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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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Commissioner

SANDRA D. KENNEDY
Commissioner

BOB STUMP
Commissioner

Arizona Corporation Commission
DOCKETED
JUL 29 2010
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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 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

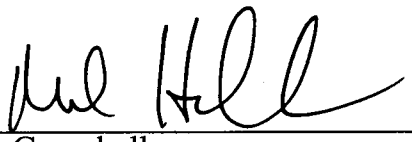
NOTICE REGARDING TOWN HALL MEETINGS

Arizona-American Water Company submits this filing to notify the Commission and the parties in this proceeding that it has completed the additional Town

Hall meetings set forth in its June 30, 2010 filing. Attached to this filing are an example of the slide presentation made and handout distributed to attendees of the meetings.

RESPECTFULLY SUBMITTED this 29th day of July, 2010.

LEWIS AND ROCA LLP



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Attorneys for Arizona-American Water Company

ORIGINAL and thirteen (13) copies of the foregoing filed this 29th day of July, 2010, with:

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

Copy of the foregoing hand-delivered this 29th day of July, 2010, to:

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

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

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

Copy of the foregoing mailed/emailed this
29th day of July, 2010, to:

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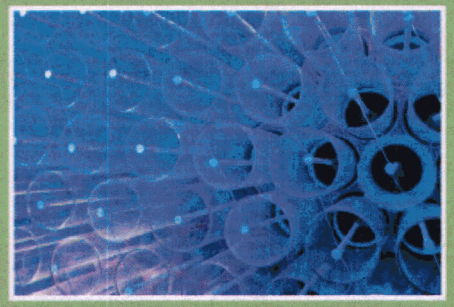
ARIZONA
AMERICAN WATER

TOWN HALL MEETING

Water & Wastewater Rate Consolidation

July 2010



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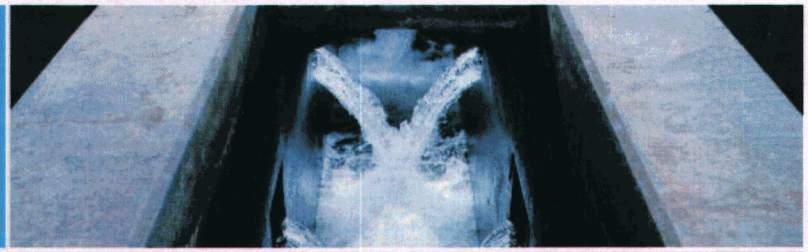

Background

- Arizona American Water operates as a state-wide water & wastewater utility Company. However, the rates it charges customers are unique by district.
- The Arizona Corporation Commission (ACC) requested the "predicted impacts" of rate consolidation in November 2008 during a pending rate case.
- The ACC left "open" this rate case for purposes of further evaluating rate consolidation in the Company's next (now pending) rate case.
- All customers received a public notice in the mail March 2010.
- The ACC required the Company to host town-hall meetings to explain rate consolidation.

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Rate Consolidation Defined

- The process of averaging the unique rates for each district into a single rate for like customers.
- Existing residential customer typical monthly ***water*** bills vary from $16.73 (Sun City) to $58.59 (Tubac).
- Existing residential customer typical monthly ***wastewater*** bills vary from $13.69 (Sun City) to $56.55 (Mohave).
- APS, Arizona's largest electric utility, has consolidated rates, as do most other utilities in most other states (gas, electric, telephone, cable).

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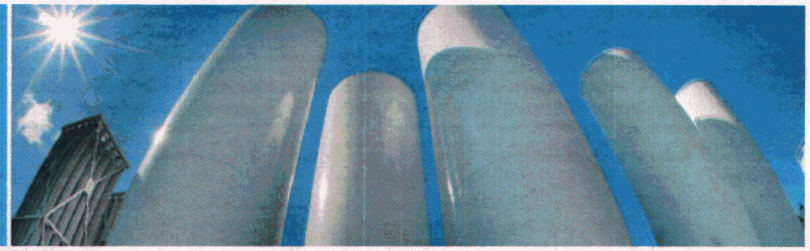

Consolidation Proposals Submitted in the Recent Rate Hearing

- Final positions were submitted June 25, 2010.
- Several interveners support continuing district specific rates (including Commission Staff & RUCO) and others requested their districts be allowed to opt-out of consolidation.
- Several interveners evaluated alternative consolidation scenarios including Arizona American Water, an intervener from Tubac, the Anthem Community Council and Commission Staff.
- Extensive public comment was submitted throughout the case.
- All proposals available at www.azcc.gov under "edocket."

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Key Features of Some Rate Consolidation Proposals

- Gradual transition to consolidated rates in up to 5 steps.
- 5 residential rate tiers instead of existing 3 tiers to further incentivize conservation.
- Reduced residential 1 inch meter monthly minimum charge.
- Commission scenarios excluded Sun City and Sun City West from consolidation.

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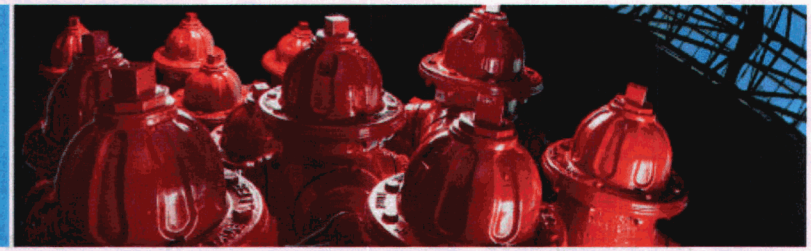

Current Relative Rate Situation

- Relatively lower residential rates in Sun City and Mohave.
- Relatively average residential rates in Paradise Valley, Sun City West, Agua Fria.
- Relatively higher residential rates in Tubac, Anthem, and Havasu.

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Summary of Rate Consolidation Proposals

- Based on existing and Company proposed rates.
- State-wide typical consolidated residential water bill $28.79 per month @ 7,000 gallons usage.
- Excluding Sun City, balance of state, consolidated residential = $33.09 per month.
- Excluding Sun City and Sun City West, balance of state, consolidated residential = $33.14 per month.
- See handout for detailed information for your district.

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Next Steps – Rate Consolidation

- The hearing concluded June 3, 2010.
- An ACC judge will issue a recommended order (estimated October 2010).
- Parties may file exceptions to recommended order in the form of amendments (estimated November 2010).
- Parties make last arguments at ACC open meeting (estimated November 2010).
- Members of public and interveners make last comments at same ACC open meeting.

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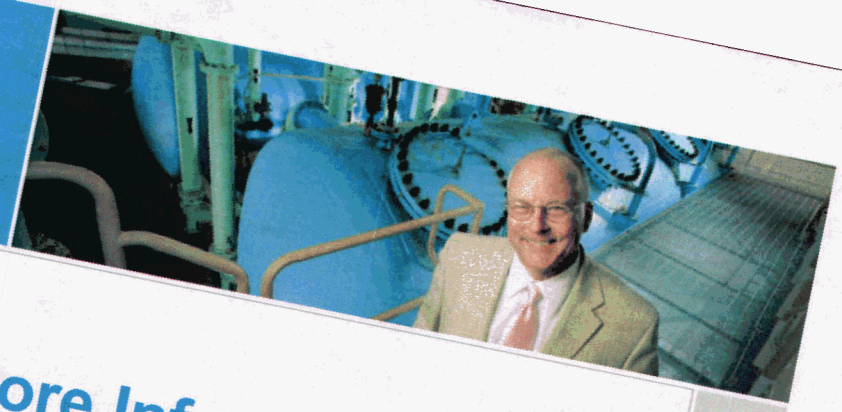

Questions? Feedback? Or Need More Information?

- Sign this meeting's sign-in sheet and fill out question form
- Write a letter or send an e-mail to the ACC.
- Provide public comment at the future open meeting.
- Contact an intervener representing your district or your opinion to learn more.
- Download any case document from "edocket" at www.azcc.gov.
- Obtain information on rates for other Arizona water utilities at www.azwifa.gov.
- Contact the Company at azrates@amwater.com or 623-445-2458, Tom Broderick, Rates Director.

Arizona American Water Town Hall Meeting
Water & Wastewater Rate Consolidation

Case Docket No. W-01303A-09-0343 (Water) and
Case Docket No. SW-01301A-09-0343 (Wastewater)
July, 2010

Hand Out on Consolidation Scenarios
Prepared by Arizona American Water

If you have follow up questions, please call:
Arizona American Water Rates Department at
(623) 445-2458 or email us at azrates@amwater.com.

The Arizona Corporation Commission can be reached at:
1200 West Washington, Phoenix, AZ 85007
www.azcc.gov or consumer services at (602) 542-4251.

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(800) 383-0834
www.arizonaamwater.com
We care about water. It's what we do.

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MEDIAN BILL CHANGES THROUGH RATE CONSOLIDATION
v4 All Districts

RESIDENTIAL									
District	Sun City	Sun City West	Agua Fria	Anthem	Tubac	Mohave	Havasu	Paradise Valley	Paradise Valley
Rate Schedule	A1M1A	B1M1A	C1M1A	E1M1A	F1M1A	G1M1A	H1M1A	P1M1A	P1M1A
Meter Size	5/8 x 3/4"	5/8 x 3/4"	5/8 x 3/4"	5/8 x 3/4"	5/8 x 3/4"	5/8 x 3/4"	5/8 x 3/4"	5/8"	3/4"
Median Usage	7,000	6,000	6,000	8,000	7,000	5,000	5,000	11,000	10,000
Current Bill	$15.46	$30.34	$26.60	$34.20	$42.40	$13.88	$35.88	$37.90	$37.66
Proposed Stand Alone	$18.64			$65.41					
Proposed Consolidated									
Step 1	$21.17	$29.23	$27.92	$66.98	$42.48	$15.03	$29.56	$35.33	$32.61
Step 2	$23.07	$28.49	$27.51	$58.07	$39.06	$17.21	$28.10	$36.35	$33.56
Step 3	$24.98	$27.74	$27.09	$49.15	$35.63	$19.38	$26.64	$37.38	$34.50
Step 4	$26.88	$27.00	$26.67	$40.24	$32.21	$21.55	$25.18	$38.40	$35.45
Step 5	$28.79	$26.26	$26.26	$31.33	$28.79	$23.72	$23.72	$39.43	$36.40
Step 5 vs Current Bill	86.2%	-13.5%	-1.3%	-8.4%	-32.1%	70.9%	-33.9%	4.0%	-3.4%
Districts more than 50%									
Dollar Change per month	$13.33					$9.84			
$ Change per 1,000 gals	$1.90					$1.97			

DIFFERENCES IN TIER BREAKS									
Residential 5/8" x 3/4" Number of Bills	237,672	168,628	329,007	57,197	5,411	177,298	18,982	26,811	369
Blocks - Non-Consolidates and Present									
First	3,000	4,000	4,000	4,000	3,000	4,000	4,000	5,000	5,000
Next	7,000	11,000	9,000	6,000	7,000	6,000	9,000	10,000	10,000
Next					10,000			25,000	25,000
Next								40,000	40,000
Over	10,000	15,000	13,000	10,000	20,000	10,000	13,000	80,000	80,000
Blocks - Consolidated									
First	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Next	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Next	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Next	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Over	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000

ARIZONA AMERICAN
MEDIAN BILL CHANGES THROUGH RATE CONSOLIDATION
v4 without Sun City

RESIDENTIAL												
District	Sun City	Sun City West	Agua Fria	Anthem	Tubac	Mohave	Havasu	Paradise Valley	Paradise Valley	Agua Fria	Anthem	Paradise Valley
Rate Schedule	A1M1A	B1M1A	C1M1A	E1M1A	F1M1A	G1M1A	H1M1A	P1M1A	P1M1A	C1M1B	E1M1B	P1M1A
Meter Size	5/8 x 3/4"	5/8 x 3/4"	5/8 x 3/4"	5/8 x 3/4"	5/8 x 3/4"	5/8 x 3/4"	5/8 x 3/4"	5/8"	3/4"	1"	1"	1"
Median Usage	7,000	6,000	6,000	8,000	7,000	5,000	5,000	11,000	10,000	7,000	9,000	40,000
Current Bill	$15.46	$30.34	$26.60	$34.20	$42.40	$13.88	$35.88	$37.90	$37.66	$53.76	$61.09	$123.05
Proposed Stand Alone	$18.64			$65.41							$116.84	
Proposed Consolidated												
Step 1		$30.75	$29.93	$70.07	$44.67	$16.42	$32.08	$38.13	$35.49	$37.30	$84.87	$125.77
Step 2		$30.70	$30.09	$61.46	$41.78	$19.32	$31.07	$39.53	$36.79	$37.49	$74.44	$130.39
Step 3		$30.65	$30.24	$52.85	$38.88	$22.22	$30.05	$40.93	$38.09	$37.69	$64.01	$135.00
Step 4		$30.60	$30.40	$44.24	$35.99	$25.12	$29.04	$42.33	$39.39	$37.88	$53.58	$139.62
Step 5		$30.56	$30.56	$35.63	$33.09	$28.02	$28.02	$43.73	$40.70	$40.70	$43.15	$144.23
Step 5 vs Current Bill		0.7%	14.9%	4.2%	-22.0%	101.8%	-21.9%	15.4%	8.1%	-24.3%	-29.4%	17.2%
Districts more than 50%												
Dollar Change per Month						$14.14						
$ Change per 1,000 gallons						$2.83						

ARIZONA AMERICAN
MEDIAN BILL CHANGES THROUGH RATE CONSOLIDATION
v4 without Sun City and Sun City West

RESIDENTIAL												
District	Sun City	Sun City West	Agua Fria	Anthem	Tubac	Mohave	Havasu	Paradise Valley	Paradise Valley	Agua Fria	Anthem	Paradise Valley
Rate Schedule	A1M1A	B1M1A	C1M1A	E1M1A	F1M1A	G1M1A	H1M1A	P1M1A	P1M1A	C1M1B	E1M1B	P1M1A
Meter Size	5/8 x 3/4"	5/8 x 3/4"	5/8 x 3/4"	5/8 x 3/4"	5/8 x 3/4"	5/8 x 3/4"	5/8 x 3/4"	5/8"	3/4"	1"	1"	1"
Median Usage	7,000	6,000	6,000	8,000	7,000	5,000	5,000	11,000	10,000	7,000	9,000	40,000
Current Bill	$15.46	$30.34	$26.60	$34.20	$42.40	$13.88	$35.88	$37.90	$37.66	$53.76	$61.09	$123.05
Proposed Stand Alone	$18.64			$65.41							$116.84	
Proposed Consolidated												
Step 1			$30.10	$69.35	$45.07	$16.53	$32.22	$38.00	$35.37	$37.51	$84.00	$125.25
Step 2			$30.22	$60.93	$42.09	$19.42	$31.19	$39.45	$36.71	$37.67	$73.80	$130.01
Step 3			$30.35	$52.51	$39.11	$22.30	$30.15	$40.89	$38.06	$37.82	$63.61	$134.77
Step 4			$30.48	$44.09	$36.12	$25.19	$29.11	$42.34	$39.40	$37.98	$53.41	$139.53
Step 5			$30.61	$35.68	$33.14	$28.07	$28.07	$43.78	$40.75	$40.75	$43.21	$144.30
Step 5 vs Current Bill			15.0%	4.3%	-21.8%	102.2%	-21.8%	15.5%	8.2%	-24.2%	-29.3%	17.3%
Districts more than 50%												
Dollar Change per Month						$14.19						
$ Change per 1,000 gallons						$2.84						

ARIZONA AMERICAN
MEDIAN BILL CHANGES THROUGH RATE CONSOLIDATION
v4 All Districts

RESIDENTIAL SEWER - FLAT RATE

District	Sun City	Sun City West	Anthem/ Agua Fria	Mohave	Sun City	Sun City	Sun City West
Rate Schedule	A1S1A, 2A	B1S1A	E1MS1	P1MS1	A1S1B	A1S1D	B1S1D
Meter Size	5/8" x 3/4"	5/8" x 3/4"	5/8" x 3/4"	5/8" x 3/4"	1"	2"	2"
Median Usage			7,000				
Current Bill	$13.69	$25.01	$52.12	$56.55	$34.23	$109.52	$200.08
Proposed Stand Alone	$18.58	$ 31.64	$ 84.08		$46.45	$148.63	$ 253.09
Proposed Consoldiated							
Step 1	$22.05	$32.94	$66.85	$51.45	$27.56	$94.50	$141.15
Step 2	$25.29	$33.45	$58.89	$47.34	$31.61	$108.38	$143.36
Step 3	$28.53	$33.97	$50.93	$43.23	$35.66	$122.25	$145.58
Step 4	$31.76	$34.48	$42.96	$39.11	$39.70	$136.13	$147.79
Step 5	$35.00	$35.00	$35.00	$35.00	$43.75	$150.00	$150.00
Step 5 vs Current Bill	155.7%	39.9%	-32.8%	-38.1%	27.8%	37.0%	-25.0%
Step 5 vs Stand Alone	88.4%	10.6%	-58.4%		-5.8%	0.9%	-40.7%
Dollar Change per Month		$9.99					
		$3.36					