

Anthem's plumbing sparks lawsuit

[15 comments](#) by **J. Craig Anderson** - Oct. 11, 2008 12:00 AM
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A group of Anthem residents wants developer Del Webb to swallow the cost of their rising water bills, claiming they were never told about a future obligation to pay for the community's plumbing [infrastructure](#).

Four homeowners are suing Pulte Homes and the Communities of Del Webb and seeking class-action status.

They say Del Webb, which opened the 10,000-home master-planned community north of Phoenix in 1999 and later merged with Pulte, had a public duty to tell prospective [home buyers](#) that the water system's cost wasn't included in the sale price.

"They shouldn't have to pay this rate increase because it wasn't disclosed," said the group's attorney, Stephen Weber, who is also an Anthem resident.

But Pulte spokeswoman Jacque Petroulakis said the developer had no obligation to tell home buyers about the \$100 million debt the community's water and sewer utility, Arizona American Water Co., is now trying to repay Pulte through increases in residents' water rates.

She called the lawsuit frivolous, saying home builders never have been required to anticipate buyers' future utility costs.

"Water rates are approved by the Corporation Commission, not by Pulte Homes," she said.

Pulte has yet to file its official response to the homeowners' complaint. Its response is due by Wednesday. Arizona American, also a named defendant in the lawsuit, owes the money to Pulte under an agreement with the water company's predecessor, Citizens Utilities Co. The deal required Citizens to pay only if Anthem became completely built out, which it did.

The lawsuit contends Citizens conspired with Del Webb to keep Anthem home buyers in the dark about potential rate increases to repay the debt.

Some residents became aware of the agreement in 2006, when Arizona American went to the Arizona Corporation Commission to seek its first rate increase, partly to repay the Del Webb loan.

The commission approved the rate increase in November, but not before Commissioner Kris Mayes laid into Pulte and Arizona American for keeping home buyers out of the loop.

"There is no evidence that any utility in the state of Arizona has ever been financed in such a patently unfair way to consumers," an official transcript of the hearing [quotes](#) Mayes as saying.

Arizona American spokesman Todd Walker said he was unable to comment because of the pending litigation.

Weber produced two versions of disclosure documents provided to prospective home buyers in Anthem, the first of which states, "You will pay no additional costs for installation of (water and sewer) service to your lot boundary or extension of service from your lot boundary to your residence."

It was later changed to say, "The facilities at the lot lines have been completed, and the cost to purchasers to complete the (water and sewer) facilities from the lot line to the home is included in the purchase price."

Weber said Del Webb didn't need to anticipate the exact cost to future homeowners to make clear that the bulk of the infrastructure, everything beyond homeowners' lot lines, had not been paid for.

"If they had said that, we would not be here today," he said.