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BEFORE THE ARIZONA CORPORATION COMMISSION

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KRISTIN K. MAYES
Chairman

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GARY PIERCE
Commissioner

AZ CORP COMMISSION
DOCKET CONTROL

PAUL NEWMAN
Commissioner

Arizona Corporation Commission
DOCKETED

SANDRA D. KENNEDY
Commissioner

MAR 16 2010

BOB STUMP
Commissioner

DOCKETED BY [Signature]

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 ANTHEM)
WATER DISTRICT AND ITS SUN CITY)
WATER DISTRICT.)

DOCKET NO. W-01303A-09-0343

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)
ANTHEM/AGUA FRIA WASTEWATER)
DISTRICT, ITS SUN CITY WASTEWATER)
DISTRICT AND ITS SUN CITY WEST)
WASTEWATER DISTRICT.)

DOCKET NO. SW-01303A-09-0343

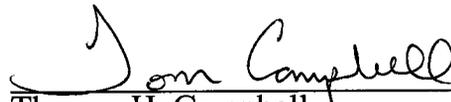
NOTICE OF FILING FORM OF NOTICE

As ordered by Administrative Law Judge Wolfe at the March 12, 2010 Procedural Conference, attached is a proposed form of notice addressing the issue of consolidation. Arizona-American circulated this form of notice to all parties to this proceeding and incorporated all comments received from the parties as of this date. With regard to the timing of the mailing of a

1 customer notice, Arizona-American can mail a notice to each of its customers within ten business
2 days of the issuance of a Procedural Order with the exact form of notice to be provided.

3
4 RESPECTFULLY SUBMITTED this 16th day of March, 2010.

5 LEWIS AND ROCA LLP

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7 

8 Thomas H. Campbell
9 Michael T. Hallam
40 North Central Avenue
Phoenix, AZ 85004

10 Attorneys for Arizona-American Water Company

11 ORIGINAL and thirteen (13) copies
12 of the foregoing filed this 16th day
13 of March, 2010, with:

14 The Arizona Corporation Commission
15 Utilities Division – Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007

16 Copy of the foregoing hand-delivered
17 this 16th day of March, 2010, to:

18 Steve Olea
19 Utilities Division
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

20 Teena Wolfe, Administrative Law Judge
21 Hearing Division
Arizona Corporation Commission
22 1200 W. Washington Street
Phoenix, Arizona 85007

23 Robin Mitchell
24 Maureen Scott
Legal Division
25 Arizona Corporation Commission
1200 W. Washington Street
26 Phoenix, Arizona 85007

1 Copy of the foregoing mailed
2 this 16th day of March, 2010, to:

3 Judith M. Dworkin
4 Sacks Tierney PA
5 4250 N. Drinkwater Blvd., Fourth Floor
6 Scottsdale, AZ 85251-3693
7 Attorney for Anthem Community Council

Lawrence V. Robertson, Jr.
P.O. Box 1448
Tubac, AZ 85646-1448
Attorney for Anthem Community Council

8 Daniel W. Pozefsky, Chief Counsel
9 Residential Utility Consumer Office
10 1110 West Washington Street
11 Suite 220
12 Phoenix, Arizona 85007

Desi Howe
Anthem Golf and Country Club
2708 W. Anthem Club Drive
Anthem, AZ 85086

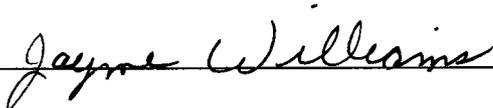
13 Larry Woods
14 Property Owners and Residents Assoc.
15 13815 E. Camino Del Sol
16 Sun City West, AZ 85375-4409

Bradley J. Herrema
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17 W.R. Hansen
18 12302 W. Swallow Drive
19 Sun City West, AZ 85375

Greg Patterson
Water Utility Association of Arizona
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Phoenix, AZ 85007

20 Andrew M. Miller
21 Town Attorney
22 Town of Paradise Valley
23 6401 E. Lincoln Drive
24 Paradise Valley, AZ 85253

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26


**PUBLIC NOTICE TO ALL CUSTOMERS OF ARIZONA-AMERICAN WATER
COMPANY OF A HEARING ON RATE CONSOLIDATION PROPOSALS FOR
POSSIBLE RATE CHANGES FOR UTILITY SERVICE IN ALL OF ITS ARIZONA
DISTRICTS.**

DOCKET NOS. W-01303A-09-0343 AND SW-01303A-09-0343

Summary

On July 2, 2009, Arizona-American Water Company ("Company") filed an application with the Arizona Corporation Commission ("Commission") for permanent revenue increases for its following districts: Anthem Water District, Sun City Water District, Anthem/Agua Fria Wastewater District, Sun City Wastewater District, and Sun City West Wastewater District (the "Pending Rate Case"). In Decision No. 71410, dated December 8, 2009, the Commission approved a rate increase for the Company's Agua Fria Water District, Havasu Water District, Mohave Water District, Paradise Valley Water District, Tubac Water District, Sun City West Water District, and Mohave Wastewater District. In Decision No. 71410, **the Commission ordered the Commission's Utilities Division Staff ("Staff") to propose at least one rate consolidation proposal in the Company's July 2, 2009 Rate Case ("Pending Rate Case").** Pursuant to Decision No. 71410 and the schedule in the Pending Rate Case, Commission Staff will file at least one rate consolidation proposal on or before **March 29, 2010. If approved by the Commission, this proposal may impact the rates of every Arizona-American water and wastewater customer – either increase or decrease.** The Residential Utility Consumer Office is also a party to this proceeding and will also analyze the application and make recommendations to the Commission. The Commission will determine the appropriate relief to be granted based on the evidence presented by the parties. The Commission is not bound by the proposals made by Commission Staff, Arizona-American, or any intervenors; therefore the final rates approved by the Commission may be higher or lower than the rates requested by Arizona-American in the Pending Rate Case and may or may not include a form of rate consolidation.

Rate Consolidation

Currently, the Company's rates are unique for each of its Arizona Districts and the existing rates reflect the differing cost to serve each geographic area. Alternatively, rate consolidation is the process of combining two or more districts for the purpose of averaging the differing rates into a single rate for comparable customers (i.e., residential customers). Therefore, instead of charging a different rate to customers in different Districts, all comparable customers would pay the same rate for the same water usage. Presently, Arizona-American's existing district-specific residential rates for typical use water customers result in average bills ranging from a low of \$16.73 per month in Sun City Water District to a high of \$58.59 per month in Tubac Water District.

How You Can View or Obtain a Copy of the Rate Consolidation Proposal

Copies of the rate consolidation proposal filed by Commission Staff will be available from Arizona-American, 2355 W. Pinnacle Peak Road, Suite 300, Phoenix, AZ 85027 and at the Commission's Docket Control Center, 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours and on the internet via the Commission's website (www.azcc.gov) using the e-docket function after March 29, 2010.

Arizona Corporation Commission Public Hearing Information

As part of the Pending Rate Case, responsive testimony on rate consolidation from intervenors will be due **May __, 2010**. The Commission will hold a hearing on the matter of rate consolidation and rate design beginning **May __, 2010**, at the Commission's offices, 1200 West Washington, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Other public comment times may be established by the Commission and posted on the Commission's website. Written public comments may be submitted by mailing a letter referencing Docket No. W-01303A-09-0343 and WS-01303A-09-0343 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail to Mailmaster@azcc.gov. For a form to use and instructions on how to e-mail comments to the Commission, please go to <http://www.azcc.gov/Divisions/Utilities/forms/PublicCommentForm.pdf>. If you require assistance, you may contact the Consumer Services Section at 602-542-4251 or 1-800-222-7000.

About Intervention

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you wish to intervene, you must file an original and 13 copies of a written motion to intervene with the Commission no later than **April __, 2010** and send a copy of the motion to intervene to Arizona-American or its counsel and to all parties of record. Your motion to intervene must contain the following:

1. Your name, address, and telephone number and the name, address and telephone number of any party upon whom service of documents is to be made if not yourself;
2. A short statement of your interest in the proceeding (e.g., a customer of Arizona-American, a shareholder of Arizona-American, etc.); and
3. A statement certifying that you have mailed a copy of the motion to intervene to Arizona-American or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before **April __, 2010**. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case.

ADA/Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Shaylin Bernal, at sabernal@azcc.gov, voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.