

Items that directly affect the price of water in Carefree and make it not similar to many other existing Water Companies:

1. Carefree Water Company was purchased as an established Water Company and as such incurred debt for the purchase which requires an amortization of borrowing. In comparison to starting the Water Company from scratch and incrementally incurring cost to build the Company which has proven to be less expensive.
2. Carefree Water Company is a separate entity from the Town of Carefree and financially operates on its own revenues as generated from water sales and does not rely on the Town's General Fund to assist in covering operational and water supply costs.
3. Carefree Water Company's cost providing potable and fire protection water to our customers is spread over its customers. With a larger customer base the individual cost for water service would be diminished.
4. Decisions of the Board of Directors at the time of the purchase of the Water Company to begin using treated Central Arizona Project, which has a greater cost, was based upon the diminishing and limited long term ground water supply available in our aquifer.
5. Conservation efforts by the Water Company's customers have actually reduced the amount of water being sold over the past two years and as a result, after cutting costs, an increase in rates is required to operate the Company and to pay the financial obligations of the original purchase and subsequent improvements and additional required infrastructure.
6. Water quality requirements as mandated by Federal and State regulating agencies have required major increases in cost to remain in compliance.
7. Carefree Water Company's water supply from the Central Arizona Project is pumped from the Colorado River to treatment plants in Scottsdale and Cave Creek. As a result the water is pumped at least nine times just to reach our distribution system. After reaching our system we are required to additionally pump water to provide service to our customers as a result of the elevation changes within our service area. Electrical costs to pump that water through out the journey from the Colorado River to each service is ever increasing and continue to increase costs of supplying water to our customers.
8. Costs such as gasoline, water delivery supplies and health insurance continue to increase despite the condition of our economy. These increasing costs cannot be totally absorbed in current operations and have to be addressed by increasing our water sales or by increasing rates.
9. Water Companies do not increase water sales thru advertisements or marketing strategies especially in light of State requirements to increase conservation within our customer base. Increase in water sales comes as a result of new customers increasing the number of customers within our service area.