

LAKE HAVASU WATER DISTRICT

Frequently Asked Questions



Q. What is the amount of the proposed water rate increase?

A. If the Arizona Corporation Commission (ACC) approves the company's request in full, an average residential customer bill will increase 38% to cover necessary increases in operation and maintenance expenses as well as investments made since 2002. Originally, Arizona American Water requested a 79% increase but during further review discovered that facilities from another water district were inadvertently included in the Lake Havasu Water District. Once the Company recognized this, the facilities were immediately removed from Lake Havasu significantly lowering the proposed water rate increase.

Q. Why is the proposed increase necessary?

A. There are two main reasons for the rate increase request. The largest part of our proposal is due to infrastructure investments such as water mains, wells, storage reservoirs and pumps that cost 4 million dollars. The increase also supports increased operating expenses such as labor, fuel, and chemicals.

To a lesser extent, the increase also supports the tank maintenance program (painting) which is designed to help increase efficiency and reduce future costs.

Q. What is the history of Arizona American Water in Lake Havasu and why is the company asking for the proposed increase all at once?

A. In 2002, Arizona American Water purchased the Lake Havasu Water District from Citizens Utilities. In 2003, the ACC imposed a three year moratorium on filing rate cases.

Aside from an increase in rates relating to the costs incurred by Arizona American Water to cover arsenic removal mandated by the federal government, Lake Havasu water rates have not increased since July 2004. The current proposal covers cost increases occurring from 2002–2007 except for the costs associated with arsenic treatment.

The Company could have filed for an increase in rates in January 2006, but postponed filing for an increase until May 2009, since we knew the community was already facing arsenic related rate increases in the interim.

(over, please)

Q. What steps can I take to conserve water and save money?

A. Most water is used outdoors, so it makes sense that you can realize the most savings outdoors. Some ideas are:

- adjust your irrigation system watering schedule so you water your plants deeper but less frequently. This pulls the plant roots away from the surface and makes a healthier plant.
- adjust your timer with each season (quarterly) so you're getting the right amount of water on your plants at the right time of year.
- turn your system off or to bypass when it rains.
- set your irrigation timer to water in the early morning or late evening to cut down on evaporation.
- adjust your sprayers so they are only watering plants not the sidewalk.
- keep your yard maintained, weeds fight your grass and plants for water.

Q. What can we do?

A. One future possibility is rate consolidation, which means costs from all our customers in the state of Arizona would be shared. This would alleviate high rate spikes for small communities that need significant or costly improvements and or equipment. Arizona American Water supports rate consolidation. For the first time, a member of the Arizona Corporation Commission (Chairwoman Mayes) has requested information from us regarding rate consolidation.



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