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1 FENNEMORE CRAIG  
 A Professional Corporation  
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 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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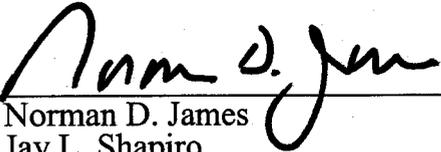
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DATED this 25<sup>th</sup> day of March, 2004.

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 25<sup>th</sup> day  
of March, 2004, to:

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

COPY of the foregoing was  
delivered this 25<sup>th</sup> 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. 103<sup>rd</sup> Ave., Suite 144  
Sun City, AZ 85351-3476

11 William P. Sullivan  
12 Paul R. Michaud  
Martinez & Curtis  
13 2712 N. 7<sup>th</sup> 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

26

By Mary House  
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. 7<sup>th</sup> 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