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BEFORE THE ARIZONA CORPORATION COM.....

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7
8 IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY
9 FOR APPROVALS ASSOCIATED WITH A
10 TRANSACTION WITH THE MARICOPA
COUNTY MUNICIPAL WATER
CONSERVATION DISTRICT NUMBER ONE.

Docket No. W-01303A-05-0718

NOTICE OF FILING

11
12 The Residential Utility Consumer Office ("RUCO") hereby provides notice of filing
13 the Testimony Summary of William A. Rigsby, in the above-referenced matter.
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15 RESPECTFULLY SUBMITTED this 15th day of March, 2007.

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Daniel Pozefsky
Attorney

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21 AN ORIGINAL AND THIRTEEN COPIES
of the foregoing filed this 15th day
22 of March, 2007 with:

23 Docket Control
Arizona Corporation Commission
1200 West Washington
24 Phoenix, Arizona 85007

Arizona Corporation Commission
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MAR 15 2007

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1 COPIES of the foregoing hand delivered/
mailed this 15th day of March, 2007 to:

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Teena Wolfe
Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

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4

5

6

Christopher Kempley, Chief Counsel
Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

7

8

9

Ernest Johnson, Director
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

10

11

12

Craig A. Marks
Corporate Counsel, Western Region
American Water
19820 N. 7th Street, Suite 201
Phoenix, Arizona 85024

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By Cheryl Fraulob
Cheryl Fraulob

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**Arizona-American Water Company
Docket No. WS-01303A-05-0718
Approvals Associated with a Proposed
Transaction with Maricopa County Municipal
Water Conservation District Number One to
Allow the Construction of a Surface Water
Treatment Facility Known as the White Tanks Project**

**SUMMARY OF THE TESTIMONY OF WILLIAM A. RIGSBY
ON BEHALF OF THE RESIDENTIAL UTILITY CONSUMER OFFICE**

The following is a summary of the significant issues set forth in both the direct, rebuttal and surrebuttal testimony of RUCO witness William A. Rigsby, on Arizona-American Water Company's ("Arizona-American," "AAW" or "Company") revised application seeking an increase in the existing hook-up fees ("Hook-Up Fee" or "HUF") for the Company's Agua Fria District and an Accounting Order for the purpose of building a surface water treatment facility known as the White Tanks Plant. A full discussion of the issues associated with Arizona-American's requests and the rationales for Mr. Rigsby's recommendations are contained in the above referenced documents. The significant issues associated with the case are as follows:

Request for an increase in the existing water facilities hook-up fee – Mr. Rigsby is recommending that the Commission approve Arizona-American's request for increases to the Agua Fria District's existing Water Facilities Hook-Up Fee that will be used to finance construction of the White Tanks Plant. The Hook-Up Fee is currently being charged to builders that are operating in the Agua Fria District and is currently set at \$1,150 for 5/8 x 3/4-inch meters.

SUMMARY OF THE TESTIMONY OF WILLIAM A. RIGSBY (Cont.)

Recovery Options – Mr. Rigsby is recommending that the Commission adopt the Company-proposed Option 2 that resets the Hook-Up Fee to levels that are roughly sufficient to fund the White Tanks Plant at the time that it enters service in 2009. The Company states that, under Option 2, the Hook-Up Fee would start at \$4,700 for a 5/8 x 3/4-inch meter.

Accounting Order – Mr. Rigsby is recommending that the Commission adopt the Company-requested Accounting Order which would 1) provide Arizona-American with the ability to accrue post-in-service allowance for funds used during construction (“AFUDC”) on the unfunded balance of the White Tanks Plant and allow the Company to be made whole on Arizona-American’s investment until the Hook-Up Fee collections are sufficient to fund the entire plant balance, and 2) should provide that the collected Hook-Up Fee will not be treated as a contribution in aid of construction (“CIAC”) until some corresponding eligible plant is placed into service.

Third Party Capacity Purchases – Mr. Rigsby is recommending that the Commission reject the 0.75 AAW incentive adjustment included in the Company-proposed formula for recalculating the amount of hook-up fee that would be collected in the event that a third party purchases capacity in the treatment plant. RUCO believes that there is no need for this adjustment because the Accounting

SUMMARY OF THE TESTIMONY OF WILLIAM A. RIGSBY (Cont.)

Order being requested by the Company would keep Arizona-American whole. Mr. Rigsby is further requesting that the Commission indicate in its Decision on this Application that it is not predetermining the appropriateness of any such modifications to the hook-up fee or the appropriateness of any request for a mechanism to recover operation and maintenance costs.