

ORIGINAL

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BEFORE THE ARIZONA CORPORATION COMM

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COMMISSIONERS

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2005 OCT 11 P 3:56

AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR AUTHORITY TO IMPLEMENT ARSENIC COST RECOVERY MECHANISMS FOR ITS AGUA FRIA WATER, SUN CITY WEST WATER, HAVASU WATER, AND TUBAC WATER DISTRICTS

DOCKET NO. W-1303A-05-0280

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

DOCKET NO. WS-01303A-02-0867

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS MOHAVE WATER DISTRICT AND ITS HAVASU WATER DISTRICT.

DOCKET NO. W51303A-02-0869

ARIZONA-AMERICAN WATER
COMPANY'S EXCEPTIONS

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS ANTHEM WATER DISTRICT, ITS AGUA FRIA WATER DISTRICT, AND ITS ANTHEM/AGUA FRIA WASTEWATER DISTRICT.

**ARIZONA-AMERICAN WATER COMPANY'S
EXCEPTIONS TO THE PROPOSED ORDER**

Arizona-American Water Company ("Arizona-American" or the "Company") hereby submits the following exceptions to the proposed Opinion and Order, dated October 3, 2005.

Because the Company does not take issue with any of the substantive findings or conclusions of law, these exceptions should be characterized as clarifications.

Exception 1. On page 8, line 24, is unclear whether the date of April 30, 2008, applies to the filing of the next rate case or the elimination of the ACRM. Because the date is supposed to be the filing deadline, Arizona-American proposes to modify the second sentence of item f to read as follows: "Under Staff's recommendation, Arizona-American would be required to file by April 30, 2008, a permanent rate case, based on a 2007 test year, to eliminate the ACRM."

Exception 2. On Page 8, line 12, the year "2000" should be "2007" in that sentence.

Exception 3. On Page 12, line 27, the language could be read to imply that ACRM recovery ends at the date of the required rate filing (April 30, 2008), rather than the effective date of permanent new rates resulting from that filing (likely summer 2009). Because the surcharge will continue until permanent rates are set, please delete the phrase "over the next three years" or say "over the next four years."

1 **Exception 4.** Page 15, line 26, the second sentence of the ordering paragraph includes
2 the AIF “account” and “interest earned on the AIF account,” however, under the modifications
3 agreed to between Staff and the Company for the AIF tariff, there would be no separate
4 “account” and there would be no interest earned on a separate account. The cost of opening,
5 maintaining, and overseeing a separate account for these funds would be disproportionate to any
6 *de minimis* benefits. The phrase “account, the amount of interest earned on the AIF account”
7 should be deleted from this sentence.

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9 RESPECTFULLY SUBMITTED on October 11, 2005.

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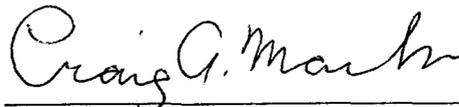
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1 Original and 19 copies filed
2 on October 11, 2005, with:

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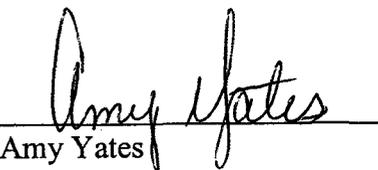
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