

OPEN MEETING ITEM



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COMMISSIONERS  
GARY PIERCE - Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS



Executive Director  
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ARIZONA CORPORATION COMMISSION

2011 SEP 14 P 12:34

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: SEPTEMBER 14, 2011

DOCKET NOS.: W-01303A-08-0227 and SW-01303A-08-0227

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Teena Jibilian. The recommendation has been filed in the form of an Order on:

ARIZONA-AMERICAN WATER COMPANY  
(DEADLINE TO FILE TARIFFS – DECISION NO. 71410)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by 4:00 p.m. on or before:

SEPTEMBER 23, 2011

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

OCTOBER 11, 2011 and OCTOBER 12, 2011

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602) 542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission  
DOCKETED

SEP 14 2011

DOCKETED BY

ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

1200 WEST WASHINGTON STREET, PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET, TUCSON, ARIZONA 85701-1347  
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This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail SABernal@azcc.gov

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

COMMISSIONERS

GARY PIERCE - Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

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 AGUA FRIA WATER DISTRICT, HAVASU WATER DISTRICT, MOHAVE WATER DISTRICT, PARADISE VALLEY WATER DISTRICT, SUN CITY WEST WATER DISTRICT AND TUBAC WATER DISTRICT.

DOCKET NO. W-01303A-08-0227

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 MOHAVE WASTEWATER DISTRICT.

DOCKET NO. SW-01303A-08-0227

**ORDER**

Open Meeting  
October 11 and 12, 2011  
Phoenix, Arizona

**BY THE COMMISSION:**

\* \* \* \* \*

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

**FINDINGS OF FACT**

1. On May 2, 2008, Arizona-American Water Company ("Arizona-American" or "Company") filed an application for a rate increase and on June 20, 2008, filed the above-captioned Revised Application.

1           2.       On December 8, 2009, the Arizona Corporation Commission (“Commission”) issued  
2 Decision No. 71410, approving new rates and charges for the affected districts.

3           3.       Among other things, Decision No. 71410 ordered Arizona-American to work with  
4 Staff to develop and file a low-income tariff in this docket by December 31, 2009, for Commission  
5 consideration.

6           4.       On June 9, 2011, Arizona-American filed a Status Report and Request for Extension  
7 of Time to Comply until July 29, 2011.

8           5.       On July 27, 2011, Arizona-American filed an Updated Status Report and Request for  
9 Extension of Time to Comply (“Request”). In its Request, Arizona-American states that following  
10 additional discussions with Commission Staff, it believes that a much longer extension is necessary  
11 and appropriate and therefore withdraws its request for the July 29, 2011, extension and requests  
12 instead an extension to December 31, 2014.

13           6.       On August 19, 2011, Staff filed a response to the Request (“Response”).

14           7.       On August 29, 2011, Marshall Magruder filed a document titled Comments on New  
15 Issues, Conclusions and Recommendations. In regard to low income tariffs, Mr. Magruder opines  
16 that separate low income tariffs are discriminatory, and therefore not cost-effective or just and  
17 reasonable. Mr. Magruder recommends that the next Arizona-American rate case filing include a rate  
18 design with low first tier service and consumption charges for all customers, in lieu of a low income  
19 tariff.

20           8.       On September 8, 2011, the Company filed a Response to Mr. Magruder’s comments.  
21 The Company states that Mr. Magruder’s proposal was fully considered in the Company’s most  
22 recent rate case, in Docket No. W-01303A-09-0343.

23           9.       In Staff’s Response, Staff states that in compliance with Decision No. 71410, the  
24 Company, in consultation with Staff, has been working to develop low income tariffs for its Agua  
25 Fria, Mohave, Havasu, Paradise Valley, Sun City West, and Tubac districts. Staff states that the new  
26 tariffs may require a change in the rates currently authorized under the Company’s existing tariffs,  
27 and for that reason, Staff believes it would be more appropriate to approve the tariffs, and any  
28 necessary changes in rates to support the tariffs, within a general rate case.



1 Arizona-American Water Company to file low income tariffs for Commission consideration is hereby  
2 extended to December 31, 2012, for its Agua Fria, Havasu and Mohave Water districts in order to  
3 allow time for Arizona-American to file and seek approval of low income tariffs for those districts in  
4 its pending rate case in Docket No. W-01303A-10-0448.

5 IT IS FURTHER ORDERED that the time deadline set in Decision No. 71410 for Arizona-  
6 American Water Company to file low income tariffs for Commission consideration is hereby  
7 extended to December 31, 2015, for its Paradise Valley, Sun City West, and Tubac districts in order  
8 to allow time for Arizona-American to file and seek approval of low income tariffs for those districts  
9 in the next rate case it files that includes those districts.

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

11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

12  
13 CHAIRMAN

COMMISSIONER

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15  
16 COMMISSIONER

COMMISSIONER

COMMISSIONER

17 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,  
18 Executive Director of the Arizona Corporation Commission,  
19 have hereunto set my hand and caused the official seal of the  
20 Commission to be affixed at the Capitol, in the City of Phoenix,  
21 this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

22 \_\_\_\_\_  
ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

23  
24 DISSENT \_\_\_\_\_

25  
26 DISSENT

SERVICE LIST FOR:

ARIZONA-AMERICAN WATER COMPANY

DOCKET NOS.:

W-01303A-08-0227 and SW-01303A-08-0227

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