

OPEN MEETING AGENDA ITEM



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Sheila Stoeller

From: lynnbrendavick [lynnvick@cox.net]
Sent: Tuesday, November 30, 2010 2:34 PM
To: Mayes-WebEmail; Stump-Web; Pierce-Web; Newman-Web; Kennedy-Web
Cc: Director Jodi Jerich, Esq; Utilities Div - Mailbox
Subject: Re: Anthem Water Rate Case Question - Payments to Pulte - Docket No. W-01303A-09-0343, SW-01303A-09-0343

ORIGINAL

Dear Commissioners,

I have been pondering possible answers to the question I posed to you in my email on November 9, 2010 which is provided below. I can think of only two possible answers:

(1) AAWC did not know that the cost of the infrastructure was included in the cost of the lots. I am inclined to believe that the largest publicly traded water utility company in the United States did a complete and thorough "due diligence" review and knew exactly what they were doing when they acquired the Anthem water/wastewater infrastructure. Therefore, I don't think that the lack of knowledge by AAWC is a plausible answer.

(2) AAWC is trying to enrich themselves at the expense of the Anthem property owners. If AAWC can get the Arizona Corporation Commission to approve water/wastewater rates for Anthem which would include the more that \$53 million in balloon payments they have made to Del Webb/Pulte, AAWC would get a guaranteed return of their money plus an after tax rate of return of over 6.5 percent on that money. An after tax rate of return of over 6.5 percent seems to me to be very lucrative given today's economy.

I would like to emphasize that the above comments are simply conjecture on my part. However, the Arizona Corporation Commission has the authority and hopefully the resources to get the facts on this matter.

Sincerely,

Lynn Vick
Anthem, AZ 85086

Arizona Corporation Commission

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----- Original Message -----

From: lynnbrendavick
To: Chairman Kris Mayes ; Commissioner Bob Stump ; Commissioner Gary Pierce ; Commissioner Paul Newman ; Commissioner Sandra Kennedy
Cc: Director Jodi Jerich, Esq ; Commission
Sent: Tuesday, November 09, 2010 8:49 PM
Subject: Anthem Water Rate Case Question - Payments to Pulte - Docket No. W-01303A-09-0343, SW-01303A-09-0343

Dear Commissioners,

Why would Citizens/AAWC agree to pay balloon payments totaling over \$53 million to Del Webb/Pulte if the cost of the infrastructure to provide water to the Anthem residents was included in the price of the lot?