Lewis and Clark Trail  
Anthem, Arizona 85086

Dear Mr. Spinogatti:

This letter is in acknowledgement that the Arizona Corporation Commission received your letter regarding the rate increase requested by Arizona-American Water Company.

Your letter has been placed in the official docket for Arizona-American Water Company, Docket No. WS-01303A-02-0870, so the Commissioners have the opportunity to review it before making a final decision.

Thank you for taking the time to share your concerns with us.

Sincerely,

A handwritten signature in cursive script that reads "Janie Woller".

Janie S. Woller  
Public Utilities Consumer Analyst  
Utilities Division

JSW:hml