

**ORIGINAL**



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|------------------------|----------------------------------|-----------------------|--|
| <b>THIS AMENDMENT:</b> |                                  |                       |  |
| _____ Passed _____     | _____ Passed as amended by _____ |                       |  |
| _____ Failed _____     | _____ Not Offered _____          | _____ Withdrawn _____ |  |

6DCG

**GLEASON SUBSTITUTE PROPOSED AMENDMENT #**

DATE PREPARED: March 13, 2007

COMPANY: Arizona-American Water Company

DOCKET NOs: W-01303A-05-0405 and W-01303A-05-0910

OPEN MEETING DATES: March 13 and 14, 2007

AGENDA ITEM: U-19

AZ CORP COMMISSION  
DOCUMENT CONTROL

2007 MAR 13 P 12:47

RECEIVED

Page 7, STRIKE lines 12 and 13 and INSERT a new Finding of Fact No. 20 to read:

"20. We reject Staff's argument regarding the retirement of pumping equipment. We agree with the Company and RUCO that the ACRM surcharge should include only the *incremental* cost of arsenic plant and therefore all retirements must be netted out of the costs to be recovered. To do otherwise would result in a double recovery of both the retired pumps and the new pumps."

Page 7, STRIKE lines 16 through 18 and INSERT a new Finding of Fact No. 22 to read:

"22. We reject Staff's recommendation that the Company file with the Commission an arsenic removal surcharge tariff consistent with either ACRM Schedule CSB-4 or CSB-8 as approved by the Commission. Further, the Company should file with the Commission an arsenic removal surcharge tariff consistent with the figures contained in the Company's revised application filed on February 14, 2007 as approved by the Commission."

Page 8, STRIKE lines 17 through 20 and INSERT a new Conclusion of Law No. 5 to read:

"5. We reject the Staff position regarding pump retirements and accept the treatment afforded to these retirements in the Company's revised application. Approval of the Company's implementation of the arsenic cost recovery mechanism is consistent with the Commission's authorities under the Arizona Constitution, the Arizona Revised Statutes and applicable case law."

Arizona Corporation Commission

**DOCKETED**

**MAR 13 2007**

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| DOCKETED BY | <i>nr</i> |
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Page 8, STRIKE lines 21 and 22 and INSERT a new Conclusion of Law No. 6 to read:

“6. It is in the public’s interest to approve the Company’s revised application for implementation of the ACRM.”

Page 8, line 26

STRIKE: “IT IS FURTHER ORDERED that Staff’s recommended Plan A is approved.”

INSERT: “IT IS FURTHER ORDERED that the Company-proposed Plan B is approved.”

Page 9, STRIKE lines 1 through 3 and INSERT a new Ordering Paragraph to read:

“IT IS FURTHER ORDERED that the revised application by Arizona-American Paradise Valley Water District for approval of an arsenic cost recovery mechanism surcharge tariff shall reflect the Company-proposed Plan B surcharges presented in the Company’s revised application.”

Make all conforming changes