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AZ CORP COMMISSION  
DOCKET CONTROL

August 23, 2004

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DOCKET NO. WS-01303A<sub>A</sub>-0491

Mr. Philip Jansen  
14115 West Gunsight Drive  
Sun City West, Arizona 85375

Re: Arizona-American Water Company  
Docket No. WS-01303A-02-0867, et al.

Dear Mr. Jansen:

Thank you for your letter. The answer to your question is that the flat rate for wastewater contains both a demand charge and a commodity charge. The demand charge is a major part of the bill. This is because Arizona-American Water was required to improve (decrease) the amount of nitrates in the wastewater before it could be recharged in the underground aquifer.

I attempted to include a tiered wastewater rate based on water consumption in the recent rate case, but was unable to do so. I did get an amendment included that requires Arizona-American Water to include its financial data in their next rate case. I have included a copy of my amendment for your review. Thus, I hope I can get tiered wastewater rates in most new rate cases.

Thank you for your concern. If there are other questions, please contact me.

Sincerely,

*Mike*

Mike Gleason  
Commissioner

c: Docket Control

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