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BEFORE THE ARIZONA CORPORATION COMMISSION

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OCT 21 2011

BRENDA BURNS
Commissioner

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IN THE MATTER OF THE APPLICATION
OF ARIZONA-AMERICAN WATER
COMPANY FOR A WAIVER UNDER
A.A.C. R14-2-806 OR, IN THE
ALTERNATIVE, NOTICE OF INTENT TO
REORGANIZE UNDER A.A.C. R14-2-803

DOCKET NO. W-01303A-11-0101

ARIZONA-AMERICAN WATER COMPANY EXCEPTIONS

Arizona-American Water Company ("Arizona-American") supports the Recommended Opinion and Order ("ROO") and appreciates the work of both the Administrative Law Judge and the other parties in this proceeding. After reviewing the ROO, Arizona-American respectfully requests that a new ordering provision be added to clarify the debt replacement authorization.

In Finding of Fact No. 51, the ROO notes that:

The proposed transaction includes debt replacement whereby EPCOR will replace the existing Arizona-American debt extended by American Water with debt extended by EPCOR under comparable terms. To the extent the debt replacement requires Commission approval under A.R.S. § 40-301 and 40-302, Arizona-American requests such approval in this proceeding.

Paragraph 87(6) of the ROO provides that:

Arizona-American shall file an application requesting authorization to incur long term debt in the event that Arizona-American incurs any additional debt or any debt with its affiliates including, but not limited to EPCOR, the terms of which are not substantially identical to those reflected in existing debt between Arizona-American and American Water Capital Corp.

1 The implication of paragraph 87(6), consistent with paragraph No. 51 noted above,
2 is that the ROO intends to approve debt replacement in which EPCOR replaces the debt
3 currently extended by American Water Capital Corp. if such replacement debt is "on
4 comparable terms" or is "substantially identical" to the existing debt being replaced.
5 However, the ordering provision of the ROO does not contain an explicit authorization. In
6 order to clarify this issue, Arizona-American respectfully requests that the following
7 additional provision be added to the ordering portion of the ROO.

8 IT IS FURTHER ORDERED that Arizona-American Water Company is
9 hereby authorized to replace the current debt extended by American Water
10 or American Water Capital Corp. with debt extended by EPCOR under
comparable terms.

11 RESPECTFULLY SUBMITTED this 21st day of October, 2011.

12 LEWIS AND ROCA LLP

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14 

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Company

18 ORIGINAL and thirteen (13) copies
19 of the foregoing filed
20 this 21st day of October, 2011, with:

21 The Arizona Corporation Commission
22 Utilities Division – Docket Control
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23 Copy of the foregoing hand-delivered
24 this 21st day of October, 2011, to:

25 Steve Olea
26 Utilities Division
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