

ORIGINAL

THIS AMENDMENT:
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2008 MAY -7 A 10:37

MAYES REVISED PROPOSED AMENDMENT # 1

Arizona Corporation Commission
DOCKETED

AZ CORP COMMISSION
 DOCKET CONTROL

TIME/DATE PREPARED 5/5/08, 4:00 p.m.

MAY -7 2008

COMPANY: AZ American Water Company

DOCKETED BY	nr
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DOCKET NO: W-01303A-07-0209 OPEN MEETING DATE: 5-7-08 AGENDA ITEM: 19

Page 36, DELETE: lines 6 through line 16 on Page 37.

Page 36, at line 6, INSERT: "We find that based on the particular facts of this case, requiring Arizona-American Water Company to record the costs associated with constructing the fire flow facilities in an accounting order, for consideration by the Commission during a future rate case, is in the public interest. While Arizona-American Water Company stated in this case that it lacks the financial capacity to make the fire flow improvements without recovery of the costs of those improvements through a surcharge mechanism, we take judicial notice of the fact that Arizona-American has recently filed an Application for a rate increase for all of its Arizona water systems, with the exception of its Sun City system. Therefore, Arizona-American is actively seeking to improve its financial position in the near term and could be in a position – if it is not already – to make the improvements and seek recovery of their cost in a future rate case.

Thus, we approve an accounting order for costs associated with the fire flow improvements, to be addressed by the Commission during the next Arizona-American/Sun City Water rate case. We direct Arizona-American Water Company to record all costs associated with the fire flow improvements in an accounting order so that the Commission may address them during the next Arizona-American/Sun City Water rate case.

Page 41, DELETE: lines 10 through 22.

Page 43, DELETE: lines 7 through 9.

INSERT: "Based on the particular facts of this case, an accounting order is fair and reasonable, and should be utilized by Arizona-American Water Company to record the costs associated with the fire flow improvements for consideration during the next Arizona-American/Sun City rate case."

Page 46, DELETE: lines 9 through line 6 on page 47.

INSERT TWO NEW ORDERING PARAGRAPHS: "IT IS FURTHER ORDERED that Arizona-American Water Company be directed to record the costs associated with the fire flow improvements in an accounting order.

"IT IS FURTHER ORDERED that Arizona-American Water Company shall file a rate case for its Sun City Water District no later than June 30, 2012, and be permitted to seek recovery of costs recorded in its accounting order at that time."