

**ORIGINAL**

**OPEN MEETING**

**MEMORANDUM**



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AZ CORP COMMISSION  
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TO: THE COMMISSION

FROM: Utilities Division

DATE: June 20, 2006

RE: IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR AUTHORITY TO IMPLEMENT ARSENIC COST RECOVERY MECHANISMS FOR ITS AGUA FRIA WATER DISTRICT (DOCKET NOS. W-01303A-05-0280, WS-01303A-02-0867, WS-1303A-02-0869, AND WS-1303A-02-0870)

### **Introduction**

On April 21, 2006, Arizona-American Water Company ("Company," "Arizona-American" or "Applicant") filed an application with the Arizona Corporation Commission ("Commission") requesting authorization to implement Step One of the Arsenic Cost Recovery Mechanism ("ACRM") authorized under Decision No. 68310, dated November 14, 2005. The Company filed a revised application on June 8, 2006.

The average residential customer bill would increase by approximately \$2.73 from \$23.91 to \$26.64 (11.4 percent) under the Company's proposed Step One filing.

### **Background**

On January 23, 2001, the Environmental Protection Agency ("EPA") reduced the drinking water maximum contaminant level of arsenic from 50 parts per billion ("ppb") to 10 ppb. All community water systems and non-transient non-community water systems needed to comply with the new federal rule by the January 23, 2006 deadline.

On November 22 and December 13, 2002, the Company filed applications with the Arizona Corporation Commission ("Commission") for fair value determinations of its utility plant and for permanent rate increases for five of its districts (Sun City West Water and Wastewater, Sun City Water and Wastewater, Havasu and Mohave Water, Agua Fria Water and Wastewater, and Tubac Water). On June 30, 2004, the Commission issued Decision No. 67093 establishing permanent rates for these five districts.

On February 15, 2005, the Commission issued Decision No. 67593 granting the Company's request to reopen the record in Decision No. 67093 for the limited purpose of serving as evidentiary basis for future ACRM filings for the affected Arizona-American water districts.

THE COMMISSION

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By Procedural Order issued March 29, 2005, Arizona-American was directed to file a new application indicating the relief sought regarding the ACRM, and to consolidate the new application with those existing dockets from Decision No. 67093 that would be affected by the specific relief request in its filing.

On April 15, 2005, the Company filed the above captioned application (Docket No. W-01303A-05-0280) for authority to implement ACRMs for its Agua Fria Water, Sun City West Water, Havasu Water, and Tubac Water Districts.

On May 4, 2005, the Company filed a Motion to Delete the Tubac Water District from its application.

By Procedural Order issued May 6, 2005, the Company's request to delete the Tubac Water District from its application was approved.

On November 14, 2005, the Commission issued Decision No. 68310 granting Arizona-American Water Company's application for authority to implement an Arsenic Cost Recovery Mechanism and a Havasu District Arsenic Impact Fee Tariff subject to the terms and conditions contained in that Decision.

On April 21, 2006, Arizona-American Water Company, Inc. filed an application with the Commission requesting authorization to implement Step One of the ACRM for the Agua Fria Water District.

On May 8, 2006, the Residential Utility Consumer Office ("RUCO") filed its Report on its audit of the ACRM filing. RUCO filed a revised Report on June 2, 2006. The revised Report recommends a surcharge of \$1.37 to the monthly minimum charge and \$0.1598 per 1,000 gallons to the commodity rate. The Company's revised filing requests identical surcharge amounts.

On May 30, 2006, the Company filed a response to the proposed order regarding implementation of an ACRM for the Havasu Water District. That response requests to modify the requirement set forth in Decision No. 68310 for the Company to file a rate case no later than April 30, 2008, based on a 2007 test year by extending the filing date by 31 days to May 31, 2008.

The Company has communicated to Staff a desire for the same extended filing date for the Agua Fria Water District.

**Decision No. 68310**

Decision No. 68310 conditioned approval of an ACRM surcharge on the following criteria:

1. Arizona-American shall comply with all requirements discussed in this Order as a condition of approval of the Arsenic Cost Recovery Mechanism.
2. Arizona-American Water Company shall file a plan with Docket Control by December 31, 2005 that describes how the Company expects to attain an maintain a capital structure (equity, long-term debt, and short-term debt) with equity representing between 40 and 60 percent of total capital.
3. Arizona-American Water Company shall file, by April 1<sup>st</sup> of each year subsequent to any year in which it collects surcharges under an ACRM, a report with the Utilities Division Director showing the Company's ending capital structure by month for the prior year.
4. Arizona-American Water Company shall notify the rate base calculation for the Havasu Water District to explicitly show a deduction for Arsenic Impact Fee ("AIF") collections.
5. That as part of the Earnings Test schedule filed in support of the ACRM, Arizona-American Water Company shall incorporate adjustments conforming to Decision No. 67093.
6. Arizona-American Water Company shall file the schedules discussed in its application, as modified by Staff's recommendations herein. Microsoft Excel or compatible electronic versions of the filings and all work papers should be filed concurrently with all ACRM filings.
7. Arizona-American Water Company shall file permanent rate applications for its Sun City West, Agua Fria, and Havasu districts by no later that April 30, 2008, based on a 2007 test year.
8. For the Havasu District, Arizona-American Water Company shall file with Docket Control by January 31<sup>st</sup> of each year, an annual calendar year status report, until the AIF Tariff is no longer in effect. The status report shall contain a list of all customers that have paid the AIF, the amount each customer has paid, the amount of money spent from the AIF, and a list of all facilities that have been installed with funds from the AIF Tariff.
9. Arizona-American Water Company shall file the schedules and information described above, as well as any additional relevant data requested by Staff, as part of any request for an Arsenic Cost Recovery Mechanism step increase.
10. Directed Staff and the Company to open a new proceeding to examine other forms of mitigation of the ACRM for the Havasu system, including the use of hook-up fees for

adjacent systems, due to the Commission's concerned about the impact on the bills of customers served by the Havasu system from the implementation of the ACRM.

### **RUCO's Report**

RUCO's Report states that it performed audit procedures to verify the amount of arsenic capital expenditures, that the arsenic plant is in service, compliance with Decision Nos. 68310 and 66400 and the accuracy of the requested ACRM surcharge. RUCO found the Agua Fria ACRM filing in compliance with Decision Nos. 68310 and 66400 with two exceptions. First, the Company applied incorrect AFUDC rates resulting in a \$5,871 overstatement of AFUDC Debt and a \$76,078 overstatement of AFUDC Equity. Second, RUCO objects to the Company's inclusion in arsenic plant of \$180,723 of overhead costs that cannot be assigned to a specific task in Account No. 105260. RUCO asserts that these costs may be acceptable in a general rate case, however, the ACRM process is extraordinary and should be limited to costs specifically identifiable to the arsenic plant.

RUCO's revised filing recognizes arsenic treatment plant/ rate base of \$8,556,946 and a \$1,176,973 ACRM revenue requirement. RUCO's proposed rate design results in a surcharge of \$1.37 to the monthly minimum charge for a 5/8-inch meter and \$0.1598 per 1,000 gallons to the commodity rate.

### **Company's Revised Filing**

The Company's revised filing adjusts its ACRM filing to adopt the AFUDC and overhead exceptions in the RUCO Report. As a result, the Company is requesting ACRM surcharge rates identical to those proposed by RUCO. The Company agrees that it applied incorrect AFUDC rates. The Company asserts that there is no reason to exclude the overhead costs, however in order to eliminate contentious issues, it agrees not to recover the overheads until new rates become effective in the next general rate case for the Agua Fria Water District. The Company's agreement is without prejudice to requesting recovery for similar overheads in a Step One ACRM filing for another district.

### **Staff's Analysis**

#### **Decision No. 68310 Compliance**

Staff performed an examination of the Agua Fria ACRM filing and concluded that it conforms to the requirements specified in Decision No. 68310.

The Applicant's ACRM filing includes the following schedules that conform with the methodologies originally required by Decision No. 66400 and that were subsequently adopted by Decision No. 68310.

1. Balance Sheet – dated December 31, 2005.

2. Income Statement – period ending December 31, 2005.
3. Income Statement Adjustments (Earnings Test) – to conform to Decision No. 67093.
4. Rate Review – a rate review filing for the Agua Fria Water District.
5. Arsenic Revenue Requirement – an arsenic revenue requirement calculation for Step One.
6. Surcharge Calculation – a detailed surcharge calculation.
7. Rate Base – a schedule showing the elements and the calculation of the rate base.
8. CWIP Ledger – a ledger showing the construction work in progress account.
9. 4-Factor Allocation for December 2005 – a schedule showing the allocation for all of the Arizona-American Water Company Districts.
10. Typical Bill Analysis – ACRM Step-1 – A typical bill analysis showing the effects on residential customers at various consumption levels including the Average Residential use of 8,520 gallons.

The ACRM schedules provide for the calculation of a surcharge based on financial records and an Earnings Test Schedule that limit the ACRM surcharge revenue to an amount that would not result in a rate of return exceeding that authorized in Decision No. 67093.

The Applicant filed a plan with Docket Control, on November 30, 2005, that describes how it expects to attain and maintain a capital structure (equity, long-term debt, and short-term debt) with equity representing between 40 and 60 percent of total capital.

The Applicant docketed its annual AIF compliance report on February 2, 2006, for the Havasu District containing a list of all customers that have paid the AIF, the amount each customer has paid, the amount of money spent from the AIF, and a list of all facilities that have been installed with funds from the AIF Tariff.

Docket No. W-01303A-05-0890 is addressing potential forms of mitigation for the Commission's concern about the impact on the bills of customers served by the Havasu system from the implementation of the ACRM.

### **Staff's Conclusions and Recommendations**

Staff agrees with the Company revised filing. The revised filing recognizes arsenic treatment plant/ rate base of \$8,556,946<sup>1</sup> and a \$1,176,973 ACRM revenue requirement. A rate design that generates 50 percent of the revenue requirement from minimum monthly charges and 50 percent from commodity rates, as specified by the Commission for ACRM surcharges, results in a surcharge of \$1.37 to the monthly minimum charge per equivalent billing unit (5/8-inch meter) and \$0.1598 per 1,000 gallons to the commodity rate. These ACRM surcharges would increase the monthly bill for the average residential customer using 8,250 gallons by \$2.73 from \$23.91 to \$26.64 (11.4%).

Staff concludes that the Company's Step-One ACRM filing for its Agua Fria Water District is complete and in accordance with Decision No. 68310.

Staff concludes that the Company's request for an extension of time from April 30, 2007 (per Decision No. 68310), to May 31, 2008 in order to file a more complete permanent rate application for its Aqua Fria Water District based on a 2007 test year is reasonable and in the public interest.

Staff recommends that Company file before the Commission an arsenic removal surcharge tariff consistent with ACRM Schedule DRR-1.

Staff recommends that Arizona-American Agua Fria Water District notify its customers of the arsenic cost recovery surcharge tariff approved herein within 30 days of the effective date of this Decision.

Staff recommends that the Commission adopt the Company's request to delay the filing of its permanent rate application for its Agua Fria Water District to May 31, 2008, based upon a 2007 test year, rather than April 31, 2008, as per Decision No. 68310.

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<sup>1</sup> Staff and the Company calculated arsenic treatment plant/rate bases of \$8,558,191 and \$8,558,951, respectively, insignificantly less than RUCO by \$755 and \$2,005, respectively.

THE COMMISSION

June 20, 2006

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Staff recommends that in the event that the Applicant fails to file a permanent rate application for its Agua Fria Water system by May 31, 2008, based on a 2007 test year, the Arsenic Cost Recovery Mechanism surcharge then in place shall be automatically discontinued.



for

Ernest G. Johnson  
Director  
Utilities Division

EGJ:DRR:lh\DR

ORIGINATOR: Dennis Rogers

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

JEFF HATCH-MILLER  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
MARC SPITZER  
Commissioner  
MIKE GLEASON  
Commissioner  
KRISTIN K. MAYES  
Commissioner

IN THE MATTER OF THE APPLICATION )  
OF ARIZON-AMERICAN WATER )  
COMPANY, AN ARIZONA. )  
CORPORATION, FOR AUTHORITY TO )  
IMPLEMENT AN ARSENIC COST )  
RECOVERY MECHANISM FOR ITS AGUA )  
FRIA WATER DISTRICT )

DOCKET NOS. W-01303A-05-0280  
WS-01303A-02-0867  
WS-01303A-02-0869  
WS-01303A-02-0870

DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
June 27 and 28, 2006  
Phoenix, Arizona

BY THE COMMISSION:

**INTRODUCTION**

Pursuant to Decision No. 68310, Arizona American Water Company (“Company”, “Applicant” or “Arizona-American”) filed an application on April 21, 2006, with the Arizona Corporation Commission (“Commission”) requesting authorization to implement Step One of the Arsenic Cost Recovery Mechanism (“ACRM”). The Company filed a revised application on June 8, 2006. The average residential customer bill would increase by approximately \$2.73 from \$23.91 to \$26.64 (11.4 percent) under the Company’s Step One filing.

On January 23, 2001, the Environmental Protection Agency (“EPA”) reduced the drinking water maximum contaminant level of arsenic from 50 parts per billion (“ppb”) to 10 ppb. All community water systems and non-transient non-community water systems needed to comply with the new federal rule by the January 23, 2006 deadline.

On November 22 and December 13, 2002, the Company filed applications with the Commission for fair value determinations of its utility plant and for permanent rate increases for

1 five of its districts (Sun City West Water and Wastewater, Sun City Water and Wastewater,  
2 Havasu and Mohave Water, Agua Fria Water and Wastewater, and Tubac Water). On June 30,  
3 2004, the Commission issued Decision No. 67093 establishing permanent rate increases for these  
4 five districts.

5 On February 15, 2005, the Commission issued Decision No. 67593 granting the  
6 Company's request to reopen the record in Decision No. 67093 for the limited purpose of serving  
7 as evidentiary basis for future ACRM filings for the affected Arizona-American water districts.

8 By Procedural Order issued March 29, 2005, Arizona-American was directed to file a new  
9 application indicating the relief sought regarding the ACRM, and to consolidate the new  
10 application with those existing dockets from Decision No. 67093 that would be affected by the  
11 specific relief request in its filing.

12 On April 15, 2005, the Company filed the above captioned application (Docket No.  
13 W-01303A-05-0280) for authority to implement ACRMs for its Agua Fria Water, Sun City West  
14 Water, Havasu Water, and Tubac Water Districts.

15 On May 4, 2005, the Company filed a Motion to Delete the Tubac Water District from its  
16 application.

17 By Procedural Order issued May 6, 2005, the Company's request to delete the Tubac Water  
18 District from its application was approved.

19 On November 14, 2005, the Commission issued Decision No. 68310 granting Arizona-  
20 American Water Company's application for authority to implement an Arsenic Cost Recovery  
21 Mechanism and a Havasu District Arsenic Impact Fee ("AIF") Tariff subject to the terms and  
22 conditions contained in the Decision.

23 On May 8, 2006, The Residential Utility Consumer Office ("RUCO") filed its Report on its  
24 audit of the ACRM filing. RUCO filed a revised Report on June 2, 2006. The revised Report  
25 recommends a surcharge of \$1.37 to the monthly minimum charge and \$0.1598 per 1,000 gallons  
26 to the commodity rate. The Company's revised filing requests identical surcharge amounts.

27 On May 30, 2006, the Company filed a response to the proposed order regarding  
28 implementation of an ACRM for the Havasu Water District. That response requests to modify the

1 requirement set forth in Decision No. 68310 for the Company to file a rate case no later than April  
2 30, 2008, based on a 2007 test year by extending the filing date by 31 days to May 31, 2008.

3 The Company has communicated to Staff a desire for the same extended filing date for the  
4 Agua Fria Water District.

5  
6 **Decision No. 68310 Requirements for Approval of the Arsenic Cost Recovery Mechanism**

- 7 1. Arizona-American shall comply with all requirements discussed in this Order as a  
8 condition of approval of the Arsenic Cost Recovery Mechanism.
- 9 2. Arizona-American shall file a plan with Docket Control by December 31, 2005, that  
10 describes how the Company expects to attain and maintain a capital structure (equity,  
11 long-term debt, and short-term debt) with equity representing between 40 and 60  
12 percent of total capital.
- 13 3. Arizona-American shall file, by April 1<sup>st</sup> of each year subsequent to any year in  
14 which it collects surcharges under an ACRM, a report with the Utilities Division  
15 Director showing the Company's ending capital structure by month for the prior year.
- 16 4. Arizona-American shall modify the rate base calculation for the Havasu Water  
17 District to explicitly show a deduction for Arsenic Impact Fee collections.
- 18 5. That as part of the Earnings Test schedule filed in support of the ACRM, Arizona-  
19 American shall incorporate adjustments conforming to Decision No. 67093.
- 20 6. Arizona-American shall file the schedules discussed in its application, as modified by  
21 Staff's recommendations herein. Microsoft Excel or compatible electronic versions  
22 of the filings and all work papers should be filed concurrently with all ACRM filings.
- 23 7. Arizona-American shall file permanent rate applications for its Sun City West, Agua  
24 Fria, and Havasu districts by no later than April 30, 2008, based on a 2007 test year.
- 25 8. For the Havasu District, Arizona-American shall file with Docket Control by January  
26 31<sup>st</sup> of each year, an annual calendar year status report, until the AIF Tariff is no  
27 longer in effect. The status report shall contain a list of all customers that have paid  
28 the AIF, the amount each customer has paid, the amount of money spent from the  
AIF, and a list of all facilities that have been installed with funds from the AIF Tariff.
9. Arizona-American shall file the schedules and information described above, as well  
as any additional relevant data requested by Staff, as part of any request for an  
Arsenic Cost Recovery Mechanism step increase.
10. The Commission is concerned about the impact on the bills of customers served by  
the Havasu system from the implementation of the ACRM. Consequently, we direct  
Staff and the Company to open a new proceeding to examine other forms of  
mitigation of the ACRM for the Havasu system, including the use of hook-up fees for  
adjacent systems.

1 Staff Analysis2 **ACRM Schedules**

3 The Company's Agua Fria filing includes the following schedules.

- 4 1. Balance Sheet – as of December 31, 2005
- 5 2. Income Statement – period ending December 31, 2005.
- 6 3. Income Statement Adjustments (Earnings Test) – to conform to Decision No. 67093.
- 7 4. Rate Review – a rate review filing for the Agua Fria Water District.
- 8 5. Arsenic Revenue Requirement – an arsenic revenue requirement calculation for Step
- 9 One.
- 10 6. Surcharge Calculation – a detailed surcharge calculation.
- 11 7. Rate Base – a schedule showing the elements and the calculation of the rate base,
- 12 including the deduction for Arsenic Impact Fee Contributions as of April 1, 2006.
- 13 8. Construction Work In Progress (“CWIP”) Ledger – a ledger showing the construction
- 14 work in progress account.
- 15 9. 4-Factor Allocation for December 2005 – a schedule showing the allocation factors
- 16 for all of the Arizona-American Districts.
- 17 10. Typical Bill Analysis – ACRM Step-1 – A typical bill analysis showing the effects on
- 18 residential customers at various consumption levels as well as the Average
- Residential change at 8,520 gallons.

19 Staff concluded that the filed schedules conform with the methodologies originally  
20 required by Decision No. 66400 and that were subsequently adopted by Decision No. 68310. Staff  
21 concluded that the Company's Step-One ACRM filing for its Agua Fria Water District is complete  
22 and in accordance with Decision No. 68310.

23 The ACRM schedules provide for the calculation of a surcharge based on financial records  
24 and an Earnings Test Schedule that limit the ACRM surcharge revenue to an amount that would  
25 not result in a rate of return exceeding that authorized in Decision No. 67093.

26 Authorization of the Company's requested ACRM in Decision No. 68310 was conditioned  
27 upon on three other items.

28 ...

- 1 1. Arizona-American Water Company shall file a plan with Docket Control by  
2 December 31, 2005 that describes how the Company expects to attain an maintain a  
3 capital structure (equity, long-term debt, and short-term debt) with equity  
4 representing between 40 and 60 percent of total capital. The Applicant docketed an  
5 equity plan on November 30, 2005.
- 6 2. For the Havasu District, Arizona-American Water Company shall file with Docket  
7 Control by January 31<sup>st</sup> of each year, an annual calendar year status report, until the  
8 AIF Tariff is no longer in effect. The status report shall contain a list of all customers  
9 that have paid the AIF, the amount each customer has paid, the amount of money  
10 spent from the AIF, and a list of all facilities that have been installed with funds from  
11 the AIF Tariff. The Applicant docketed an AIF compliance report on February 2,  
12 2006.
- 13 3. The Commission is concerned about the impact on the bills of customers served by  
14 the Havasu system from the implementation of the ACRM. Consequently, we direct  
15 Staff and the Company to open a new proceeding to examine other forms of  
16 mitigation of the ACRM for the Havasu system, including the use of hook-up fees for  
17 adjacent systems. Compliance with this condition is met by Docket No. W-01303A-  
18 05-0890.

13 Staff agrees with the Company revised Agua Fria filing. The revised filings recognizeS  
14 arsenic treatment plant/ rate base of \$8,556,946<sup>1</sup> and a \$1,176,973 ACRM revenue requirement. A  
15 rate design that generates 50 percent of the revenue requirement from minimum monthly charges  
16 and 50 percent from commodity rates, as specified by the Commission for ACRM surcharges,  
17 results in a surcharge of \$1.37 to the monthly minimum charge per equivalent billing unit (5/8-inch  
18 meter) and \$0.1598 per 1,000 gallons to the commodity rate. These ACRM surcharges would  
19 increase the monthly bill for the average residential customer using 8,250 gallons by \$2.73 from  
20 \$23.91 to \$26.64 (11.4 percent).

21 Staff concludes that the Company's request for an extension of time from April 30, 2007  
22 (per Decision No. 68310), to May 31, 2008, in order to file a more complete permanent rate  
23 application for its Aqua Fria Water District based on a 2007 test year is reasonable and in the  
24 public interest.

25 Staff recommends that Company file with the Commission an arsenic removal surcharge  
26 tariff consistent with ACRM Schedule DRR-1.

27 \_\_\_\_\_  
28 <sup>1</sup> Staff and the Company calculated arsenic treatment plant/rate bases of \$8,558,191 and \$8,558,951, respectively,  
insignificantly less than RUCO by \$755 and \$2,005, respectively.

1 Staff recommends that Arizona-American Agua Fria Water District notify its customers of  
2 the arsenic cost recovery surcharge tariff approved herein within 30 days of the effective date of  
3 this Decision.

4 Staff recommends that in the event that the Applicant fails to file a permanent rate  
5 application for its Agua Fria Water system by May 31, 2008, based on a 2007 test year, the  
6 Arsenic Cost Recovery Mechanism surcharge then in place shall be automatically discontinued.

7 \* \* \* \* \*

8 Having considered the entire record herein and being fully advised in the premises, the  
9 Commission finds, concludes, and orders that:

10 FINDINGS OF FACT

11 1. Pursuant to Decision No. 68310, the Company seeks an arsenic cost removal  
12 mechanism surcharge tariff in this proceeding authorizing a monthly surcharge per customer to aid  
13 the Company in its efforts to comply with the Environmental Protection Agency's ("EPA") new  
14 arsenic maximum contaminant level of 10 particles per billion ("ppb") which went into effect on  
15 January 23, 2006.

16 2. Pursuant to Decision No. 68310, Arizona-American filed the required schedules  
17 prior to the implementation of the ACRM.

18 3. The Company's revised filing reflects application of the correct AFUDC rates and  
19 all conforming adjustments should be adopted.

20 4. Arizona-American shall file permanent rate applications for its Sun City West,  
21 Agua Fria, and Havasu districts by no later than May 31, 2008, based on a 2007 test year.

22 CONCLUSIONS OF LAW

23 1. The Company is a public water service corporation within the meaning of Article  
24 XV of the Arizona Constitution and A.R.S. §§40-250 and 40-252.

25 2. The Commission has jurisdiction over the Company and of the subject matter of the  
26 application.

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IT IS FURTHER ORDERED that in the event that Arizona-American fails to file a new rate case application by May 31, 2008, the Arsenic Cost Recovery Mechanism surcharge then in place shall be automatically discontinued.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
BRIAN C. McNEIL  
Executive Director

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EGJ:DRR:lhv\DR

1 SERVICE LIST FOR: Arizona-American Water Company  
2 DOCKET NOS. W-01303A-05-0280, et al.

3 Mr. Craig Marks  
4 Corporate Counsel  
5 Arizona-American Water Company  
6 19820 North Seventh Street, Suite 201  
7 Phoenix, Arizona 85024

8 Mr. Ernest G. Johnson  
9 Director, Utilities Division  
10 Arizona Corporation Commission  
11 1200 West Washington  
12 Phoenix, Arizona 85007

13 Mr. Christopher C. Kempley  
14 Chief Counsel  
15 Arizona Corporation Commission  
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