

ORIGINAL



0000057036

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____

6004

GLEASON PROPOSED AMENDMENT #1

DATE PREPARED: July 24, 2006

COMPANY: Arizona-American Water Company

DOCKET NOS.: W-01303A-05-0405 and W-01303A-05-0910

OPEN MEETING DATES: July 25 and 26, 2006

AGENDA ITEM: U-11

Page 9, STRIKE lines 25 through 28 (footnote No. 6)

Page 12, STRIKE lines 8 through 15 INSERT:

"While the record indicates that there is a need for fire flow improvements in the Town of Paradise Valley, the issue is who should pay for the improvements. The Commission is not in the business of setting fire flow standards and will not establish a policy of establishing fire flow standards in this case. Fire flow improvements are discretionary expenditures on the part of the utility and should not be allowed in rate base.

Accordingly, we will disallow \$3,018,867 of post-test year plant consisting of fire flow improvement projects, known as the Jackrabbit/Invergordon, in test year plant in service."

Page 13, line 4

STRIKE: "\$32,508,049"
INSERT: "\$29,489,182"

Arizona Corporation Commission

DOCKETED

JUL 24 2006

Page 13, line 7

STRIKE: "\$22,487,815"
INSERT: "\$19,468,948"

DOCKETED BY	<i>nr</i>
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AZ CORP COMMISSION
DOCUMENT CONTROL

2006 JUL 24 P 12: 22

RECEIVED

Page 15, line 9

STRIKE: "\$14,351,471"
INSERT: "\$11,332,604"

Page 15, line 14

STRIKE: "\$14,351,471"
INSERT: "\$11,332,604"

Page 29, STRIKE lines 10 through 14 INSERT:

"With the adjustments adopted herein, the District's adjusted test year operating income is \$922,202. Applying a fair value rate of return of 7.24 percent to the District's FVRB of \$11,332,604 produces a required operating income of \$819,914. This is \$102,288 less than the adjusted test year income under existing rates. The required decrease in gross annual revenues for the District is \$166,590, for a 3.28 percent decrease over test year adjusted revenues."

Page 32, STRIKE lines 11 through 28

Page 33, STRIKE lines 1 through 6 INSERT:

"For reasons we discussed earlier, we will not allow fire flow improvements to be included in rate base. Therefore, any surcharges or other means designed to recover the Company's expenditures for fire flow projects, including the Public Safety surcharge proposed by Staff in Exhibit B, are unnecessary and we will not authorize them."

Page 39, line 5

STRIKE: "\$14,351,471"
INSERT: "\$11,332,604"

Page 39, STRIKE line 9 and INSERT a new Finding of Fact No. 29 to read:

"29. The authorized decrease in gross annual revenues for the District is \$166,590"

Page 39, STRIKE lines 10 through 13 and INSERT a new Finding of Fact No. 30 to read:

"30. The rates set herein produce a decrease in annual revenues of 3.28 percent which results in a monthly decrease from \$24.61 to \$24.59, or 0.08 percent, for the average usage (22,193 gallons/month) 5/8 x 3/4-inch meter customer, and a monthly increase from \$16.81 to \$17.32, or 3.06 percent, for the median usage (11,500 gallon/month) 5/8 x 3/4-inch meter customer."

Page 39, lines 16 and 17 STRIKE "until September 30, 2007"

Page 39, lines 20 and 21 STRIKE "until September 30, 2007"

Page 39, STRIKE lines 22 through 28

Page 40, STRIKE lines 1 through 4

Renumber to conform

Page 42, line 7 STRIKE "0.76" and INSERT "0.68"

Page 42, line 7½ STRIKE "1.65" and INSERT "1.39"

Page 42, line 8 STRIKE "2.18" and INSERT "2.10"

Page 42, line 10 STRIKE "1.27" and INSERT "1.20"

Page 42, line 10½ STRIKE "1.56" and INSERT "1.50"

Page 44, STRIKE lines 5½, 6, and 6½ and INSERT:

"All usage in the third tier, in addition to normal third tier charge: \$2.15 per 1,000 gallons"

Page 44, STRIKE lines 10, 10½ and 11 and INSERT:

"All usage in the second tier, in addition to normal second tier charge: \$2.15 per 1,000 gallons"

Page 44, STRIKE lines 12 through 24

Make all conforming changes.