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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

MARC SPITZER, CHAIRMAN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

AZ CORP COMMISSION
DOCUMENT CONTROL

2004 AUG 16 P 4: 28

RECEIVED

IN THE MATTER OF THE APPLICATION OF AJO
IMPROVEMENT COMPANY FOR RATE
ADJUSTMENTS IN ITS WATER AND
WASTEWATER RATES

Docket No. ~~SW~~^{SA} 01025A-03-0350

NOTICE OF FILING PROOF OF MAILING

Pursuant to Decision No. 67092, Ajo Improvement Company mailed notice of its new rates and charges to its customers as set forth in the attached Affidavit of Proof of Mailing.

RESPECTFULLY SUBMITTED August 16, 2004.

AJO IMPROVEMENT COMPANY

By

Michael W. Patten
ROSHKA HEYMAN & DEWULF, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004
(602) 256-6100

Arizona Corporation Commission

DOCKETED

AUG 16 2004

DOCKETED BY

ROSHKA HEYMAN & DEWULF, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
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ORIGINAL + 13 COPIES of the foregoing
filed August 16, 2004, with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

Mary Appolito

AFFIDAVIT OF PROOF OF MAILING

Docket No. WS-01025A-03-0350

STATE OF ARIZONA)
) ss.
County of Pima)

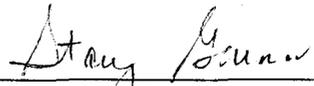
I, Rodney M. Smith, states as follows:

1. I am the Staff Accountant for Ajo Improvement Company in Ajo, Arizona.
2. I certify that, pursuant to Decision No. 67092 in this docket, copies of the attached notices were mailed via U.S. First-Class Mail to Ajo Improvement Company water and wastewater customers on July 27, 2004.



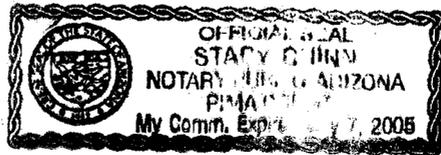
Rodney M. Smith

SUBSCRIBED AND SWORN to before me by Rodney M. Smith, this 12th day of August, 2004.



Notary Public

My Commission Expires:
7-7-2005



Ajo Improvement Company

P.O. Drawer 9
Ajo, AZ 85321-0009

****AUTO**5-DIGIT 85321

723



SMITH, R. M.
61 W 11TH ST
AJO AZ 85321-1719

Important Notice – Please Read

Changes to Ajo Improvement Company’s WATER Service Rates and Charges

On June 29, 2004, the Arizona Corporation Commission approved changes to Ajo Improvement Company’s rates and charges, including increases in the monthly usage charge and the commodity charge for the amount of water actually used.

For example, for a customer with a 5/8” by 3/4” meter:

1. The monthly charge will increase from \$9.00 to \$9.45.
2. The rate for water used will change from \$2.54 per 1000 gallons to (a) \$2.50 per 1000 gallons for the first 3000 gallons used, (b) \$2.90 per 1000 gallons for gallons 3001 to 10,000, and (c) \$3.30 per 1000 gallons for gallons in excess of 10,000.

The increasing rate as a customer uses more water is intended to provide a lower rate for basic needs and to encourage water conservation.

The new rates will take effect on JULY 1, 2004 and will be reflected in the bill that you receive in early August.

The new Ajo Improvement Company rates and charges for water service are set forth below. The complete tariff is available for review at Ajo Improvement Company in Ajo. If you have any questions about these new rates and charges, please contact Ajo Improvement Company at 520-387-7451.

MONTHLY SERVICE CHARGES:

TREATED AND UNTREATED WATER SERVICE:

5/8” x 3/4” Meters	\$9.45
3/4” Meters	\$9.45
1” Meters	\$15.75
1 1/2” Meters	\$26.25
2” Meters	\$52.50
3” Meters	\$105.00
4” Meters	\$210.00
6” Meters	\$300.00

TREATED WATER COMMODITY RATES – PER THOUSAND GALLONS FOR ALL WATER USAGE:

5/8" x 3/4" Meters & 3/4" Meters:	
First 3,000 Gallons	\$2.50
3,001 – 10,000 Gallons	\$2.90
All usage over 10,000 Gallons	\$3.30

1" Meters:	
First 25,000 Gallons	\$2.90
All usage over 25,000 Gallons	\$3.30

1 1/2" Meters:	
First 42,000 Gallons	\$2.90
All usage over 42,000 Gallons	\$3.30

2" Meters:	
First 63,000 Gallons	\$2.90
All usage over 63,000 Gallons	\$3.30

3" Meters:	
First 120,000 Gallons	\$2.90
All usage over 120,000 Gallons	\$3.30

4" Meters:	
First 180,000 Gallons	\$2.90
All usage over 180,000 Gallons	\$3.30

6" Meters:	
First 290,000 Gallons	\$2.90
All usage over 290,000 Gallons	\$3.30

Commodity Rates for Public Water Systems (During Off-Peak Hours) Treated water for 1,000 gallons Applicable Only to Meters 4" or Larger	\$2.80
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UNTREATED WATER COMMODITY RATES – PER THOUSAND GALLONS FOR ALL WATER USAGE:

5/8" x 3/4" Meters & 3/4" Meters:	
First 10,000 Gallons	\$1.70
All usage over 10,000 Gallons	\$2.04

1" Meters:	
First 25,000 Gallons	\$1.70

All usage over 25,000 Gallons	\$2.04
1 ½" Meters:	
First 42,000 Gallons	\$1.70
All usage over 42,000 Gallons	\$2.04
2" Meters:	
First 63,000 Gallons	\$1.70
All usage over 63,000 Gallons	\$2.04
3" Meters:	
First 120,000 Gallons	\$1.70
All usage over 120,000 Gallons	\$2.04
4" Meters:	
First 180,000 Gallons	\$1.70
All usage over 180,000 Gallons	\$2.04
6" Meters:	
First 290,000 Gallons	\$1.70
All usage over 290,000 Gallons	\$2.04

SERVICE LINE AND METER INSTALLATION CHARGES:

(Refundable Pursuant to A.A.C. R14-2-405)

5/8" x ¾" Meter	\$400.00
¾" Meter	\$450.00
1" Meter	\$500.00
1 ½" Meter	\$750.00
2" Meter	\$1,300.00
3" Meter	\$2,000.00
4" Meter	\$3,000.00
6" Meter	\$6,035.00

SERVICE CHARGES:

Establishment	\$25.00
Establishment – After Hours	\$40.00
Meter Test – If Correct	Cost**
Deposit	*
Deposit Interest	*
Reestablishment – Within 12 Months	***
Re-connection of Service – Regular Hours	\$25.00
Re-connection of Service – After Hours	\$40.00
NSF Check	\$20.00
Deferred Payment	1.5%

Meter Reread – If Correct	\$ 10.00
Late Charge	1.5%

Asterisk Explanations:

- * Per Commission Rule A.A.C. R14-2-403(B)
- ** Cost includes materials, labor and overheads
- *** Months off system times the monthly minimum per
Commission Rule A.A.C. R14-2-403(D)Original Sheet No. W-4.1

TAXES AND ASSESSMENTS:

In addition to the rates and charges authorized herein, the Company shall collect from its customers all sales, transaction, privilege, regulatory or other taxes and assessments as may now or in the future be applicable to water service.

RULES AND REGULATIONS:

The Company has adopted the Rules and Regulations established by the Arizona Corporation Commission as the basis for its operating procedures. A.A.C. R14-2-401 through R14-2-411. R14-2-411 will be controlling of Company procedures unless a specific Commission Order provides otherwise.

Important Notice – Please Read

Changes to Ajo Improvement Company's **SEWER** Service Rates and Charges

On June 29, 2004, the Arizona Corporation Commission approved increases to Ajo Improvement Company's rates and charges for sewer service.

The primary reasons for the increase in rates are: (1) an increase in operating costs since 1985, which is when the current sewer rates were set, and (2) improvements to the sewage treatment facilities that were required by state environmental laws.

The Commission also required Ajo Improvement Company to phase-in the increase to the residential monthly service charge in order to ease the impact of that increase. There will be three increases of \$3.34/month each.

The first phase of the residential sewer rate increase will take effect on JULY 1, 2004 and will be reflected in the bill you receive in early August. The second phase is anticipated to take effect as early as December 1, 2004, although the effective date of the second phase may be later depending on the date that Ajo Improvement Company satisfies a condition set forth in the Commission Decision approving the new rates. The third phase will take effect six months after the second phase.

All new rates and charges, other than the monthly residential service charge, are anticipated to take effect as early as SEPTEMBER 1, 2004, although the effective date may be later depending on the date that Ajo Improvement Company satisfies a condition set forth in the Commission Decision approving the new rates and charges.

The new Ajo Improvement Company rates and charges for sewer service are set forth below. The complete tariff is available at Ajo Improvement Company in Ajo. If you have any questions about these new rates and charges, please contact Ajo Improvement Company at 520-387-7451.

MONTHLY SERVICE CHARGES:

Residential Service – Per Month:	
Phase I	\$9.42
Phase II	12.76
Phase III	16.10

Commercial and Municipal – Per Month	
Regular Service	\$19.60
Additional Toilets	None
Restaurants with Dishwashers	\$46.14
Additional Monthly Commercial Charges:	
Laundromats – Per Washing Machine	\$7.33
Wash Racks – Per Rack	\$7.33
Customers Billed on Residential Equivalents (“REU”):	
Industrial, Commercial and Schools – Per REU:	
Phase I	\$9.42
Phase II	12.76
Phase III	16.10

OTHER SERVICE CHARGES:

Establishment	\$25.00
Establishment – After Hours	\$40.00
Deposit	**
Deposit Interest	**
Reestablishment – Within 12 Months	*
Re-connection of Service – Regular Hours	\$25.00
Re-connection of Service – After Hours	\$40.00
Service Calls – After Hours Only	\$40.00/hour
NSF Check	\$20.00
Deferred Payment	1.5%
Late Charge	1.5%

Asterisk Explanations:

- ** Per Commission Rule A.A.C. R14-2-603(B)
- * Months off system times monthly minimum per Commission Rule A.A.C. R14-2-603(D)

TAXES AND ASSESSMENTS:

In addition to the rates and charges authorized herein, the Company shall collect from its customers all sales, transaction, privilege, regulatory or other taxes and assessments as may now or in the future be applicable to wastewater service.

RULES AND REGULATIONS:

The Company has adopted the Rules and Regulations established by the Arizona Corporation Commission as the basis for its operating procedures. A.A.C. R14-2-601 through R14-2-610. R14-2-610 will be controlling of Company procedures unless a specific Commission Order provides otherwise.