

Private water firm's rates fall temporarily

by **Diana Balazs** - Sept. 5, 2008 12:06 PM
The Arizona Republic

NORTHEAST VALLEY - Many Paradise Valley and Scottsdale customers of Arizona American Water Co. will see a drop in their monthly bills thanks to a recent Arizona Corporation Commission decision.

The rate reductions, which took effect Sept. 1, are only temporary and impact those customers hit by two controversial fees - a high-block surcharge and a public-safety fire-flow surcharge. The commission will reconsider both surcharges in March when it hears a new rate case filed in May by Arizona American.

Paradise Valley officials, residents and resort operators petitioned the commission to review the surcharges after customers were hit with soaring water bills and come up with a more equitable way to collect the money. Arizona American is one of three water providers in the town.

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

A main goal of the surcharges was to encourage conservation. In addition, the money collected from both go directly into a fund to pay for projects to improve the town's fire hydrant flows. Between \$8 million and \$9 million in projects have already been completed, but another \$8 million to \$9 million in improvements are now on hold because of the rate reductions, said Todd Walker, Arizona American spokesman.

The high-block surcharge affects residents who use more than 80,000 gallons a month and commercial users such as resorts that use more than 400,000 gallons monthly.

The commission has reduced the surcharge from \$2.15 per every 1,000 gallons above those thresholds to \$1 per every 1,000 gallons.

The public-safety surcharge applies to residential customers who use more than 25,000 gallons a month and commercial users who use above 400,000 gallons.

It has been eliminated for the time being.

An arsenic cost recovery fee that all Arizona American Scottsdale and Paradise Valley customers pay regardless of water usage remains in effect.

That fee was instituted to comply with federal arsenic standards.