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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS SUN CITY WASTEWATER AND SUN CITY WEST WASTEWATER DISTRICT.

DOCKET NO. WS-01303A-06-0491

STAFF'S REQUEST FOR A PROCEDURAL CONFERENCE

On July 28, 2006, Arizona-American Water Company, Sun City Wastewater and Sun City West Wastewater Districts, ("Arizona-American" or "Company") filed an application with the Arizona Corporation Commission ("Commission") for an increase in its rates for utility service.

On June 26, 2007, Arizona-American filed its Affidavits of Publication of notice in the Arizona Business Gazette on May 10, 2007, and in the Daily News-Sun on May 12, 2007.

Commission Staff, RUCO and other interested parties filed direct testimony in this case on June 13, 2007. Staff filed rate design testimony on July 5th and July 6th, 2007.

The testimony of the parties includes changes to rate design that could impact certain customers far greater than the average increase projected in this case. For this reason, Staff asked the Company to prepare a letter to customers, attached hereto, whose rates could potentially be impacted greater than the average increase projected in this case notifying them of the potential impact upon their rates. Staff has calculated that approximately 19 customer classes, including approximately 516 customers will be impacted and thus receive the Company's additional notice. The letter also gives the customers information on how to offer public comment or intervene in Commission proceedings. The Commission has scheduled the hearing in this matter for August 23, 2007. Therefore, both the Staff and Company would like to send the notice as soon as possible so that these customers have a meaningful opportunity to participate in any proceedings before the Commission.

1 Staff respectfully requests an expedited procedural conference to discuss the additional notice
2 requested by Staff.

3 RESPECTFULLY SUBMITTED this 17th day of July, 2007.
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7 Maureen A. Scott, Senior Staff Counsel
8 Keith A. Layton, Staff Counsel
9 Legal Division
10 Arizona Corporation Commission
11 1200 West Washington Street
12 Phoenix, Arizona 85007

13 Original and thirteen (13) copies
14 of the foregoing filed this
15 17th day of July, 2007 with:

16 Docket Control
17 Arizona Corporation Commission
18 1200 West Washington Street
19 Phoenix, Arizona 85007

20 Copies of the foregoing e-mailed to
21 the Parties this 17th day of July, 2007.

22 Copies of the foregoing mailed
23 this 18th day of July, 2007 to:

24 Paul Li
25 Arizona-American Water Company
26 19820 North 7th Street, Suite 201
27 Phoenix, Arizona 85024

28 Craig A. Marks
29 Craig A. Marks, P.L.C.
30 3420 East Shea Boulevard
31 Suite 200
32 Phoenix, Arizona 85028

33 Scott S. Wakefield, Chief Counsel
34 Residential Utility Consumer Office
35 1110 West Washington Street
36 Suite 220
37 Phoenix, Arizona 85007

38 ...

1 Philip Jansen
2 14115 West Gunsight Drive
3 Sun City West, Arizona 85375

4 Tracy Spoon
5 Sun City Taxpayers Association
6 12630 North 103rd Avenue, Suite 144
7 Sun City, Arizona 85351

8 Kaup Christine

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**PUBLIC NOTICE OF HEARING ON THE APPLICATION OF
ARIZONA-AMERICAN WATER FOR INCREASES IN ITS RATES
AND CHARGES FOR UTILITY SERVICE BY ITS SUN CITY
WASTEWATER AND SUN CITY WEST WASTEWATER DISTRICTS
DOCKET NO. WS-01303A-06-0491**

On July 28, 2006, Arizona-American Water Company ("Company") filed a rate increase application with the Arizona Corporation Commission ("Commission") in Docket No. WS-01303A-06-0491. On July 9, 2007, the Company revised downward its rate increase requests to \$1,279,159 or 28.54% percent for Sun City. However, under some of the rate design proposals of the parties in this case, some customers could experience increases in their bills for wastewater service (in some cases more than 200%) which would far exceed the average increase in revenue requested by the Company. For instance, under certain proposals that utilize a new volumetric rate design that attempts to more closely match usage and its related treatment cost with wastewater rates, certain customer classes would experience larger rate increases than other customer classes, whose usage is not as great.

This letter is to inform you that you have been identified as one of the customers that may experience a wastewater bill increase significantly higher than the overall average percentage increase. Based upon your billing records, we have attempted to identify below an estimate of the average dollar and percentage impact of the rate proposal with the highest potential increase over your current rates:

<u>Customer Class</u>	<u>Current Rate</u>	<u>Highest Proposed Rate Increase</u>
Residential 1" Single Unit	\$ 10.98	\$ 34.07 or 210.29%

If you would like the Company to calculate the impact of the various rate design proposals on your account(s), please contact Todd Walker, Community Relations Manager at 623.815.3112 or Todd.Walker@amwater.com.

The Commission has not adopted any of the proposals to-date. An Administrative Law Judge ("ALJ") at the Commission will hold a hearing on this matter beginning August 23, 2007, at 10:00 a.m., at the Commission's offices, 1200 West Washington, Phoenix, Arizona. Public comments will be taken on the first day of the hearing to provide customers an opportunity to express an opinion regarding the rate filing.

Alternatively, the law provides for, under appropriate circumstances, interested parties to intervene. Intervention shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in the matter. If you desire to intervene, you must file a written motion to intervene with the Commission no later than **August 23, 2007**. Your motion to intervene must contain the following:

1. Your name, address, and telephone number and the name, address and telephone number of any other party upon whom service of documents is to be made if not yourself.
2. A short statement of your interest in the proceeding (e.g., a customer).
3. A statement certifying that you have mailed a copy of the motion to intervene to the Company or its counsel and to all parties of record in the case.

The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. When the hearing concludes and the record closes, the ALJ will prepare a recommended opinion and order for the Commission to consider at one of its upcoming open meetings. Even if you are not an intervenor in this case, you may come to the Commission open meeting and offer public comment as well.

If you have any questions or cannot attend the August 23, 2007, hearing but wish to file written public comments, you may contact the Commission's Consumer Services at 1200 West Washington Street, Phoenix, Arizona 85007, or call 1-800-222-7000. Copies of all documents are available via the Commission's website (www.azcc.gov) using the e-docket function and referencing Docket No. WS-01303A-06-0491.