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THIS AMENDMENT:

____ Passed _____ Passed as amended by _____

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AZ CORP COMMISSION MAYES PROPOSED AMENDMENT # 1
DOCUMENT CONTROL

TIME/DATE PREPARED: 2 P.M., March 1, 2004

COMPANY: Arizona Water Company
DOCKET NO: W-01445A-02-0619

AGENDA ITEM NO. U-13
OPEN MEETING DATE: 3-2-04

Page 34, DELETE lines 12-16. INSERT:

“We believe the monetary proceeds of the PCG Settlement should be distributed to the primary benefit of the ratepayers, such that 80 percent of the settlement should go to the ratepayers and 20 percent to the company’s investors. Arizona Water, as holder of the exclusive franchise to provide water service in the Miami area, has an ongoing obligation to obtain and provide adequate and safe water for customers in the service area.”

Page 35, DELETE lines 3-6. INSERT:

Considering the PCG Settlement in its entirety, we find that dividing the cash proceeds of the agreement, with 80 percent going to the ratepayers and 20 percent to the investors, provides a reasonable balance between the rights and obligations of shareholders and ratepayers and will provide the Company with a sufficient incentive to pursue future litigation or settlement of claims that the Company and its customers may be entitled to receive.”

Arizona Corporation Commission
DOCKETED

MAR - 1 2004

DOCKETED BY	<i>CR</i>
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