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February 12, 2008

Commissioner Mike Gleason, Chairman
Commissioner William A. Mundell
Commissioner Hatch-Miller
Commissioner Kristin Mayes
Commissioner Gary Pierce
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007-2927

**Re: Request by Town of Paradise Valley to Reconsider Arizona Corporation Commission
Decision No. 68858; Proposed Procedural Schedule;
Docket Nos. W-01303A-05-0405 and W-01303A-05-0910**

Dear Commissioners:

We represent the Camelback Inn, Sanctuary on Camelback Mountain and the Scottsdale Renaissance Resort (the "Resorts"). On September 28, 2007, the Town of Paradise Valley ("Town") submitted to the Arizona Corporation Commission ("Commission") Town Resolution No. 1156 that requested the reconsideration of Commission Decision No. 68858 relating to a "High Block" and "Public Safety" surcharge for the Arizona-American Water Company ("Arizona-American"). On January 15, 2008, the Town filed a Settlement Agreement between the Town and representatives of groups of Town residents (including some of the larger homeowners' associations) and the Resorts within the Town affected by the Decision that included a consensus rate design that would act as an interim solution, pending the next rate case. The Town also stated that although Arizona-American endorsed the Settlement Agreement, Arizona-American would not sign the Settlement Agreement at this time due to the possibility that RUCO would oppose the new rate design.

If the Commission decides to utilize its powers under A.R.S. §40-252 to reopen Decision 68858 for the very limited purpose of modifying the High Block and Public Safety surcharges, such modifications would maintain the beneficial goals of providing needed fire flow improvements and encouraging water conservation while fairly distributing the costs of such improvements among current and future customers of the Paradise Valley Water District.



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On January 31, 2008, Commissioner Mundell wrote a letter to Stephen Ahearn, Director of RUCO regarding the Town's interim proposal. In that letter, Commissioner Mundell raised concerns as to the timing for reconsideration of the Decision, given the fact that Arizona-American is planning to file a rate case in April or May of 2008. The Resorts believe that a reopening of Decision No. 68858 for the limited purpose of approving the Settlement Agreement could be completed prior to the initiation of substantive work on the new rate case. In addition, if an interim solution is approved, it would be most beneficial to implement the new rate design prior to the high water usage summer months. Thus, we would like to suggest the following procedural schedule for the Commission's consideration:

Commission vote to re-open Decision No. 68858:	Next ACC Staff Meeting
Procedural Conference	February 28, 2008
Publication of Notice of Hearing	March 7, 2008
Deadline for Intervention	March 24, 2008
Staff Report/Comments on Settlement Agreement	March 28, 2008
Intervenor Comments on Settlement Agreement	April 18, 2008
Hearing	April 28, 2008

Thank you for your consideration of this important matter.

Very truly yours,

SNELL & WILMER L.L.P.



Robert J. Metli

cc: Docket Control
Paradise Valley Town Council
Parties to the Docket