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BEFORE THE ARIZONA CORPORATION C

COMMISSIONERS

- 3 MIKE GLEASON, Chairman
- 4 WILLIAM A. MUNDELL
- 5 JEFF HATCH-MILLER
- 6 KRISTIN K. MAYES
- 7 GARY PIERCE

2008 APR 28 P 1:36

AZ CORP COMMISSION
DOCKET CONTROL

8 IN THE MATTER OF THE APPLICATION OF
 9 ARIZONA-AMERICAN WATER COMPANY,
 10 AN ARIZONA CORPORATION, FOR A
 11 DETERMINATION OF THE CURRENT FAIR
 12 VALUE OF ITS UTILITY PLANT AND
 13 PROPERTY AND FOR INCREASES IN ITS
 14 RATES AND CHARGES BASED THEREON
 15 FOR UTILITY SERVICE BY ITS SUN CITY
 16 WATER DISTRICT.

DOCKET NO. W-01303A-07-0209

**STAFF'S EXCEPTIONS TO
RECOMMENDED OPINION AND
ORDER**

17 Staff of the Utilities Division of the Arizona Corporation Commission ("Staff") files its
 18 response to the exceptions filed by Arizona-American Water Company ("Arizona-American"). Staff
 19 is in agreement with the Company regarding the changes on page 19 and page 45 of the
 20 Recommended Opinion and Order ("ROO").

21 With respect to the exception offered by Arizona-American regarding page 47, line 4, Staff
 22 supports the ROO as written. Staff finds nothing in the ROO that would preclude Arizona-American
 23 from including an unapproved project phase or a step increase related to the Fire Flow Recovery
 24 Mechanism from being considered in the Company's next rate case.

RESPECTFULLY submitted this 28th day of April, 2008.

Robin R. Mitchell
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Arizona Corporation Commission
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1 Original and thirteen (13) copies
of the foregoing were filed this
2 28th day of April, 2008 with:

3 Docket Control
Arizona Corporation Commission
4 1200 West Washington Street
Phoenix, Arizona 85007

5 Copy of the foregoing mailed this
6 28th day of April, 2008 to:

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