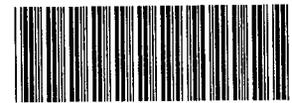


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1 FENNEMORE CRAIG
 A Professional Corporation
 2 Norman D. James (No. 006901)
 Jay L. Shapiro (No. 014650)
 3 3003 North Central Avenue
 Suite 2600
 4 Phoenix, Arizona 85012-2913
 Telephone: (602) 916-5000
 5
 6 Attorneys for Arizona-American
 Water Company

2004 MAR 25 P 4: 27

AZ CORP COMMISSION
DOCUMENT CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

8 IN THE MATTER OF THE
 9 APPLICATION OF ARIZONA-
 AMERICAN WATER COMPANY, AN
 10 ARIZONA CORPORATION, FOR A
 DETERMINATION OF THE CURRENT
 11 FAIR VALUE OF ITS UTILITY PLANT
 AND PROPERTY AND FOR
 12 INCREASES IN ITS RATES AND
 CHARGES BASED THEREON FOR
 13 UTILITY SERVICE BY ITS SUN CITY
 WEST WATER AND WASTEWATER
 14 DISTRICTS.

15 IN THE MATTER OF THE
 APPLICATION OF ARIZONA-
 AMERICAN WATER COMPANY, INC.,
 16 AN ARIZONA CORPORATION, FOR A
 DETERMINATION OF THE CURRENT
 17 FAIR VALUE OF ITS UTILITY PLANT
 AND PROPERTY AND FOR
 18 INCREASES IN ITS RATES AND
 CHARGES BASED THEREON FOR
 19 UTILITY SERVICE BY ITS SUN CITY
 WATER AND WASTEWATER
 20 DISTRICTS.

21 IN THE MATTER OF THE
 APPLICATION OF ARIZONA-
 AMERICAN WATER COMPANY, AN
 22 ARIZONA CORPORATION, FOR A
 DETERMINATION OF THE CURRENT
 23 FAIR VALUE OF ITS UTILITY PLANT
 AND PROPERTY AND FOR
 24 INCREASES IN ITS RATES AND
 CHARGES BASED THEREON FOR
 25 UTILITY SERVICE BY ITS MOHAVE
 WATER AND HAVASU WATER
 26 DISTRICTS.

DOCKET NOS. WS-01303A-02-0867
 WS-01303A-02-0868
 W-01303A-02-0869
 WS-01303A-02-0870
 W-01303A-02-0908

(CONSOLIDATED)

**ARIZONA-AMERICAN WATER
COMPANY'S NOTICE OF FILING
COMPLIANCE STATUS LETTER**

Arizona Corporation Commission

DOCKETED

MAR 25 2004

DOCKETED BY	
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1 IN THE MATTER OF THE
2 APPLICATION OF ARIZONA-
3 AMERICAN WATER COMPANY, AN
4 ARIZONA CORPORATION, FOR A
5 DETERMINATION OF THE CURRENT
6 FAIR VALUE OF ITS UTILITY PLANT
7 AND PROPERTY AND FOR
8 INCREASES IN ITS RATES AND
9 CHARGES BASED THEREON FOR
10 UTILITY SERVICE BY ITS ANTHEM
11 WATER, AGUA FRIA WATER AND
12 ANTHEM/AGUA FRIA WASTEWATER
13 DISTRICTS.

14 IN THE MATTER OF THE
15 APPLICATION OF ARIZONA-
16 AMERICAN WATER COMPANY, AN
17 ARIZONA CORPORATION, FOR A
18 DETERMINATION OF THE CURRENT
19 FAIR VALUE OF ITS UTILITY PLANT
20 AND PROPERTY AND FOR
21 INCREASES IN ITS RATES AND
22 CHARGES BASED THEREON FOR
23 UTILITY SERVICE BY ITS TUBAC
24 WATER DISTRICT.

25 Arizona-American Water Company hereby gives notice that it has filed in the
26 above-consolidated proceeding a copy of a letter dated March 25, 2004, to Commissioner
William A. Mundell regarding an incident that occurred in February 2004 relating to
Arizona-American's Havasu water district. A true copy of this letter is attached to this
notice. A copy of Arizona-American's letter to Commissioner Mundell is being filed in
this docket because it directly responds to a letter that Commissioner Mundell filed in the
docket on March 3, 2004. Although the letter is self-explanatory, Arizona-American
wishes to emphasize that it is in compliance with all safe drinking water standards and
requirements.

...

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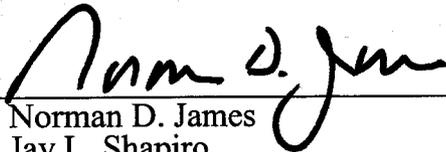
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DATED this 25th day of March, 2004.

FENNEMORE CRAIG

By 
Norman D. James
Jay L. Shapiro
Attorneys for Arizona-American Water
Company

ORIGINAL and 21 copies
of the foregoing were
delivered this 25th day
of March, 2004, to:

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

COPY of the foregoing was
delivered this 25th day of
March, 2004 to:

Chairman Marc Spitzer
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Commissioner William Mundell
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Commissioner Mike Gleason
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Commissioner Jeff Hatch-Miller
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

1 Commissioner Kristin Mayes
Arizona Corporation Commission
2 1200 W. Washington St.
Phoenix, AZ 85007
3
4 Paul Walker, Aide to Chairman Spitzer
Arizona Corporation Commission
5 1200 W. Washington St.
Phoenix, AZ 85007
6
7 Adam Stafford, Aide to Commissioner Mundell
Arizona Corporation Commission
8 1200 W. Washington St.
Phoenix, AZ 85007
9
10 Jodi Jerich, Esq., Aide to Commissioner Gleason
Arizona Corporation Commission
11 1200 W. Washington St.
Phoenix, AZ 85007
12
13 Dean Miller, Aide to Commissioner Hatch-Miller
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007
14
15 Jerry Hays, II, Aide to Commissioner Mayes
Arizona Corporation Commission
1200 W. Washington St.
16 Phoenix, AZ 85007
17
18 Teena Wolfe
Administrative Law Judge
Arizona Corporation Commission
1200 West Washington
19 Phoenix, AZ
20
21 Timothy Sabo, Esq.
Gary Horton, Esq.
Legal Division
Arizona Corporation Commission
22 1200 West Washington
Phoenix, AZ
23
24 Ernest G. Johnson, Director
Utilities Division
Arizona Corporation Commission
25 1200 West Washington
Phoenix, AZ
26

1 And a copy mailed this 25th
day of March, 2004 to:

2 Daniel Pozefsky
3 Residential Utilities Consumer Office
1110 W. Washington, Suite 220
4 Phoenix, AZ 85007

5 Carlton G. Young
3203 W. Steinbeck Dr.
6 Anthem, AZ 85086

7 Frank J. Grimmelmann
42441 N. Cross Timbers Court
8 Anthem, AZ 85086

9 Raymond E. Dare
Sun City Taxpayers' Association
10 12630 N. 103rd Ave., Suite 144
Sun City, AZ 85351-3476

11 William P. Sullivan
12 Paul R. Michaud
Martinez & Curtis
13 2712 N. 7th St.
Phoenix, AZ 85006
14 Attorneys for the Town of Youngtown

15 Walter Meek
Arizona Utility Investors Association
16 2100 N. Central Ave.
Phoenix, AZ 85004

17 John Buric, Esq.
18 Warner Angle Hallam Jackson & Formanek
3550 N. Central Ave., Suite 1500
19 Phoenix, AZ 85012
Attorneys for Fiesta RV Resort

20 Kenneth C. Sundlof, Jr., Esq.
21 Robert Taylor, Esq.
The Collier Center, 11th Floor
22 201 E. Washington St.
Phoenix, AZ 85004-2385
23 Attorneys for Sun Health Corporation

24

25 By J. Mary House
26 1522723.1

Mr. William Mundell
Commissioner
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007-2996

Administration

Your ref Ray L. Jones
Phone 623-445-2411
Fax 623-445-2451
E-Mail rjones@amwater.com

March 25, 2004

Re: Desert Hills Water Quality

Dear Commissioner Mundell:

I am very pleased to inform you that mid-March samples determined that nitrate levels in our Desert Hills service area have decreased to 8.3 mg/l and are now in compliance with the maximum contaminate level (MCL) of 10 mg/l for nitrates. Since mid-February, Arizona-American has continued to test the Desert Hills service area wells every two weeks. The reduced nitrate level has been confirmed by nine (9) samples on three (3) separate sampling events. In coordination with the Arizona Department of Environmental Quality, customers are now being informed about the recent nitrate level declines and that their water meets all drinking water standards.

With this change in status for the Desert Hills system, Arizona-American is again in full compliance with water quality regulations in all of its systems throughout the State of Arizona.

As previously communicated, we take our obligation to provide drinking water meeting all regulatory requirements to our customers very seriously. Throughout this unexpected and unavoidable situation, Arizona-American has endeavored to provide open and honest communication to our customers, the Department of Environmental Quality and the Arizona Corporation Commission. We hope we have met your expectation in this regard.

While it appears that seasonal variation in water quality has quickly resolved this incident, we are committed to insuring that this situation is not repeated in the future. We are continuing, in an expedited manner, to implement our previously communicated plan to supplement the water supply in Desert Hills. We will continue to accelerate the addition of a new well and booster station and construction of 1,000 feet of 10-inch diameter interconnection pipeline. Once the pipeline connects the new well and booster station to the portion of the Desert Hills system that experienced high nitrates, we will be able to provide water meeting all regulatory requirements even if nitrates in the existing wells again increase above the MCL of 10 mg/l.

Arizona American Water

101 Corporate Center
19820 N. 7th Street -
Suite 201
Phoenix, Arizona 85024
USA

T +1 623 445 2400
F +1 623 445 2451
I www.amwater.com

Page 2

If you have any questions about our water service in Desert Hills or any other area, please call me directly at (623) 445-2411.

Sincerely,



Ray L. Jones
President