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Arizona Corporation Commission
1300 West Washington Street
Phoenix, AZ 85007

July 19, 2011

Arizona Corporation Commission
DOCKETED

AUG 17 2011

Commissioners:

RE: Docket No. W-01303A-10-0448

I am opposed to the rate increase requested by Arizona American Water.



The Arizona Corporation Commission has jurisdiction over the quality of service and rates charged by public service utilities. By state law, public service utilities are regulated monopolies given the opportunity to earn a fair and reasonable return on their investments. What is fair and reasonable in any particular case has been and always will be open to debate in rate hearings before the Commission. Generally, the Commission tries to balance the customers' interest in affordable and reliable utility service with the utility's interest in earning a fair profit.

The rate increase requested by American is excessive and unwarranted. Unregulated companies do not have the luxury of the regulated utilities being able to pass on the costs of operations and investment. The effects of poor management decisions, changes in the economy, and consumer actions are borne by the stockholders and management is held ultimately accountable.

According to American Water, the economic downturn and management's decision to build the overbuilt and underutilized White Tank Water Treatment plant falls directly into the lap of ratepayers, while management and investors have no risk. The newly created Agua Fria Water District members are treated as an ATM to provide unlimited funding protect the stockholders of AAW from financial risk and release management from accountability.

AAW is a solvent, profitable organization, who in June 2011, touted a 5% increase in dividends over the last three years, \$212 million in increased revenue from rate case rate increases, (as of June 1, 2011) and a shareholder return in excess of 41%, double that of the S&P 500, and Down Jones Utilities indices from May 28, 2010 to May 31, 2011.

According to the company's SEC form 10k, American Water looks at the properties held as a "portfolio" meaning that an overall rate of return is achieved with some of the properties earning more than others, and long and short term investment horizons considered with their capital expenditure program.

A review of some 10 recent American Water rate cases across the country, shows rate increases of 4% to 16% translating to monthly average bill increases of \$3.46 to 6.42. This is a far cry from the proposed Arizona increase of 83% or \$25 per month!

At the very least, the Commission needs to continue these hearings at least until all affected ratepayers are informs and more analysis can be completed for public input.

Sincerely,

Jeanne L. Hladek
19718 North Rim Drive
Surprise, AZ 85374

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