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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
BARRY WONG

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2006 SEP -8 P 2: 57

AZ CORP COMMISSION  
DOCUMENT CONTROL

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-01303A-05-0280

Arizona Corporation Commission

DOCKETED

SEP 08 2006 ;

DOCKETED BY



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. WS-01303A-02-0869

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.

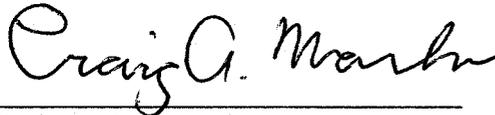
DOCKET NO. WS-01303A-02-0870

**ARIZONA-AMERICAN WATER COMPANY - NOTICE OF FILING ADEQ LETTER**

1  
2 **ARIZONA-AMERICAN WATER COMPANY**  
3 **NOTICE OF FILING**  
4 **ADEQ LETTER**  
5

6 Arizona-American Water Company ("Arizona-American" or the "Company") hereby  
7 files a copy of a September 1, 2006, letter from the Arizona Department of Environmental  
8 Quality ("ADEQ"). In this letter, ADEQ denies Arizona-American's request for a time-frame  
9 extension for its Tubac Water District to meet the new federal arsenic standard.

10 **RESPECTFULLY SUBMITTED** on September 8, 2006.

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13

14 Craig A. Marks  
15 Corporate Counsel  
16 Arizona-American Water Company  
17 19820 N. 7<sup>th</sup> Street  
18 Suite 201  
19 Phoenix, Arizona 85024  
20 (623) 445-2442  
21 Craig.Marks@amwater.com

1 Original and 19 copies filed  
2 on September 8, 2006, with:

3  
4 Docket Control  
5 Arizona Corporation Commission  
6 1200 West Washington  
7 Phoenix, Arizona 85007

8  
9 Copies of the foregoing  
10 mailed on September 8, 2006, to:

11  
12 Ernest Johnson  
13 Director  
14 Utilities Division  
15 Arizona Corporation Commission  
16 1200 West Washington St.  
17 Phoenix, Arizona 85007

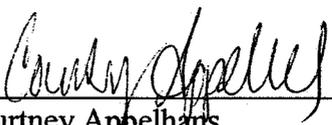
18  
19 Dwight Nodes  
20 Assistant Chief Administrative Law Judge  
21 Arizona Corporation Commission  
22 1200 West Washington St.  
23 Phoenix, Arizona 85007

24  
25 Legal Division  
26 Arizona Corporation Commission  
27 1200 West Washington St.  
28 Phoenix, Arizona 85007

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30 Daniel Pozefsky  
31 Counsel  
32 Residential Utility Consumer Office  
33 1110 West Washington Street  
34 Suite 220  
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37 Walter W. Meek  
38 Arizona Utilities Investors Association  
39 P.O. Box 34805  
40 Phoenix, Arizona 85067-4805

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44 By:

  
45 Courtney Appelhaus  
46



Janet Napolitano  
Governor

# ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007  
(602) 771-2300 • <http://azdeq.gov>



Stephen A. Owens  
Director

September 1, 2006

Nina Miller  
Arizona American Water  
19820 N. 7<sup>th</sup> St.  
Suite 201  
Phoenix, AZ 85024

**RE: New Arsenic Standard - Time Frame Extension Request PWS # 12-001, Arizona American Water Company - Tubac**

Dear Ms Miller:

This letter is to inform you that your water system's request for a time frame extension for meeting the new arsenic standard, dated May 10, 2005, (pursuant to A.A.C. R18-4-111, Exemptions) has been found to be non-applicable at this time. Further processing of this request for a time frame extension based on the reason(s) outlined in your application would not be appropriate because of the following compliance determination related information.

The new federal arsenic standard of 0.010 mg/L went into effect on January 23, 2006. However, in accordance with EPA guidance and departmental policy, required arsenic compliance monitoring will be based on the system's preexisting compliance monitoring year. Please refer to ADEQ's Arsenic Compliance Policy, available on-line at <http://azdeq.gov/download/factpolicy.pdf> for more information on these timelines. Systems participating in the Monitoring Assistance Program (MAP) and who are due for inorganic monitoring in 2006 will be sampled during the fourth quarter of this year. All other MAP systems with a history of elevated arsenic levels are due to have arsenic samples taken during the first quarter of 2007 (non-MAP water systems adhere to a similar monitoring schedule). In summary, most ground water sources will have until the later part of 2007 before a final arsenic-related compliance determination is made. As such, a time frame extension for meeting the new arsenic standard is not required.

This time differential will allow most systems to take appropriate action to come into compliance with the new standard before any compliance analytical results must be submitted. Even then, a result greater than 0.010 mg/L would not necessarily cause the system to be in immediate violation of the new standard. In most cases, results greater than 0.010 mg/L would cause the system to move into quarterly arsenic monitoring. Compliance with the arsenic standard would then be based on the running annual average of four consecutive quarterly samples. Only if that average exceeds the new maximum contaminant level (MCL) would the system be out of compliance. Again, please refer to the above mentioned Arsenic Compliance Policy for more information.

We encourage you to continue your efforts toward completing any modifications or upgrades needed for your system to meet the new standard. We will also be finalizing guidance on the criteria the department will use to evaluate, and the proper format to submit, a future time frame extension request should it still be necessary.

If you have any questions about your application or our response, please contact me directly at (602) 771-4511.

Sincerely,

Brian Popadak  
Safe Drinking Water Section

Northern Regional Office  
1515 East Cedar Avenue • Suite F • Flagstaff, AZ 86004  
(928) 779-0313

Southern Regional Office  
400 West Congress Street • Suite 433 • Tucson, AZ 85701  
(520) 628-6733