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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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

JUN 25 P 3:53

SECRET

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 WATER DISTRICT

DOCKET NO. W-01303A-07-0209

**NOTICE OF FILING RESPONSE
TO COMMISSIONER MUNDELL
LATE FILED EXHIBIT**

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On January 17, 2007, Commissioner Mundell docketed in the above-referenced matter the water and wastewater bills of Mr. William Downey, a customer of Arizona-American Water Company (Arizona American Water) Sun City Water District. Arizona American Water hereby docketed in the above-referenced matter a written response to the billing questions raised by Mr. Downey during the January 7, 2008 hearing.

RESPECTFULLY SUBMITTED on January 24, 2008.

Paul M. Li
Arizona-American Water Company
18920 N. 7th Street, Suite 201
Phoenix, AZ 85024
(623) 445-2442
Paul.Li@amwater.com
Attorney for Arizona-American Water Company

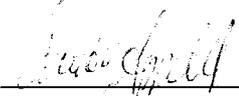
Arizona Corporation Commission
DOCKETED
JAN 25 2008

DOCKETED BY NR

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4 Original and 13 copies **filed**
5 on January 24, 2008, with:
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7 Docket Control
8 Arizona Corporation Commission
9 1200 West Washington
10 Phoenix, Arizona 85007
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12 Copies of the foregoing **mailed** on
13 January 24, 2008, to:
14
15 Jane Rodda
16 Administrative Law Judge
17 Hearing Division
18 Arizona Corporation Commission
19 1200 West Washington
20 Phoenix, Arizona 85007
21
22 Robin Mitchell
23 Legal Division
24 Arizona Corporation Commission
25 1200 West Washington
26 Phoenix, Arizona 85007
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28 Ernest Johnson
29 Director, Utilities Division
30 Arizona Corporation Commission
31 1200 West Washington
32 Phoenix, Arizona 85007
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34 Daniel Pozefsky
35 Residential Utility Consumer Office
36 1110 West Washington
37 Suite 220
38 Phoenix, Arizona 85007
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Lloyce Robinson, Town Manager
Town of Youngtown
12030 Clubhouse Square
Youngtown, AZ 85363

By: 
Courtney Appelhans

Mr. William Downey
[REDACTED]

Sun City, AZ [REDACTED]

January 24, 2008

Re: Your properties at [REDACTED] and [REDACTED]

Dear Mr. Downey,

Thank you for filing your December 2006 and November 2007 bills (both using 6,000 gallons) and your April 2007 and December 2007 bills (both using 4,000 gallons) for [REDACTED] and for filing your March 2007 and November 2007 bills (both using 7,000 gallons) for [REDACTED]. I have looked at both of your accounts and can assure you that both are billing correctly.

You asked why you see two lines on each bill stating ACC Residential Regulatory Assessment Fee. The reason is because one is for your Water service and one is for your Sewer service at each address. We bill them separately because we have customers in our territory who receive a Water service bill from us but are billed by us for municipal Sewer service on our same bill. Those municipal Sewer service customers would not receive the ACC Fee because the municipalities and their rates are not regulated by the Commission.

I believe you were questioning why your bill seemed higher at some times than at other times at the same address and for the same usage. The only thing that changed is the Groundwater Savings Fee. It went from \$1.08 per month to \$1.57 per month on October 4, 2007, an increase of \$0.49 per month. This increase makes your State Tax at 5.6% also go up \$0.03 for a total increase of \$0.52.

The copies of bills you sent for [REDACTED] for April 2007 and December 2007 are for \$22.04 and \$22.56 – a difference of \$0.52 due to the change in the Groundwater Savings Fee and the State Tax effect on that fee. The copies of the bills you sent for same address for December 2006 and November 2007 are for \$24.42 and \$22.68 – a difference of \$0.52 minus the negative beginning balance you had on the November bill of (\$2.26) for a net of (\$1.74). The copies of bills you for [REDACTED] for March 2007 and November 2007 are for \$25.61 and \$26.13 – again, a difference of \$0.52 for the Groundwater Savings Fee change.

The Groundwater Savings Fee covers the cost of purchasing Colorado River Water through the Central Arizona Project canal. The monthly fee is a per account charge for residential customers. The amount of the fee can change annually if the cost of Central Arizona Project Water changes. These fees are filed with the Commission.

You also asked what the Groundwater Withdrawal Fee meant. This fee is \$0.01 per 1,000 gallons used and is charged to cover the cost of fees Arizona-American must pay each year to the Arizona Department of Water Resources for each acre-foot of groundwater pumped from the company's wells.

You also pay a Water Use Tax. This is a state tax charged to all water companies to help pay for the cleanup costs of EPA Superfund Groundwater Contamination Sites. The tax goes to the State of Arizona's Water Quality Assurance Revolving Fund.

Should you have any other questions, please do not hesitate to contact us.

Sincerely,


Linda J. Gutowski
Senior Rate Analyst