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ARIZONA CORPORATION COMMISSION

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March 26, 2007

Patti McCaleb
4500 E. Maderos Del Cuenta
Paradise Valley, Arizona 85253

Re: Reconsideration of Decision No. 68858
(Docket Nos. W-01303A-05-0405 and W-01303A-05-0910)

Dear Ms. McCaleb:

Thank you for your letter of March 9, 2007, in which you asked the Arizona Corporation Commission to reconsider the rates that it approved for Arizona-American Water Company's Paradise Valley Water District in Decision No. 68858.

As you mentioned, the Decision authorized to the Company to collect a "High Block" surcharge, as well as the "Public Safety" surcharge, which will fund projects needed to satisfy fire flow requirements imposed by the Town of Paradise Valley.

At the July 2006 Open Meeting in which the Commission considered the Company's requested rates, I offered an amendment which would have eliminated the Public Safety surcharge, thereby preventing the Company from collecting money from its customers to fund fire flow improvements required by the Town. Unfortunately, my amendment failed because I was the only Commissioner to vote for it.

As of this time, no Commissioner has formally proposed that we commence a proceeding under A.R.S. § 40-252 to amend Decision No. 68858. If two of my fellow Commissioners were to offer such a proposal, I would be willing to consider such a proceeding.

Sincerely,

Mike Gleason
Chairman

Arizona Corporation Commission

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MAR 26 2007

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c: Commissioner William A. Mundell
Commissioner Jeff Hatch-Miller
Commissioner Kristin K. Mayes
Commissioner Gary Pierce

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