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August 28, 2006

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AZ CORP COMMISSION
DOCUMENT CONTROL

Mr. Craig A. Marks
Attorney for Arizona-American Water Company
American Water
19820 N. 7th Street
Phoenix, AZ 85024

RE: ARIZONA-AMERICAN WATER COMPANY, INC. – APPLICATION FOR A RATE INCREASE, DOCKET NO. WS-01303A-06-0491

LETTER OF CONDITIONAL SUFFICIENCY

Dear Mr. Marks:

This letter (per section R14-2-103.B.7 of the Arizona Administrative Code) is to inform you that your application, received on September 28, does not meet the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. However consistent with the discussion and agreement between the Utilities Division Staff (“Staff”) and Arizona-American Water Company, Inc. (“Company”), Staff finds your application sufficient subject to the condition that the Company will docket volumetric billing determinants satisfactory to Staff that reconcile the proposed volumetric (i.e. water usage) rates to the proposed revenue no later than six weeks from the date of this letter (i.e., October 11, 2006). Staff and the Company stipulate that failure to submit the required billing determinants by that date will cause the time clock to be immediately suspended until the information is filed. Your utility has been classified as Class A.

The Staff person assigned to your application is Dennis R. Rogers. He can be reached at (602) 542-0871, or toll free at (800) 222-7000, if you have any questions or concerns.

Arizona Corporation Commission

Sincerely,

DOCKETED

AUG 28 2006

James Dorf
James Dorf
Chief, Financial & Regulatory Analysis Section
Utilities Division

DOCKETED BY	<i>nr</i>
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CC: Docket Control Center (sixteen copies)
Lyn Farmer, Hearing Division

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Delbert Smith, Engineering
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