

ORIGINAL
OPEN MEETING AGENDA ITEM



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AZ CORP COMMISSION
DOCUMENT CONTROL

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Water Company

7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

8
9 IN THE MATTER OF THE
APPLICATION OF ARIZONA-
10 AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
11 DETERMINATION OF THE CURRENT
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
204 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
OPEN MEETING HANDOUTS

Arizona Corporation Commission

DOCKETED

JUN 11 2004

DOCKETED BY

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.

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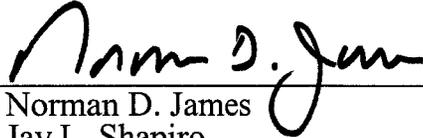
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1 Arizona-American Water Company hereby provides notice of certain handouts that
2 it intends to use during the Open Meeting on June 15, 16 and 18, 2004, in connection with
3 consideration of the Recommended Opinion and Order ("RO") issued by the
4 Administrative Law Judge on April 26, 2004. True copies of these handouts are attached
5 hereto.

6 RESPECTFULLY SUBMITTED this 11th day of June, 2004.

7 FENNEMORE CRAIG

8
9 By 
10 Norman D. James
11 Jay L. Shapiro
12 Attorneys for Arizona-American Water
13 Company

14 ORIGINAL and 21 copies
15 of the foregoing were
16 delivered this 11th day
17 of June, 2004, to:

18 Docket Control
19 Arizona Corporation Commission
20 1200 W. Washington St.
21 Phoenix, AZ 85007

22 COPY of the foregoing was
23 delivered this 11th day of
24 June, 2004 to:

25 Chairman Marc Spitzer
26 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

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

Commissioner Kristin Mayes
Arizona Corporation Commission
1200 W. Washington St.
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Phillip J. Dion III, Esq., Aide to Chairman Spitzer
Arizona Corporation Commission
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Adam Stafford, Aide to Commissioner Mundell
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Jerry Hays II, Aide to Commissioner Mayes
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Administrative Law Judge
Arizona Corporation Commission
1200 West Washington
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Legal Division
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1 Ernest G. Johnson, Director
2 Utilities Division
3 Arizona Corporation Commission
4 1200 West Washington
5 Phoenix, AZ
6
7 Daniel Pozefsky, Esq.
8 Residential Utilities Consumer Office
9 1110 W. Washington, Suite 220
10 Phoenix, AZ 85007
11 Attorney for Intervenor Residential Utility
12 Consumer Office
13
14 And a copy mailed this *11th*
15 day of June, 2004 to:
16
17 William P. Sullivan, Esq.
18 Larry K. Udall, Esq.
19 Martinez & Curtis
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22 Attorneys for Intervenor Town of Youngtown
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25 Arizona Utility Investors Association
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6 Attorneys for Intervenor Sun Health Corporation

7 By Linda Purzio

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Open Meeting
Handout 1

ARIZONA-AMERICAN WATER COMPANY
Comparison of Company Requested and Recommended Revenue Increases

<u>District</u>	<u>Company Requested Revenue Increase</u>	<u>Recommended Order Revenue Increase</u>	<u>Company Percent Change</u>	<u>Recommended Order Percent Change</u>
Sun City West Water	\$ 1,156,931	\$ 547,430	34.22%	16.19%
Sun City West Wastewater	\$ 1,565,307	\$ 934,366	44.27%	26.43%
Sun City Water	\$ 4,453,755	\$ 1,433,679	71.92%	23.15%
Sun City Wastewater	\$ 260,879	(\$ 750,882)	5.13%	-14.76%
Mohave Water	\$ 142,344	(\$ 675,701)	3.24%	-15.38%
Havasu Water	\$ 123,933	\$ 45,163	28.11%	10.24%
Anthem Water	(\$ 12,809)	(\$ 387,632)	-0.32%	-9.66%
Agua Fria Water	\$ 62,372	(\$ 269,577)	1.01%	-4.36%
Anthem/Agua Fria Wastewater	\$ 311,419	\$ 226,725	16.68%	12.15%
Tubac Water	<u>\$ 181,931</u>	<u>\$ 81,434</u>	<u>71.49%</u>	<u>32.00%</u>
Ten District Total	\$ 8,246,082	\$ 1,185,005	27.58%	3.35%

Open Meeting
Handout 2

ARIZONA-AMERICAN WATER COMPANY

Typical Monthly Residential Bills Under Recommended Order

	<u>Water Usage (gal)</u>			<u>Present Rates</u>			<u>Recommended Rates</u>			<u>Dollar Increase</u>			<u>Percentage Increase</u>		
	<u>Average Usage</u>	<u>Median Usage</u>	<u>Average Usage</u>	<u>Median Usage</u>	<u>Average Usage</u>	<u>Median Usage</u>	<u>Average Usage</u>	<u>Median Usage</u>	<u>Average Usage</u>	<u>Median Usage</u>	<u>Average Usage</u>	<u>Median Usage</u>	<u>Average Usage</u>	<u>Median Usage</u>	
Sun City West Water	7,171	6,000	\$11.67	\$10.58	\$13.34	\$11.84	\$1.68	\$1.26	\$1.40%	14.40%	11.91%				
Sun City West Wastewater	N/A	N/A	\$16.24	\$16.24	\$20.56	\$20.56	\$4.32	\$4.32	26.60%	26.60%					
Sun City Water	8,361	7,000	\$11.17	\$10.11	\$13.95	\$12.47	\$2.78	\$2.36	24.87%	23.35%					
Sun City Wastewater	N/A	N/A	\$12.87	\$12.87	\$10.97	\$10.97	\$(1.90)	\$(1.90)	-14.76%	-14.76%					
Mohave Water	7,500	5,000	\$18.27	\$14.57	\$15.16	\$12.19	\$(3.10)	\$(2.38)	-16.98%	-16.33%					
Havasu Water	7,659	5,000	\$19.46	\$15.68	\$21.67	\$17.54	\$2.21	\$1.86	11.36%	11.86%					
Anthem Water (3/4-inch meter)	7,753	7,000	\$31.51	\$30.00	\$24.19	\$23.11	\$(7.32)	\$(6.90)	-23.24%	-23.00%					
Agua Fria Water	7,002	5,000	\$22.46	\$18.90	\$20.78	\$16.66	\$(1.68)	\$(2.24)	-7.48%	-11.85%					
Anthem - Agua Fria Wastewater ¹	8,854	8,000	\$30.00	\$30.00	\$38.12	\$38.12	\$8.11	\$8.11	27.03%	27.03%					
Tubac	13,177	8,000	\$39.19	\$28.63	\$53.39	\$38.64	\$14.20	\$10.01	36.23%	34.96%					

¹ The district's commodity charge for wastewater service applies to the first 7,000 gallons of water used each month.

ARIZONA-AMERICAN WATER COMPANY

**Requested and Approved Returns on Equity
In Recent Rate Cases of Affiliates**

<u>Name of Affiliate</u>	<u>Effective Date of Order</u>	<u>Requested ROE</u>	<u>Approved ROE</u>
Hawaii-American Water Company	Apr. 22, 2004	10.90%	10.60%
Pennsylvania-American Water	Jan. 16, 2004	12.00%	10.60%
Indiana-American Water Company	Nov. 6, 2002	11.50%	10.50%
Iowa-American Water Company	Feb. 21, 2002	11.33%	10.45%
Ohio-American Water Company	Feb. 7, 2002	11.75%	10.30%
Illinois-American Water Company	Aug. 12, 2003	11.02%	10.27%
California-American (Monterey)	Feb. 23, 2003	10.68%	10.26%
New Mexico-American Water Company	Dec. 12, 2003	11.15%	10.08%
Missouri-American Water Company	April 16, 2004	11.00%	10.00%
Tennessee-American Water Company	Aug. 7, 2003	11.00%	9.90%
Virginia-American Water Company	Nov 23, 2003	10.75%	9.80%
New Jersey-American Water Company	Feb. 18, 2004	11.25%	9.75%
E'Town Water Company (N.J.)	Feb. 18, 2004	11.25%	<u>9.75%</u>
Average ROE Approved			10.17%
Arizona-American Water Company (Recommended Order)	N/A	11.50%	9.00%
West Virginia-American Water Company (On Appeal)	Jan. 2, 2004	11.00%	7.00%

ARIZONA-AMERICAN WATER COMPANY

**Recommended Returns on Fair Value
Rate Bases by District and
Recent Interest Rates**

<u>District</u>	<u>Rate of Return on Rate Base</u>
Sun City Water	4.32%
Sun City Wastewater	4.37%
Tubac Water	5.12%
Havasu Water	5.44%
Mohave Water	5.46%
Sun City West Wastewater	5.48%
Sun City West Water	5.70%
Agua Fria Water	6.20%
Anthem Water	6.38%
Anthem/Agua Fria Wastewater	6.43%
Recommended Return on Rate Base	6.50%

<u>Debt Instrument</u>	<u>May 13, 2004 Rate</u>
10-Year Treasury Bonds	4.85%
20-Year Treasury Bonds	5.61%
Moody's Aaa Industrial Bonds	6.18%
Moody's Baa Industrial Bonds	6.87%