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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

OCT 14 2011

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

DOCKETED BY	nr
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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 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

DECISION NO. 72630

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.

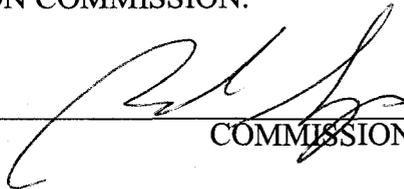
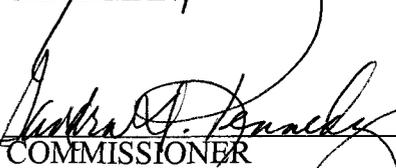
23 9. In Staff’s Response, Staff states that in compliance with Decision No. 71410, the
24 Company, in consultation with Staff, has been working to develop low income tariffs for its Agua
25 Fria, Mohave, Havasu, Paradise Valley, Sun City West, and Tubac districts. Staff states that the new
26 tariffs 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.

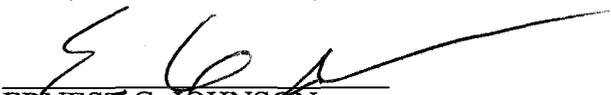
5 IT IS FURTHER ORDERED that the time deadline set in Decision No. 71410 for Arizona-
6 American Water Company to file low income tariffs for Commission consideration is hereby
7 extended to December 31, 2015, for its Paradise Valley, Sun City West, and Tubac districts in order
8 to allow time for Arizona-American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

 CHAIRMAN	 COMMISSIONER	
 COMMISSIONER	 COMMISSIONER	 COMMISSIONER

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18 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
19 Executive Director of the Arizona Corporation Commission,
20 have hereunto set my hand and caused the official seal of the
21 Commission to be affixed at the Capitol, in the City of Phoenix,
22 this 14th day of October, 2011.

23

24 ERNEST G. JOHNSON
25 EXECUTIVE DIRECTOR

26 DISSENT _____

27 DISSENT

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