

Testy residents hear about water-rate plans

by **Diana Balazs** - Oct. 29, 2008 01:47 PM
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PARADISE VALLEY - The Arizona American Water Co. is losing money, but it has no intention of selling its local operations to Scottsdale, the company's president reiterated Tuesday.

Paul Townsley and other Arizona American officials met with about 80 Paradise Valley and Scottsdale customers to provide details on the company's latest water rate hike request before the Arizona Corporation Commission in March.

Scottsdale is studying how the city could take over Arizona American, a move the company is fighting.

Arizona American officials said the company and its Paradise Valley-Scottsdale water district are losing money.

"We are not profitable. We are seeking to raise our rates to recover costs and prudently [invest](#) in capital," Townsley said.

A resident at Tuesday's company-sponsored community meeting suggested that if Arizona American is not profitable, why not sell to Scottsdale.

"That is not something we are going to do," Townsley said.

It is proposing a significant increase, averaging about 40 percent, to pay for approximately \$4.8 million in capital [investments](#) made by the company from 2005-07 since its previous rate case went into effect, as well as to recoup an increase of \$1.2 million in operating and maintenance costs.

That news did not sit well with its customers who met in the Kiva Elementary School cafeteria. Arizona American has 4,737 customers in Paradise Valley and Scottsdale.

Townsley said the rate case is a proposal, and he encouraged customers to become involved and provide feedback.

The mood was testy as customers demanded to know if further hefty rate increases could be expected.

Townsley said another meeting will be scheduled in December to provide details on the company's five-year capital improvement plan.

The new rate proposal would:

- Eliminate an existing arsenic surcharge that pays for treatment of the water to meet federal mandates. The surcharge would be folded into the base rate.
- Replace a controversial high-block surcharge for its heaviest water users and replace it with a lower public safety surcharge applicable to all users, the amount to be determined.
- Implement a systems benefit surcharge for the highest residential rate block, the amount to be determined, to fund [water conservation](#) programs.