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March 24, 2010

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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
Utilities Division - Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007

Re: Re: In the Matter of Arizona-American Water Company
Docket Nos: W-01303A-09-0343; SW-01303A-09-0343

Docket Control:

Arizona-American recently received the attached letter from customers in Tubac expressing their views on the issue of consolidation.

Very truly yours,

Michael T. Hallam

MTH/jw

cc: Parties of record

Arizona Corporation Commission
DOCKETED

MAR 24 2010

DOCKETED BY

Mr. Miles H. Kfiger
Rate Analyst
Arizona-American Water Company
2355 Pinnacle Peak Road, Suite 300
Phoenix, AZ 85027

Reference:
Arizona Corporation Commission
Docket No. W-01303A-08-0227

Dear Mr. Kfiger:

We are Col. and Mrs. Richard Toye. We are residential customers of Arizona-American Water Company (AAWC) in Tubac, AZ. We are writing to express our strong support for consolidation of all AAWC rates for its various systems throughout Arizona.

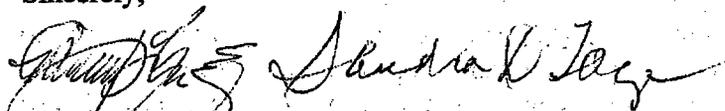
As background, we were part of the Tubac group that worked with AAWC to obtain a grant for part of our new Arsenic Removal Facility and to secure a below market interest rate for the remainder of the facility's cost. We wish to thank AAWC for all of its hard work to obtain this financial help and for finding innovative ways to minimize the facility's overall costs.

Through this joint effort, we believe our small town of Tubac has shown a willingness to roll up its sleeves and find funding for much of the AAWC arsenic infrastructure costs here. Were consolidation to take place, our work will have minimized the Tubac portion of infrastructure costs to be spread over AAWC's Arizona customer base. In other words, we have already saved well over \$1 million in costs and have obtained below market rates for another \$1 million. We bring that proud record of recent accomplishment to the consolidation table.

For AAWC's Tubac facility, consolidation is essential. Tubac has only 532 ratepayers and simply cannot afford large costs that AAWC may some day be required to make in the local system. Consolidation will make it possible to pay for whatever costs AAWC may incur here by spreading them over a much larger customer base, raising others' costs by a very small amount. We, of course, would have to share in paying for others' costs as well.

In summary, we support consolidation. Tubac has shown its willingness to work very hard to pay for infrastructure. But in the future there will be limits as to what so few ratepayers can afford. For you as our source of water and for Tubac consolidation is essential.

Sincerely,


Sandra and Richard Toye