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BEFORE THE ARIZONA CORPORATION COMMISSION

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KRISTIN K. MAYES, Chairman

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W-01303A-09-0343  
SW-01303A-09-0343

SANDRA D. KENNEDY

BOB STUMP

<p>IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA PUBLIC SERVICE CORPORATION, FOR APPROVAL OF LOW INCOME PROGRAM IN THE SUN CITY WATER DISTRICT</p>
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DOCKET NO. WS-01303A-10-\_\_\_\_\_

**APPLICATION FOR APPROVAL OF  
EXPANDED SUN CITY WATER  
DISTRICT LOW INCOME PROGRAM**

Arizona-American Water Company (“Arizona-American” or “Company”), in compliance with the Decision in Docket No. W-01303A-09-0343 (“Decision”), files this Application for approval of an expanded low income program for the Sun City Water District as outlined in the Decision.<sup>1</sup>

As recognized by the Commission, condominium residents are not direct customers of Arizona-American, but rather are served in groups on larger water meters for which the name on the account is the condominium association or the management company that pays the bills for the condominium association. To address this issue, the Company has contracted with the Sun City Taxpayers Association (“SCTPA”) to administer Sun City’s low income program for condominium residents.

The Company’s low income program in Sun City allows up to 1,000 residential customers. The program is funded by a slight increase to Sun City’s high block commodity rate for residential and commercial customers (\$0.026 per kgals, amount effective January 1, 2011)

Under the agreement with SCTPA, the Company will periodically provide the SCTPA with a lump sum of funding for the SCTPA to provide financial assistance to

<sup>1</sup> Decision at 85-86.

qualified condominium residents. The Company provided the first check in the amount of \$15,000 to SCTPA on November 8, 2010, and as of the date of this filing, over 35 condominium residents have been enrolled in the program and are periodically receiving a check for credits earned. Additional applications are in processing.

Key features of this new aspect of the low income program, as outlined in the parties' agreement, include the following:

- SCTPA will process and provide low income program credits (\$4.50 per month, effective January 1, 2011) for condominium residents only. The Company will continue to provide credits on bills for all other enrolled customers.
- SCTPA will determine eligibility for the program for the condominium residents based on established program parameters.
- SCTPA will establish accounting procedures to record information about each qualified condominium residents and the low income credit amounts provided.
- SCTPA will maintain a separate bank account for this program and will, upon request, make records available to the Company or another intervenor for review in future rate cases (*e.g.*, Commission Staff).
- SCTPA will be reimbursed for direct non-labor costs to administer this program (*e.g.*, banking and record keeping fees) and for SCTPA's actual labor costs to the extent any paid employees support the program, as typically volunteers process applications.
- SCTPA will periodically inform the Company of the number of low income program enrollees in order for the Company to monitor the 1,000 customer ceiling for this program. If the 1000 customer threshold is reached, SCTPA will not enroll any further customers and, if necessary, will work with the Company to gradually reduce the number to 1000.

- The Company will periodically replenish the low income program account through a lump sum payment based on the anticipated requirements of the program.
- SCTPA will maintain a waiting list if the low income program is fully subscribed.
- A Service Agreement between the Company and SCTPA was signed October 4, 2010.

Through this filing, the Company requests approval of the expansion of the low income program to include condominium residents in the manner described above.

Respectfully submitted on December 21, 2010, by:



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Thomas M. Broderick  
Arizona-American Water Company  
2355 W. Pinnacle Peak Road  
Suite 300  
Phoenix, Arizona 85027

Director, Rates & Regulation

**Original** and 13 copies filed  
December 21, 2010, with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

**Copies** of the foregoing mailed on  
December 21, 2010, to:

Legal Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Utilities Division  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Lyn Farmer  
Chief Hearing Officer  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Residential Utility Consumer Office  
1110 West Washington Street  
Suite 220  
Phoenix, Arizona 85007

By:

  
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Courtney Appelhans