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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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KRISTIN K. MAYES, Chairman  
GARY PIERCE  
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2009 MAR 12 A 9:00

AZ CORP COMMISSION  
DOCKET CONTROL

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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 PARADISE VALLEY WATER DISTRICT.

DOCKET NO. W-01303A-05-0405

DECISION NO. 68858

NOTICE OF COMPLIANCE FILING

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY FOR APPROVAL OF AN AGREEMENT WITH THE PARADISE VALLEY COUNTRY CLUB.

DOCKET NO. W-01303A-05-0910

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In compliance with Decision Nos. 68858, 68310, and 70560 Arizona American Water Company hereby files the attached 2008 Capital Structure Report.

RESPECTFULLY SUBMITTED on March 12, 2009.

Arizona Corporation Commission

DOCKETED

MAR 12 2009

DOCKETED BY *Ma*

Christopher D. Krygier  
Regulatory Compliance Analyst  
Arizona-American Water  
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19820 North 7<sup>th</sup> Street, Suite 201  
Phoenix, AZ 85024  
[Christopher.Krygier@amwater.com](mailto:Christopher.Krygier@amwater.com)  
623-445-2494

1 Original and 13 copies **filed**  
2 on March 12, 2009, with:

3  
4 Docket Control  
5 Arizona Corporation Commission  
6 1200 West Washington  
7 Phoenix, Arizona 85007

8  
9 Copies of the foregoing **emailed**  
10 on March 12, 2009 to:

11  
12 Brian K. Bozzo  
13 Compliance and Enforcement Manager  
14 Utilities Division  
15 1200 West Washington Street  
16 Phoenix, AZ 85007

Arizona American Water Company  
 Capital Structure for 2008 (Defined as equity, long-term debt and short-term debt)  
 \$ Millions  
 Compliance for Decision No. 68858, 68310, 70560

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Equity	135.1	134.7	132.8	151.4	150.7	153.9	154.7	155.3	155.2	153.8	155.6	154.5
LT Debt	194.8	194.8	194.8	194.8	194.8	194.8	194.8	194.7	194.7	194.7	194.7	186.2
ST Debt	18.8	17.6	44.7	28.5	29.8	36.9	37.3	43.9	45.1	44.1	52.1	51.2
<b>Total Capital</b>	<b>348.6</b>	<b>347.1</b>	<b>372.3</b>	<b>374.6</b>	<b>375.3</b>	<b>385.6</b>	<b>386.8</b>	<b>394.0</b>	<b>395.1</b>	<b>392.6</b>	<b>402.4</b>	<b>391.9</b>

Please note that ratemaking pro formas to remove the Tolleson obligation and include the Phoenix Interconnection are not reflected in Long-Term Debt.

Source: Arizona American Water Monthly Balance Sheet  
 Equity Lines B33 + B34+ B35  
 LT Debt Line B40  
 ST Debt Line B43

1 in Staff's AIF Tariff Schedule, and as further modified at the hearing, shall be approved.

2 IT IS FURTHER ORDERED that Arizona-American Water Company shall comply with all  
3 requirements discussed in this Order as a condition of approval of the Arsenic Cost Recovery  
4 Mechanism.

5 IT IS FURTHER ORDERED that Arizona-American Water Company shall file a plan with  
6 Docket Control by December 31, 2005 that describes how the Company expects to attain and  
7 maintain a capital structure (equity, long-term debt, and short-term debt) with equity representing  
8 between 40 and 60 percent of total capital.

9 IT IS FURTHER ORDERED that Arizona-American Water Company shall file, by April 1<sup>st</sup>  
10 of each year subsequent to any year in which it collects surcharges under an ACRM, a report with  
11 the Utilities Division Director showing the Company's ending capital structure by month for the  
12 prior year

13 IT IS FURTHER ORDERED that Arizona-American Water Company shall modify the rate  
14 base calculation for the Havasu Water District to explicitly show a deduction for Arsenic Impact Fee  
15 collections.

16 IT IS FURTHER ORDERED that, as part of the Earnings Test schedule filed in support of the  
17 ACRM, Arizona-American Water Company shall incorporate adjustments conforming to Decision  
18 No. 67093.

19 IT IS FURTHER ORDERED that Arizona-American Water Company shall file the schedules  
20 discussed in its application, as modified by Staff's recommendations herein. Microsoft Excel or  
21 compatible electronic versions of the filings and all work papers should be filed concurrently with all  
22 ACRM filings.

23 IT IS FURTHER ORDERED that Arizona-American Water Company shall file permanent  
24 rate applications for its Sun City West, Agua Fria, and Havasu districts by no later than April 30,  
25 2008, based on a 2007 test year.

26 IT IS FURTHER ORDERED that, for the Havasu District, Arizona-American Water  
27 Company shall file with Docket Control by January 31<sup>st</sup> of each year, an annual calendar year status  
28 report, until the AIF Tariff is no longer in effect. The status report shall contain a list of all

1 Residential Customers:

2 All residential customers with usage in the second and third tier  
3 will pay a surcharge on second and third tier usage.

4 All usage in the second and third tier, in addition to normal  
5 second and third tier charges

6 From October 1, 2007 until recovery of fire flow projects is complete \$1.00 per 1,000 gallons

7 Commercial Customers:

8 All commercial customers with usage in the second tier  
9 will pay a surcharge on second tier usage.

10 All usage in the second tier, in addition to normal second tier charges

11 From October 1, 2007 until recovery of fire flow projects is complete \$1.00 per 1,000 gallons

12 IT IS FURTHER ORDERED that the revised schedule of rates and charges shall be effective  
13 for all service rendered on and after August 1, 2006.

14 IT IS FURTHER ORDERED that Arizona-American Water Company shall notify its affected  
15 customers of the revised schedules of rates and charges authorized herein by means of an insert in its  
16 next regularly scheduled billing in a form and manner acceptable to the Commission's Utilities  
17 Division Staff.

18 IT IS FURTHER ORDERED that Arizona-American Water Company's request for authority  
19 to implement an ACRM is approved, to the extent described herein.

20 IT IS FURTHER ORDERED that Arizona-American Water Company shall comply with all  
21 requirements discussed in this Order as a condition of approval of the Arsenic Cost Recovery  
22 Mechanism.

23 IT IS FURTHER ORDERED that Arizona-American Water Company shall file, by July 1st of  
24 each year subsequent to any year in which it collects surcharges under an ACRM, a report with  
25 Docket Control showing the Company's ending capital structure (equity, long-term debt, and short-  
26 term debt) by month for the prior year.

27 IT IS FURTHER ORDERED that, as part of the Earnings Test schedule filed in support of the  
28 ACRM, Arizona-American Water Company shall incorporate adjustments conforming to Decision

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IT IS FURTHER ORDERED that Arizona-American Water Company shall file, by April 1<sup>st</sup> of each year subsequent to any year in which it collects surcharges under an ACRM, a report with, Docket Control, as a compliance item in this docket, showing the Company's ending capital structure by month for the prior year.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

*Samuel S. Blanton*

CHAIRMAN

*William M. Miley*

COMMISSIONER

*Jeffrey M. Hertz-Miller*

COMMISSIONER

*[Signature]*

COMMISSIONER

*Gary S. Stein*

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 23<sup>rd</sup> day of October, 2008.

*[Signature]*  
BRIAN C. McNEIL  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EGJ:GB:lhm\MAS