

# Council to consider absorbing water accounts from company

by **Diana Balazs and Lesley Wright** - Mar. 19, 2008 12:36 PM  
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NORTHEAST VALLEY - Scottsdale City Council members voted unanimously this week to begin studies on acquiring the city's portion of the private water system run by beleaguered Arizona American Water Co.

Council members said their concern over safe drinking water for residents overrode pleas from company president Paul Townsley to leave the system as is.

"There has been a crisis of confidence," said Mayor Mary Manross

Scottsdale water officials said the acquisition could cost millions, with each \$10 million spent triggering a 1 percent increase in water bills across the city.

The city would have to absorb 1,400 accounts, which represent about 2,600 households and businesses, into the city's own water system.

[Arizona](#) American serves nearly 5,000 customers in both Scottsdale and Paradise Valley.

Scottsdale customers such as Richard Alt asked for Scottsdale to acquire the service, citing a January incident in which water was contaminated with a suspected cancer-causing chemical, trichloroethylene.

Also known as TCE, the industrial solvent got into Arizona American's water distribution system through a defective treatment plant and was sent to customers' taps, leading to a three-day ban on using Arizona American water for drinking or preparing food.

Alt presented petitions to the council Tuesday signed by 470 Scottsdale homeowners representing 10 homeowners associations and 57 businesses in support of the city taking them in.

"Our concerns are not just with the presence of TCE in our water supply but also that our water rates have increased over 140 percent within the last year," Alt said.

In a related matter, the Arizona Corporation Commission has agreed to reopen a controversial rate case involving Arizona American and allow both Paradise Valley and three of its resorts - the Sanctuary on Camelback Mountain, Marriott's Camelback Inn and the Renaissance Scottsdale Resort - to intervene in the case.

That means the town and the resorts can provide testimony in support of why the case should be reopened. The commission has not set a rate hearing date, but one could take place as early as April.

In July 2006, the commission, which regulates utilities, approved a three-part rate hike for Arizona American that included a new public-safety surcharge and one for high-end users.

A main goal of the surcharges was to encourage conservation. The high-block surcharge took effect in August 2006, causing water bills to rise dramatically for both Paradise Valley and Scottsdale customers.

Last fall, the Paradise Valley Town Council adopted a unanimous resolution asking that the case be reopened after hearing from frustrated residents and resort operators for a year.

The goal is for a more equitable collection of the surcharges by spreading them out over a longer period of time.