



Water rates to increase

By Laura Swan
The Bisbee Observer

Customers of Arizona Water Co. will soon see an increase on their water bill.

According to Patrick Quinn, Director of the State of Arizona Residential Utility Consumer Office, it is not unusual to see a rate increase but this particular increase means Arizona Water Company customers will now have to pay twice to cover the same cost because of a ruling

made by members of the Arizona Corporation Commission.

The Commission has approved two accounting mechanisms, whose purpose is the same, to pay for infrastructure replacement, according to Quinn.

The first mechanism is the System Improvement Benefits Mechanism charge, which was then coupled with an "intentionally inflated" return on equity at

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a rate of 10.55 percent. The SIB and the 10.55 percent equity return basically do the same thing and that would mean customers are paying double. Quinn and Arizona Corporation Commissioners Bob Barns and Brenda Barns believe that is double counting. If this mechanism is approved in July, you will now be paying double on your Arizona Water bill.

Quinn said, "The Commission's decision to raise rates approximately nine percent is a \$3 increase per month on the average water bill." He also said the \$3 figure is based over a three-year span.

Quinn also said, "Due to the April 22 decision, the Commission will allow the company to 'double collect' approximately \$1,400,000 from tax payers in these three systems over a five-year period."

Quinn said, "Arizona's Constitution requires certain ratepayer safeguards. RUCO believes the commission has sidestepped those safeguards. RUCO is also suing the Commission for that violation, in addition to the unfairness of the double counting issue."

Arizona Water Company Vice President of Rates and Revenues, Joel Reiver, said the Arizona Water Company has sent out a Public Notice of a

proposed System Improvement Benefits Mechanism surcharge with the June statements explaining various water system improvements in the area and listed the proposed monthly surcharge.

He said the average customer who has a 5/8x3/4-inch meter would see a monthly surcharge of 86 cents and a monthly efficiency credit of 4 cents for an increase of 82 cents per month.

Reiver said the water company infrastructure was in need of an upgrade because of the age of the system. He explained that the System Improvement Benefits Mechanism surcharge was necessary to avoid hitting customers with a drastic water bill increase.

According to the Public Notice from Arizona Water Co., the System Improvement Benefits Mechanism surcharge on customers' bills is to recover a portion of the cost associated with distribution system improvements. Eligible costs are limited to projects that replace existing aging and failing infrastructure.

The notice goes on to say the benefits of the System Improvement Benefits Mechanism are improved water flow quality,

flow and reliability including fire protection, and it helps conserve water by reducing leaks.

The Public Notice sent to customers outlined descriptions of improvement projects, which included various upgrades such as installing water mains, service connection and two public fire hydrants on Bowers Street, Marie Street, Ocotillo Street, Ledge Avenue, Quality Road and Avenue, Cole Avenue and Church. The projects totaled \$570,000 in improvements.

For more information on the System Improvement Benefits Mechanism contact Arizona Water Company at 432-5321.

RUCO is urging all citizens who will be impacted by the rate increase to write or call the three Corporation Commission Members who voted for the increase. Susan Bitter Smith, Bob Stump and Gary Pierce can be contacted by mail to Arizona Corporation Commission Commissioners Wing, 1200 W. Washington 2nd Floor, Phoenix, AZ 85007. Smith can be reached by phone at 1-602-542-3625, Stump at 1-602-542-3935 and Pierce at 1-602-542-3933.

Quinn also said, "This is not a shot at the water company, this was a Corporation Commission decision."

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