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Arizona Corporation Commission

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IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY,
NOTICE OF STEP-ONE ACRM FILING
FOR ITS TUBAC WATER DISTRICT

DOCKET NOS. WS-01303A-02-0867
WS-01303A-02-0869
WS-01303A-02-0870
WS-01303A-05-0280

COMMENTS AND EXCEPTIONS OF
ARIZONA-AMERICAN WATER COMPANY

Arizona-American Water Company (the "Company") files these comments in response to the Exceptions filed by Marshall Magruder on August 18, 2010. Mr. Magruder's exceptions demonstrate a misunderstanding of the purpose of the ACRM Step 2. ACRM Step 2 is meant to recover the on-going and 12-month deferred arsenic O&M expenses. Despite Mr. Magruder's assumption to the contrary, the Tubac ACRM revenue requirement is **not** included in the Company's (or any party's) rate consolidation model's in the Company's pending rate case (Docket No. 09-0343). As noted by the Company throughout the proceeding in Docket No. 09-0343, the consolidation model is based on both the revenue requirement in Docket No. 08-0227 as approved in Decision No. 71410 (which included the Tubac Water District) and the revenue requirement in Docket No. 09-0343. Mr. Magruder has been on notice that rate consolidation and Tubac's ACRM are

1 procedurally separate items, and it is inappropriate to discontinue the ACRM as Mr.
2 Magruder proposes.

3 It is the Company's position that Tubac's ACRM should be established as
4 (and remain as) a stand-alone item not addressed in the initial rate consolidation of the
5 Company's systems. The Commission has not fully addressed consolidation in Docket No.
6 09-0343 and that issue should not delay the implementation of Step 2 of the Tubac ACRM.

7
8 RESPECTFULLY SUBMITTED this 20th day of August, 2010.

9 LEWIS AND ROCA LLP
10 
11 _____
12 Thomas H. Campbell
13 Michael T. Hallam
14 40 North Central Avenue
15 Phoenix, AZ 85004
16 Attorneys for Arizona-American Water Company

15 ORIGINAL and nineteen (19) copies
16 of the foregoing filed this 20th day
17 August, 2010, with:

17 The Arizona Corporation Commission
18 Utilities Division – Docket Control
19 1200 W. Washington Street
20 Phoenix, Arizona 85007

20 Copy of the foregoing hand-delivered
21 this 20th day of August, 2010, to:

21 Lyn Farmer, Chief Administrative Law Judge
22 Hearing Division
23 Arizona Corporation Commission
24 1200 W. Washington Street
25 Phoenix, Arizona 85007

24 Steve Olea
25 Utilities Division
26 Arizona Corporation Commission
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4 Copy of the foregoing emailed this
20th day of August 2010, to:

5 Marshall Magruder
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