



OFFICE OF THE MAYOR



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COMMISSION
DOCKET CONTROL

ORIGINAL

May 9, 2014

Chairman Bob Stump
Commissioner Susan Bitter Smith
Commissioner Bob Burns
Commissioner Brenda Burns
Commissioner Gary Pierce
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007-2996

DOCKET NO.

SW-02361A-13-0359

Arizona Corporation Commission
DOCKETED

NOV 05 2014

Re: Sewer Rates in the Town of Carefree

DOCKETED BY 

Dear Chairman and Commission Members:

The Town of Carefree wishes to ensure that all users of sewer services provided by Liberty Utilities pay their fair and equitable proportion of the costs to operate and maintain this system. The Carefree Town Council believes that the rate structure approved for Liberty Utilities under the Commission's 2008 Decision No. 71865, while it utilized the best available information at that date, did not incorporate new information which has now been brought to our attention. This new information leads us to believe that there are unintended consequences in the rate structure between the various user groups of this system.

We believe that the most appropriate way to address and remedy this situation would be through a Rate Case. Attached to this letter is Resolution 2014-05 which was unanimously adopted by the Carefree Town Council at our May 6, 2014, meeting. This Resolution requests that the Commission direct Liberty Utilities to bring forth a Rate Case as quickly as possible.

We look to working with the Arizona Corporation Commission to address this matter.

Sincerely,



David Schwan
Mayor, Town of Carefree

cc: Carefree Town Council
Gary Neiss, Town Administrator
Janice Alward, Chief Counsel,

**TOWN OF CAREFREE
RESOLUTION 2014-05**

A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF CAREFREE, MARICOPA COUNTY, ARIZONA, REQUESTING THAT THE ARIZONA CORPORATION COMMISSION REQUIRE LIBERTY UTILITIES TO IMMEDIATELY INITIATE A RATE CASE TO ADDRESS THE ALLOCATION OF COSTS IN THE CURRENT RATE SCHEDULE

WHEREAS, Liberty Utilities owns and operates a sewer system ("sewer system") which services Carefree and portions of north Scottsdale: and

WHEREAS, the Town of Carefree wishes 1) to provide a successful business environment which maximizes the opportunities for all of the businesses operating within the Town, recognizing that part of the business environment is the cost of utilities, including sewer services, 2) to have the costs of the operations of the sewer system equitably and fairly distributed between all of the rate payers and user groups of this sewer system, and 3) to have the costs of producing the effluent at the Waste Water Treatment Plant ("Plant") equal to the sale price of the effluent which the Plant produces, and 4) to minimize the costs of sewer services to all rate payers of the sewer system: and

WHEREAS, the Town of Carefree is unique in that it is comprised virtually entirely of personal residences, with very few commercial businesses and no industrial businesses. Therefore, we believe that the historical and customary methods of calculating and imposing sewer system costs, particularly for commercial sewer system rate payers such as restaurants, may not be appropriate for Carefree: and

WHEREAS, in recent months it appears that the application of the approved rate structure for the sewer system in those portions of Carefree serviced by the sewer system is causing economic hardships among some of this sewer system's commercial customers, e.g., restaurants. The rate structure approved in 2008 is a deterrent to economic development in Carefree, particularly for restaurants: and

WHEREAS, Liberty Utilities is operating the Plant to process a portion of the sewer system's raw sewage. The effluent from the Plant is sold at a rate which is substantially below the costs to operate the Plant and the rates charged to the rate payers of the sewer system are inflated to subsidize the expenses incurred by Liberty Utilities to operate the Plant: and

WHEREAS, the application of the existing rate structure approved by the Arizona Corporation Commission under the Commission's 2008 Decision No.71865 is creating economic hardships among all of the Liberty Utilities rate payers. For restaurants, the economic hardship is based upon the rate structure approved in 2008. For all of the

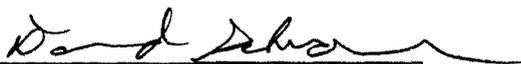
sewer system's rate payers, the economic hardship is due to the fact that they must pay higher rates to subsidize the costs incurred to produce and sell the effluent produced by the Plant at less than the costs to operate the Plant.

NOW THEREFORE BE IT RESOLVED by the Mayor and Common Council of the Town of Carefree, Maricopa County, Arizona requests as follows:

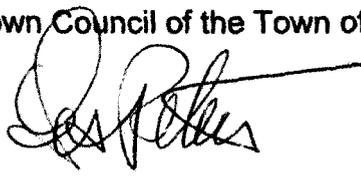
Section 1: That the Arizona Corporation Commission take appropriate action to require that Liberty Utilities immediately initiate a Rate Case to address the areas highlighted in this Resolution 2014-05.

Section 2: That the Clerk of the Town of Carefree transmits copies of this Resolution to the Arizona Corporation Commission and to each member thereof, and to Liberty Utilities.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Carefree this 6th day of May, 2014.



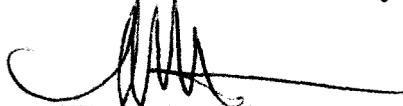
David Schwan, Mayor



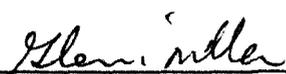
Les Peterson, Vice Mayor



John Crane, Council Member



Mike Farrar, Council Member



Glenn Miller, Council Member



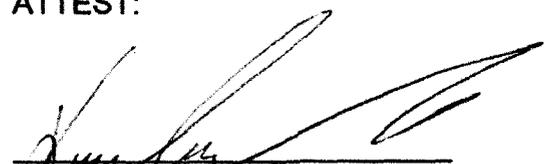
Melissa Price, Council Member



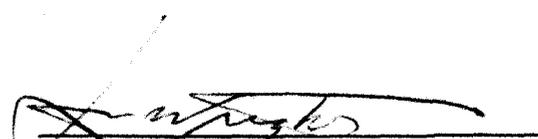
Marty Saltzman, Council Member

ATTEST:

APPROVED AS TO FORM:



Kandace French, Town Clerk



Mike Wright, Town Attorney