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ARIZONA CORPORATION COMMISSION
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January 30, 2009

Arizona Corporation Commission
DOCKETED

JAN 30 2009

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Via Hand-Delivery

Brian Bozzo, Compliance Manager
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Re: Compliance Filing of Aubrey Water Company – January 2009 Water Loss Analysis Program Progress Report; January 2009 Monitoring Report; Satisfaction of Commission Condition (Docket No. W-03476A-06-0425)

Dear Mr. Bozzo:

Pursuant to Arizona Corporation Commission’s (“Commission”) March 22, 2007 Decision No. 69379 (“Decision”) in the above-referenced docket, Aubrey Water Company (“Company”) hereby submits the following in compliance with the Decision:

- January 2009 Water Loss Analysis Program Progress Report (“Progress Report”)
- January 2009 Monitoring Report (“Monitoring Report”)

Please be advised that the Decision required the Company to implement all program recommendations needed to bring the water loss to less than 10 percent within 18 months of the effective date of the Decision.¹ As reflected in the Progress Report, the Company has implemented all of the program recommendations within the compliance period. Accordingly, the Commission should consider this requirement satisfied.

The Decision also required that if the Company’s “reduction of water loss to less than 10 percent is not achieved by December 31, 2008, the Company shall prepare a Revised Program which outlines procedures, steps, and time frames to achieve acceptable water losses” and file it with the Commission by February 28, 2009.² As the Monitoring Report indicates, the Company has not yet been able to achieve the 10 percent level. Accordingly, the Company will be

¹ See, Decision page 7, lines 7-10.

² See, Decision at page 7, lines 15-18.

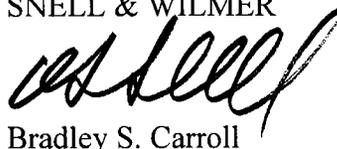
Brian Bozzo
January 30, 2009
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contacting Staff in the very near future to arrange a meeting to discuss a Revised Program, as well as other options that could be pursued to further reduce water loss.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

SNELL & WILMER



Bradley S. Carroll

Enclosure

cc: Docket Control (Original plus 13 copies)
Blaine Bilderback (via e-mail)
Bonnie O'Connor (via e-mail)
Elaine Byfield (via e-mail)
John Kennedy (via e-mail)

SOUTHWESTERN UTILITY MANAGEMENT, INC.

**PO BOX 85160
TUCSON, AZ 85754**

**520-623-5172
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January 30, 2009

Arizona Corporation Commission
Utilities Division
1200 W. Washington
Phoenix, Arizona 85007

**Re: *Aubrey Water Company's January 2009 Update to Its July 2008
Program Progress Report and January 2009 Monitoring Report
(Docket No. W-03476A-06-0425)***

January 2009 Program Report on the Water Loss Analysis Program

In regard to the above-referenced docket number, Aubrey Water Company (the "Company") hereby submits this update to its July 2008 Progress Report on the previously submitted Water Loss Analysis Program dated December 28, 2007 ("Program").

Step 1: Replace the south well meter. [COMPLETED – NO UPDATE]

As reported in the Company's January 2008 Progress Report, the south well meter was replaced November 27, 2007.

Step 2: Install a meter at the quarter machine. [COMPLETED – NO UPDATE]

A meter was installed on the quarter machine/down spout on May 5, 2008.

Step 3: Water meter replacement program. [PROGRAM IMPLEMENTED – UPDATE]

The Company has been replacing two to three unreadable or nonworking water meters per month and will continue to do so. Since the July 2008 Progress Report, the Company has replaced eight (8) water meters. In some instances, the Company has also had to replace the meter box and riser in addition to the meter. This increases the cost of the meter replacement. Because the Company's water system revenue varies from month-to-month, the Company replaces meters as financial resources permit.

Step 4: Inspection of the distribution infrastructure. [IMPLEMENTED - UPDATE]

The Company's onsite manager has been regularly inspecting the distribution infrastructure for water leaks and has repaired parts of the infrastructure. Since the July 2008 Progress Report, the Company has replaced/repaired 7 valves, repaired 5 main line leaks, replaced another 8 meters (as noted above), and installed 2 additional meters on water lines.

Step 5: Replace north well meter. [COMPLETED - UPDATE]

In the July 2008 Progress Report, the Company reported that it did not replace this well meter. Because the Company found a discrepancy between the meter readings of this meter and the 8" master meter, the Company replaced the north well meter on August 11, 2008.

Update on the Expansion of Water Loss Analysis Program

In addition to the steps listed in the Program as outlined above, the Company identified and added several items to the Program in its July 2008 Progress Report.

Item 1: Replace two transfer station pumps. [IN PROGRESS - UPDATE]

The Company has determined that it must replace two (2) transfer station pumps. After inspection of these two pumps earlier this year, the Company discovered that each pump is allowing a small stream of water to leak out. The Company hired Engineering and Environmental Consultants, Inc. ("EEC") to design the replacement of these leaking pumps and to obtain the necessary governmental permits. EEC has filed for an approval to construct with the Arizona Department of Environmental Quality. The pumps are scheduled to be shipped to the Company on January 30, 2009. An initial installation meeting is scheduled for February 5, 2009.

**Item 2: Place locks on fire hydrants at risk for unauthorized water withdrawals.
[IN PROGRESS - UPDATE]**

On September 11, 2008, the Company placed locks on four (4) fire hydrants that were at the greatest risk for unauthorized water withdrawals. The Company also purchased another hydrant meter that can be placed on fire hydrants to measure water that is withdrawn on a temporary basis for construction and other purposes. The Company has had good results working with contractors who previously took water from these hydrants. The contractors now obtain from the Company a construction meter to measure the amount of water they use.

Item 3: Replace rusted lines. [NO UPDATE]

The Company has identified approximately 1,300 feet of 4-inch line that should be replaced. The Company will complete this replacement as financial resources permit. 4 segments of this line that were identified as leaking have now been repaired.

Item 4: Replace fire hydrants. [COMPLETED – UPDATE]

The Company identified four (4) fire hydrants that needed replacement due to leaks. All four hydrants have been replaced. The Company's ongoing investigation determined that no other hydrants need replacement at this time.

January 2009 Monitoring Report

This attached updated report contains information covering the period December 4, 2007, through January 2, 2009.

WATER LOSS REPORT
2008

AUBREY WATER COMPANY
P.O. BOX 85160
TUCSON, ARIZONA 85754
(520) 623-5172

TOTAL GALLONS PUMPED	Year: 2008 GALLONS
12/4/07-1/1/08	3,461,400
1/1/08-2/1/08	3,043,900
2/1/08-3/1/08	2,944,800
3/1/08-4/3/08	3,478,700
4/3/08-5/1/08	3,784,200
5/1/08-6/2/08	5,133,400
6/2/08-7/1/08	6,508,700
7/1/08-8/2/08	6,078,300
8/2/08-9/2/08	6,129,300
9/2/08-10/3/08	4,791,700
10/3/08-11/3/08	3,978,900
11/3/08-12/1/08	2,999,900
12/1/08-1/3/09	3,073,100
TOTAL	55,406,300

North Well-Gallons Pumped PER MONTH	Year: 2008 GALLONS
12/4/07-1/1/08	1,000
1/1/08-2/1/08	3,043,600
2/1/08-3/1/08	500
3/1/08-4/3/08	3,469,000
4/3/08-5/1/08	22,300
5/1/08-6/2/08	4,637,400
6/2/08-7/1/08	1,026,600
7/1/08-8/2/08	672,100
8/2/08-9/2/08	4,819,900
9/2/08-10/3/08	2,184,700
10/3/08-11/3/08	3,435,100
11/3/08-12/1/08	1,844,700
12/1/08-1/3/09	3,073,100
TOTAL	28,230,000

South Well-Gallons Pumped PER MONTH	Year: 2008 GALLONS
12/4/07-1/1/08	3,460,400
1/1/08-2/1/08	300
2/1/08-3/1/08	2,944,300
3/1/08-4/3/08	9,700
4/3/08-5/1/08	3,761,900
5/1/08-6/2/08	496,000
6/2/08-7/1/08	5,482,100
7/1/08-8/2/08	5,406,200
8/2/08-9/2/08	1,309,400
9/2/08-10/3/08	2,607,000
10/3/08-11/3/08	543,800
11/3/08-12/1/08	1,155,200
12/1/08-1/3/09	0
TOTAL	27,176,300

TOTAL GALLONS SOLD	YEAR 2008
12/4/07-1/1/08	2,751,140
1/1/08-2/1/08	2,379,520
2/1/08-3/1/08	2,377,215
3/1/08-4/3/08	2,771,815
4/3/08-5/1/08	3,227,520
5/1/08-6/2/08	4,611,340
6/2/08-7/1/08	5,929,740
7/1/08-8/2/08	5,627,253
8/2/08-9/2/08	5,570,756
9/2/08-10/3/08	4,188,234
10/3/08-11/3/08	3,125,363
11/3/08-12/1/08	2,169,447
12/1/08-1/3/09	2,282,440
TOTAL	47,011,783

TOTAL GALLONS SOLD QUARTER MACHINE	YEAR 2008
12/4/07-1/1/08	264,000
1/1/08-2/1/08	251,400
2/1/08-3/1/08	248,000
3/1/08-4/3/08	352,000
4/3/08-5/1/08	372,000
5/1/08-6/2/08	416,000
6/2/08-7/1/08	564,520
7/1/08-8/2/08	478,910
8/2/08-9/2/08	435,940
9/2/08-10/3/08	431,590
10/3/08-11/3/08	342,450
11/3/08-12/1/08	320,730
12/1/08-1/3/09	256,610
TOTAL	4,734,150

TOTAL GALLONS SOLD INDIVIDUAL READINGS	YEAR 2008
12/4/07-1/1/08	2,487,140
1/1/08-2/1/08	2,128,120
2/1/08-3/1/08	2,129,215
3/1/08-4/3/08	2,419,815
4/3/08-5/1/08	2,855,520
5/1/08-6/2/08	4,195,340
6/2/08-7/1/08	5,365,220
7/1/08-8/2/08	5,148,343
8/2/08-9/2/08	5,134,816
9/2/08-10/3/08	3,756,644
10/3/08-11/3/08	2,782,913
11/3/08-12/1/08	1,848,717
12/1/08-1/3/09	2,025,830
TOTAL	42,277,633

WATER LOSS REPORT
2008

AUBREY WATER COMPANY
P.O. BOX 85160
TUCSON, ARIZONA 85754
(520) 623-5172

Date	WATER LOSS %
12/4/07-1/1/08	20.52%
1/1/08-2/1/08	21.83%
2/1/08-3/1/08	19.27%
3/1/08-4/3/08	20.32%
4/3/08-5/1/08	14.71%
5/1/08-6/2/08	10.17%
6/2/08-7/1/08	8.90%
7/1/08-8/2/08	7.42%
8/2/08-9/2/08	9.11%
9/2/08-10/3/08	12.59%
10/3/08-11/3/08	21.45%
11/3/08-12/1/08	27.68%
12/1/08-1/3/09	25.73%