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BEFORE THE ARIZONA CORPORATION COMMISSION

MIKE GLEASON
Chairman
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
KRISTIN K. MAYES
Commissioner
GARY PIERCE
Commissioner

Arizona Corporation Commission

DOCKETED

SEP 27 2007

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IN THE MATTER OF THE APPLICATION)
OF ARIZONA WATER COMPANY FOR)
APPROVAL OF A TARIFF FILING TO)
REFLECT CHANGES DUE TO THE)
PURCHASED POWER ADJUSTMENT)
MECHANISM FOR ITS OVERGAARD,)
SEDONA, PINEWOOD AND RIMROCK)
WATER SYSTEMS)

DOCKET NO. W-01445A-07-0436

DECISION NO. 69910

ORDER

Open Meeting
September 18 and 19, 2007
Phoenix, Arizona

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

1. Arizona Water Company ("Company") is an Arizona corporation engaged in the business of providing water utility service pursuant to Certificate of Convenience and Necessity granted by this Commission.

2. On July 24, 2007, the Company submitted an application regarding its Tariff AM-253 designed to reflect changes in its Purchased Power Adjustment Mechanism ("PPAM") for its Overgaard, Sedona, Pinewood, Rimrock water systems.

3. Decision No. 64282, dated December 28, 2001, authorized the PPAM rate for the Rimrock water system be set at \$0.000.

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4. Decision No. 65045, dated July 24, 2002, authorized the PPAM rate for the Lakeside and Overgaard water systems be set at negative \$0.027 and negative \$0.014, respectively.

5. Decision No. 65543, dated January 23, 2003, authorized the PPAM rate for the Pinewood and Sedona water systems be set at negative \$0.001.

6. Decision No. 67070, dated June 25, 2004, authorized the PPAM rate for the Lakeside, Overgaard, Pinewood, and Rimrock water systems be set at negative \$0.006, negative \$0.011, \$0.000, negative \$0.002 and negative \$0.001, respectively.

7. All PPAM rates apply to "per one hundred gallons sold".

8. The proposed modification in the Company's tariff being filed at this time will result in the following increase per one hundred gallons sold:

	<u>Old PPAM</u>	<u>Change</u>	<u>New PPAM</u>
Overgaard	\$0.000	\$0.001	\$0.001
Sedona	-\$0.001	\$0.005	\$0.004
Pinewood	-\$0.002	\$0.010	\$0.008
Rimrock	-\$0.001	\$0.004	\$0.003

9. Staff has reviewed Arizona Water Company's filing and agrees the calculations are accurate and comply with the methodology set forth in the Company's tariff.

10. Staff recommends that the Commission authorize Arizona Water Company to change its PPAM rate for Overgaard, Sedona, Pinewood, and Rimrock systems.

11. Staff further recommends the Company notify customers of the change in the PPAM rate 30 days prior to the change takes effect.

12. Staff further recommends the Company file tariff pages consistent with this Decision within 30 days from the date of this order.

CONCLUSIONS OF LAW

1. The Arizona Water Company is a public water service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§40-250 and 40-252.

2. The Commission has jurisdiction over the Company and of the subject matter of the application.

1 IT IS FURTHER ORDERED that Arizona Water Company docket, as a compliance matter
2 in this case, tariff pages consistent with this Decision within 30 days of the effective date of this
3 order.

4 IT IS FURTHER ORDERED that this Decision becomes effective immediately.

6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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8 *Lawrence P. Stessan*
9 CHAIRMAN

William Miller
COMMISSIONER

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11 *Jeffrey M. Hatch-Miller*
12 COMMISSIONER

R. M. Ryan
COMMISSIONER

Gary Quinn
COMMISSIONER

13 IN WITNESS WHEREOF, I DEAN S. MILLER, Interim
14 Executive Director of the Arizona Corporation Commission,
15 have hereunto, set my hand and caused the official seal of
16 this Commission to be affixed at the Capitol, in the City of
17 Phoenix, this 27th day of September, 2007.

18 *Dean S. Miller*
19 DEAN S. MILLER
20 Interim Executive Director

21 DISSENT: _____

22
23 DISSENT: _____

24 EGJ:BCA:lh\CH

1 SERVICE LIST FOR: ARIZONA WATER COMPANY
2 DOCKET NO. W-01445A-07-0436

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