

Water company to ask panel for 22% rate hike

[4 comments](#) by **Diana Balazs** - Mar. 17, 2009 11:36 AM

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The [Arizona American Water Co.](#) goes before the Arizona Corporation Commission Thursday to request a rate hike that would affect 4,700 customers in [Paradise Valley](#) and Scottsdale.

Arizona American filed its rate case last May. Arizona American President Paul Townsley and other representatives held two rounds of community meetings in October and February to explain the need for the increase.

Arizona American is requesting an approximately 22 percent increase, said Joni McGlothlin, Arizona American spokeswoman. How that would affect individual customers depends on their usage and meter size

Arizona American says it needs the additional funds to pay for millions in capital investments in 2005-07 since its previous rate case went into effect as well as to recoup increases in operating and maintenance costs. The commission will determine how much of an increase Arizona American will receive.

Unlike Scottsdale and Phoenix, Paradise Valley does not provide municipal water service. Residents obtain their water from three providers - the Arizona American and Berneil [water companies](#) and Phoenix.

In the rate case, Arizona American proposes to implement a five-tier rate structure for residential customers. There are now three tiers. It also proposes to eliminate an arsenic surcharge. The surcharge would be folded into the base rate and would no longer appear as a separate item on a customer's bill.

The company also wants to replace a high-block surcharge for its heaviest water users with a lower public-safety surcharge applicable to all residential and commercial users, the amount to be determined. And it proposes to implement a systems benefits surcharge for the highest residential-rate tier, the amount to be determined, for water-conservation programs.

A water committee reviewed the filing and crafted recommendations for the [Paradise Valley Town Council](#). The council approved those recommendations Thursday.

The committee believes the public-safety surcharge, which would pay for improvements to fire hydrant flows, should not be included in the current rate case and should be addressed at a later date. The committee wants to examine the needs throughout the town, not just in the Arizona American service area.

The committee supports efforts to encourage water conservation but not through a systems benefits surcharge aimed at Arizona American water customers. The committee wants a conservation program for all residents.

The committee suggests two alternatives - the town fund an educational program for all of its residents or Arizona American creates and oversees a conservation program just for its customers.

Arizona American's spokeswoman said the charge was included in the original rate case to fund a landscape-conversion program. She said as the case progressed, it became apparent that the town wasn't ready to proceed with a program funded by such a charge. Because of that, Arizona American no longer feels the charge is necessary, but the decision will be up to the commission.

The water committee has not taken a position on the new rate tier structure.