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AZ CORP COMMISSION
DOCUMENT CONTROL

Attorney for Arizona-American Water Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF APPLICATION)	DOCKET NO. W ⁰ 1303A-98-0507
OF ARIZONA-AMERICAN WATER CO.)	
AN ARIZONA CORPORATION, FOR)	NOTICE OF FILING CAP
ADJUSTMENTS TO ITS RATES AND)	SURCHARGE FOR YEAR 2006
CHARGES FOR UTILITY SERVICE)	

Arizona-American Water Company ("Company") hereby files for its Paradise Valley Water District the CAP Surcharge for Year 2006, as authorized by the Commission in Decision No. 59079 (May 5, 1995) and Decision No. 61831 (July 20, 1999). A copy of this tariff schedule is attached. The surcharge rate for the year 2006 is 0.2009 per 1,000 gallons.

DATED January 13, 2006

By Craig A. Marks
Craig A. Marks
Attorney for Arizona-American
Water Company

Arizona-American Water Company

SCHEDULE NO. PVWC - CAP SURCHARGE - 7

CANCELING PVWC - CAP SURCHARGE - 6

CAP SURCHARGE

APPLICABILITY

Applicable to all customers of Paradise Valley Water Company except Sale for Resale.

TERRITORY

Portions of the City of Scottsdale and the Town of Paradise Valley, and vicinity, Maricopa County.

RATES

<u>Surcharge Rate:</u>	<u>Per Customer</u>
Residential Customers: In excess of 45,000 gallons	\$ 0.2009 per 1,000 gallons
All Non-Residential Customers except Sale for Resale Customers: For all usage	\$ 0.2009 per 1,000 gallons

SPECIAL CONDITIONS:

1. The Company is authorized to recover CAP related costs based on its CAP allocation of 3,231 AF.
2. Total annual CAP costs will be determined by summing: a) annual Municipal & Industrial (M & I) water service charges, b) monthly M & I operations, maintenance and replacement (OM & R) costs, c) Salt River Project (SRP) water delivery charges, d) SRP administrative charges, e) annual production cost savings, f) the overcollected or undercollected surcharge from the previous twelve months period, and g) amortization over 5 years of deferred CAP M & I water services capital charges.
3. The Company will annually file with the Commission by December 1 the proposed annual CAP surcharge for the next calendar year. The filing shall contain all documentation to support the proposed surcharge.
4. The annual CAP surcharge will be calculated based on the historic consumption of the applicable customers from the previous twelve months.
5. The revised CAP surcharge will be effective on January 1 of each year.
6. Total deferred CAP costs of \$533,115 as of 12/31/99 will be amortized over a period of 5 years.
7. Collection of the CAP surcharge will not generate a positive operating income to Paradise Valley Water Company. It is intended only to recover CAP related costs.
8. The CAP surcharge will appear on each applicable customer bill as a separate charge.

DOCKET NO. - W-01303A-98-0507

ISSUED BY - Thomas Broderick,

DECISION NO. - 61831

TITLE- Manager Rates and Regulatory Affairs

EFFECTIVE DATE - February 1, 2006

Original and thirteen copies filed
on January 13, 2006, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Copies mailed on January 13, 2006, to:

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By 
Courtney Appelhaus