

W-20475A-12-0143



0000136127

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

ORIGINAL

Investigator: Sheila Stoeller

Phone: 602-542-4143

Fax:

Priority: Respond Within Five Days

Opinion No. 2012 - 103412

Date: 4/25/2012

Complaint Description: 08A Rate Case Items - Opposed
N/A Not Applicable

Complaint By: Roger Brown

Account Name: Roger Brown

Home: [Redacted]

Street: [Redacted]

Work:

Arizona Corporation Commission

DOCKETED

City: Phoenix

CBR:

APR 25 2012

State: AZ Zip: 85023

is:

Utility Company: Watco, Inc. **Silver Well Service Corporation

DOCKETED BY

Division: Water

Contact Name: Mark Grapp

Contact Phone: [Redacted]

Nature of Complaint:

*****Mr. Brown has been communicating with this office several times in past weeks about this rate increase--see file #103396. That opinion/inquiry was sent by him as a spokesman for his HOA (I think that's what it is). This letter is sent on behalf of himself. We are sharing it with the company as an opinion and/or inquiry. No response is necessary; this is an FYI*****

Roger Brown
[Redacted]
Phoenix, AZ 85023

April 13, 2012

Arizona Corporation Commission
1300 W. Washington St.
Phoenix, AZ 85007 RECEIVED
Re: April 2012 WATCO application for a Rate Increase APR 1. 8 2012
Docket Number: W-20475A-12-0 143

RECEIVED
2012 APR 25 P 2: 11
CORPORATION COMMISSION
DOCKET CONTROL

Dear Sirs:

I have a home in Silver Lake Estates, Show Low Arizona, and have had a water account with WATCO for the last several years. I live in Phoenix and am working on getting my home in Show Low ready to live in. As I am living on Social Security I don't have much money so this is taking a lot longer than I had thought it would. As my home in Phoenix is only worth 1/3 of what I owe on it I can't sell it to finish my Show Low home so I am stuck with two water bills.

The rate increase WATCO proposes is excessive and will put a severe hardship on most of their customers in Show Low including myself. WATCO already charges almost \$25 a month just to be hooked up to their service

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

even if you don't use any water at all (this amount includes all the extra taxes they add on to your monthly bill). The owner of WATCO also owns four other water companies that aren't doing very well either. I object to accepting WATCO's "un-audited" expenses that were submitted to this Commission in support of the WATCO application. I believe WATCO has added other operating costs, from their four other companies, into what they claim is WATCO expenses/losses. Several years ago all of their billing was done by a single lady in Show Low. After she quit they hired a company in New Mexico to do the billing for all five of their companies which cost them a lot more money (even after they closed their Show Low office and cut off the telephone).

I believe they are lumping all of their commercial expenses, from all five companies, under WATCO to make it look like they are operating in the red when in fact their situation isn't as bad as they are trying to make out to this Commission. I would request an independent audit of WATCO's books to see what expenses they really incurred. The company doing the audit should not be hired by WATCO to be certain their report is an honest representation of WATCO's true situation. In the alternative I would throw out their operating loss figures and make them prove their need.

What they have failed to disclose to this Commission is most of their customers and especially those in Silver Lake Estates are living well below the poverty level. An increase, such as WATCO proposes, would put their Silver Lake Estates customers in an undue hardship condition where they would have to choose between heat, food or water. What WATCO proposes is almost doubling the cost of their water service to its Silver Lake Estates customers without increasing the level or quality of any of their services.

When Silver Lake Estates filed a petition last year to join the White Mountains Fire District we found out that 65% of the Silver Lake Estates residents were either living on Social Security or Disability with an average monthly income of under \$900. The few families that do have jobs average less than \$12,000 a year (gross family income).

One of the women that lives there, and who is a WATCO customer, lives on only \$400 a month. What you are dealing with in Silver Lake Estates are over 400 families that are living way below the poverty line and can barely afford the current water rates. WATCO expects everyone to help bail them out because they have a bad business plan. They should go back to in-house billing which worked fine for years and open an office with a telephone number.

I propose a different rate schedule for WATCO that will charge the people more justly than what WATCO is currently doing and what they are proposing. I suggest charging people for the water they actually use and not try to make their profits off of just exorbitant connection fees as is their current practice. Their current business plan is to connect to as many people as they can (which is what they presently do) and hope they use very little water. When I went to connect to WATCO back in 2007 the lady in the office (she quit last year and they closed their office when she left) told me not to connect my water until I thoved up to live here "as the company charges a lot just for the hookup".

WATCO currently charges a base rate that does not include any water at all. Then they charge additionally for any water you use (from as little as one gallon). Right now they charge close to \$25 a month just to have a connection to them (this included all the added taxes), then if you use just one (1) single gallon of water they add another \$3 (plus tax) to the bill. This amounts to a bill for \$28 a month if you use just one single gallon of water. Under their proposed rate increase this monthly bill would increase to \$47 a month, a 70% increase, for small water users. I have never lived anywhere where the base rate for water did not also include a base amount of water like 5000 gallons as well.

My suggestion for their standard residential connection (5/8" x 3/4" Meter) plans, is:

- A. Charge a single fee of \$15 a month for the base connection charge which includes 3000 gallons of water use.
- B. Charge \$0.00 1 for each gallon used after the first 3000 gallons (this could be in units of 100 gallons as that is how their water meters read).

This would be \$7 for 7000 additional gallons, and so on. With such a pricing schedule as the one I just proposed

ARIZONA CORPORATION COMMISSION
UTILITY COMPLAINT FORM

their poorer customers could choose to use less water and pay less. Right now their only option is to have their water cut off.

My proposal does not in any way affect their other seven rate plans which affect the larger WATCO customers. These other seven plans generate the largest part of WATCO's income and will be borne by their customers who are in a position to afford the rate increase. By adopting my proposed plan for WATCO's small residential customer will have little to no impact on their overall income.

The new plan proposed by WATCO will only make things much harder for their customers. Right now WATCO is losing customers as theft rates are so high and their service is so poor. To allow WATCO to raise their rates, just so they could pocket more money, would just cause more customers to end their service and look for other alternatives. This would just make WATCO's situation that much worse even with their proposed rate increase and soon they would be back asking for more and giving nothing to their customers in return.

My proposal would charge the average residential customer for the amount of water they use. People who use a lot of water will pay more than the people who don't use a lot. Right now WATCO is getting most of their money from the customers that can least afford it. This rate increase is not being requested for repairs or to increase services.

Please let me know the date and time of the hearing on this application as I would like to attend.

Sincerely,

Roger Brown
End of Complaint

Utilities' Response:

Investigator's Comments and Disposition:

4/25/12--am forwarding this letter to company as an FYI and will docket it as well. Will also call customer and explain how he can follow the case in e-Docket. CLOSING.

End of Comments

Date Completed: 4/25/2012

Opinion No. 2012 - 103412
