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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission
DOCKETED

JUN 3 2011

DOCKETED BY

10 In the matter of the application of) Docket No. W-01303-A-10-0448
11 Arizona - American Water Company for a) Kenneth Hewitt's APPLICATION TO
12 determination of the current fair) REQUIRE ARIZONA-AMERICAN WATER
13 value of its utility plant and) COMPANY'S APPLICATION TO BE CORRECTED
14 property and for increases in its)
15 rates and charges based thereon for)
16 utility services by its Agua Fria)
17 water district, Havasu water district,)
18 and Mohave water district.)

19 Item 1 is Maricopa County Environmental Services Department's PUBLIC WATER
20 SYSTEM COMPLIANCE STATUS REPORT for Agua Fria (see exhibit 1). It indicates
21 that no surface water is used by Agua Fria. This is contradicted by Joseph E.
22 Gross's direct testimony on page 6 of 12 line number 18 where it states "The
23 initial phase of the WHITE TANKS PLANT cost \$63,897,069.37, was placed in
service on November 30, 2009 and has been serving Arizona-American's existing
customers since that time."

24 I request that Arizona-American be required to submit a corrected request for
25 a new PUBLIC WATER SYSTEM COMPLIANCE STATUS REPORT for Agua Fria and that it
replace the current document in the application.

1 Item 2 is Joseph E. Gross's listing of benefits from using water from the
2 WHITE TANKS PLANT. See exhibit 2 which goes from line 15 of page 8 of 12 to
3 line 19 of page 9 of 12 of Mr. Gross's direct testimony. This list is not
4 complete because it ignores the savings realized by shutting down wells which
5 were producing better quality water and are included in the current rate base
and were partially paid for by CIAC and which was included in the receiving
resident's lot prices.

6 I request that Arizona-American be required to list which wells were taken
7 out of service to allow for the use of WHITE TANKS WATER and how much money
was saved. This should be added to the testimony.

8 Item 3 is a request to determine if the notification of the rate case was
9 effective and whether there is any reason to suspect that may not have been.
10 I believe that the problem of residents of Sun City Grand not knowing they
11 were in the Agua Fria water district was well demonstrated in the '08 rate
12 case and argued in the '09 consolidation case. This was the result of getting
13 bad information from Arizona-American's central customer service desk where
14 Surprise residents were told they were not in these rate cases. However what
is really important is do the people who may have their water rates raised by
86% have any idea it is coming? This problem was not helped by the press
release which mentioned Sun City Grand in the headlines. (see exhibit 3)

15 Therefore I request that Arizona-American be required to hire an independent
16 company to survey a random sample of Agua Fria customers to determine if they
17 are aware that one, they are in the Agua Fria district and two, if they know
18 there is a rate case in progress which could potentially raise their water
rates by 86%. The Corporation Commission should set a minimum percentage that
would satisfy their standard for notification.

19 If it does not, I request that a second notification be sent out to Agua Fria
20 customers notifying them that they are in the Agua Fria District and that
21 they have a right to intervene in the case. The case should be reopened for
additional interveners and the remaining schedule be delayed.

22 Dated this June 3rd 2011

23 

24 Kenneth Hewitt
25 18729 N Palermo Ct
Surprise, AZ 85387

1 ORIGINAL and 13 copies of the foregoing
2 were filed this 3rd day of June, 2011 with _____

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
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7 Copies of the foregoing mailed/delivered
8 this 3rd day of June, 2011 to:

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EXHIBIT 1



Maricopa County
Environmental Services Department

PUBLIC WATER SYSTEM COMPLIANCE STATUS REPORT

System Name: Arizona American Water Co. - Agua Fria
PWS ID#: 07-695

Type of System: Community Number of POE's: 11 Surface Water: No ←
Number of Service Connections: 27190 Population Served: 66997

Assigned Monitoring Dates - Initial: 1/1/93 Phase II: 1/1/93 Phase V: 1/1/93

Does the water system have a Certified Operator? Yes. Roman Diaz

Does the system have major treatment plant deficiencies? No
Please describe: _____

Date of last inspection: June 27, 2007

Does the system have major O & M deficiencies? No
Please describe: _____

Does the system have water quality monitoring/reporting deficiencies? No
Please describe: _____

General Public Water System Compliance Status? Compliant

Date of compliance review: 09/08/10 By: Christopher Henke Initials: CH
Phone: (602) 372-2831

Requested By: Roman Diaz Fax Number/ Contact: _____ Tracking Number: _____
Supervisor Initials: [Signature] Date: September 8, 2010

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- Residual processing facilities, including dissolved air flotation solids removal, filter backwash, filter-to-waste system, wastewater clarifiers, return flow pumping, and sludge drying beds.
- Chemical feed and storage facilities.
- Administrative and control facility, which includes staff offices, process laboratory, and maintenance area.
- 1.1 mile of 48" diameter concrete cylinder transmission main, which provides treated water from the plant to the existing transmission system in Agua Fria Water District.
- Emergency generator to allow the White Tanks Plant to continue to treat 13.4 MGD of surface water in the event of a power outage.

Please see Exhibit JEG-1 for an overall plant site plan, to include locations for future expansion. Plant operations and maintenance activities during the past year have validated the design criteria for this plant, and will be addressed in the testimony of Mr. Ian Crook.

Q. HAS THE OPERATION OF THE WHITE TANKS PLANT ALLOWED THE COMPANY TO REDUCE THE NUMBER OF REQUIRED WELLS PROVIDED BY DEVELOPERS?

A. Yes. The Company has aggressively pursued the reduction of future wells in the Agua Fria Water District by amending its master agreements with developers in the area. For example:

(1) In the Liberty Vistas 303 Business Park, the Company eliminated the requirement for a well producing a minimum of 337 gallons per minute (gpm).

1 (2) The Company's agreement with Prasada Commercial includes the deletion of one
2 well in exchange for the developer constructing one mile of transmission main for future
3 surface water delivery.

4 (3) The Company's agreement with Citrus & Northern, LLC was amended to require an
5 additional well site only, rather than a functioning well, for the White Tanks Foothills
6 Development. The Company currently foresees no need to develop the well site.

7 (4) The Company's agreement with Meritage Homes for residential development at
8 Sedella is being negotiated to require additional surface water rights in lieu of a
9 functioning groundwater well.

10 Future agreements with developers will be negotiated to require additional surface water
11 rights in lieu of additional wells. Arizona-American is coordinating with MWD to
12 provide portions of its Agua Fria River water allocation to developers for treatment and
13 delivery to Arizona-American's future customers residing within the Agua Fria Water
14 District. Arizona-American estimates that this agreement would result in up to 21,000
15 acre-feet per year of additional surface water being available for direct treatment and
16 delivery at build-out of the Agua Fria Water District. This initiative will also eliminate
17 the need for associated groundwater treatment facilities required to address the
18 contaminants prevalent in the Agua Fria Water District, such as arsenic, nitrates, and
19 fluorides. Significant future O&M costs for treatment plants will also be avoided.

20 **Q. ~~IS WHITE TANKS PRESENTLY THE ONLY SURFACE WATER TREATMENT~~**
21 **~~PLANT IN THE WESTCAPS STUDY AREA? IF SO, WHY?~~**

22 **A.** Yes. The current site of the White Tanks Plant was preferable to other sites mentioned in
23 the WESTCAPS study, due to its elevation within the service area and its proximity to
24 the Beardsley Canal. Since the plant can be expanded sequentially in the future to a total

Exhibit 3

Arizona-American requests rate hike in Sun City Grand

NOVA AVERY-PAGE
TODAY STAFF

Arizona American Water Co. is proposing rate increases for three of its water districts, including the Agua Fria district that serves Sun City Grand and parts of Surprise.

The company submitted an application to the Arizona Corporation Commission last week to have the proposal approved for the Agua Fria, Mo-

have and Havasu districts.

If the ACC approves the proposal, Agua Fria district residents could see their monthly bills rise by almost \$25. The increase in average residential customer bills, using 7,000 gallons of water per month, would be an estimated \$24.62, or about 82 cents per day.

Arizona American Water officials said the \$20.8 mil-

lion increase will fund critical infrastructure replacements and improvements made between 2007 and 2010.

Kevin Tilden, the company's director of external affairs, said the public will have the opportunity to express their opinion to Arizona American Water and the ACC since the application will take about a year to review.

"People are surprised at

first," Tilden said of rate increases, but they "are very reassured" once they understand the need and have the opportunity for discussion.

For customers in the district, the increase includes costs for the new White Tanks Treatment Facility, which was completed last year and treats 3 billion gallons of groundwater annually.

The treatment plant, which

Tilden called "state of the art," helps move the West Valley toward a sustainable water supply, a press release about the increase explained.

ACC spokeswoman Rebecca Wilder said the process is only in the early stages.

Since commission staff is reviewing the application to make sure it is complete, no public meetings about the proposal have been set.