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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

RECEIVED

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Arizona Corporation Commission

DOCKETED

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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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 PARADISE VALLEY WATER DISTRICT.

DOCKET NO. W-01303A-05-0405

DECISION NO. 68858

DECISION NO. 69396

NOTICE OF COMPLIANCE FILING

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, AN ARIZONA CORPORATION, FOR APPROVAL OF AN AGREEMENT WITH THE PARADISE VALLEY COUNTRY CLUB.

DOCKET NO. W-01303A-05-0910

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Decision Nos. 68858 and 69396 orders EPCOR Water Arizona Inc. ("Company") to file by July 1st of each year subsequent to any year in which it collects surcharges under an ACRM, a report with Docket Control showing the Company's ending capital structure (equity, long-term debt, and short-term debt) by month for the prior year. The Paradise Valley ACRM was effective until October 16, 2009. Therefore, as the Company is no longer collecting surcharges under a Paradise Valley ACRM this compliance item is no longer valid. Please consider the Company's June 24, 2011 submittal as the last and final compliance filing.

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RESPECTFULLY SUBMITTED on July 2, 2012.

Sandra L. Murrey
Sandra L. Murrey
Rate Analyst
EPCOR Water Arizona, Inc.
2355 W. Pinnacle Peak Road, Suite 300
Phoenix, AZ 85027

1 Original and 13 copies **filed**
2 on July 2, 2012, with:
3
4 Docket Control
5 Arizona Corporation Commission
6 1200 West Washington
7 Phoenix, Arizona 85007
8
9 Copies of the foregoing **emailed**
10 on July 2, 2012 to:
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12 Brian K. Bozzo
13 Compliance and Enforcement Manager
14 Utilities Division
15 1200 West Washington Street
16 Phoenix, AZ 85007

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ORDER

IT IS THEREFORE ORDERED that the revised application by Arizona-American Paradise Valley Water District is approved as discussed herein.

IT IS FURTHER ORDERED that the Company-proposed Plan B is approved.

IT IS FURTHER ORDERED that the revised application by Arizona-American Paradise Valley Water District for approval of an arsenic cost recovery mechanism surcharge tariff shall reflect the Company-proposed Plan B surcharges presented in the Company's revised application.

IT IS FURTHER ORDERED that Arizona-American shall notify its customers of the arsenic cost recovery surcharge tariff approved herein within 30 days of the effective date of this Decision.

IT IS FURTHER ORDERED that the Company shall file with Docket Control, as a compliance item in this docket, a report showing the Company's ending capital structure by month for the prior year. The first report shall be due on July 1, 2008, and shall be provided each July 1st thereafter until such time as a subsequent order of the Commission discontinues the ACRM surcharge.

1 Residential Customers:

2 All residential customers with usage in the second and third tier
3 will pay a surcharge on second and third tier usage.

4 All usage in the second and third tier, in addition to normal
5 second and third tier charges

6 From October 1, 2007 until recovery of fire flow projects is complete \$1.00 per 1,000 gallons

7 Commercial Customers:

8 All commercial customers with usage in the second tier
9 will pay a surcharge on second tier usage.

10 All usage in the second tier, in addition to normal second tier charges

11 From October 1, 2007 until recovery of fire flow projects is complete \$1.00 per 1,000 gallons

12 IT IS FURTHER ORDERED that the revised schedule of rates and charges shall be effective
13 for all service rendered on and after August 1, 2006.

14 IT IS FURTHER ORDERED that Arizona-American Water Company shall notify its affected
15 customers of the revised schedules of rates and charges authorized herein by means of an insert in its
16 next regularly scheduled billing in a form and manner acceptable to the Commission's Utilities
17 Division Staff.

18 IT IS FURTHER ORDERED that Arizona-American Water Company's request for authority
19 to implement an ACRM is approved, to the extent described herein.

20 IT IS FURTHER ORDERED that Arizona-American Water Company shall comply with all
21 requirements discussed in this Order as a condition of approval of the Arsenic Cost Recovery
22 Mechanism.

23 IT IS FURTHER ORDERED that Arizona-American Water Company shall file, by July 1st of
24 each year subsequent to any year in which it collects surcharges under an ACRM, a report with
25 Docket Control showing the Company's ending capital structure (equity, long-term debt, and short-
26 term debt) by month for the prior year.

27 IT IS FURTHER ORDERED that, as part of the Earnings Test schedule filed in support of the
28 ACRM, Arizona-American Water Company shall incorporate adjustments conforming to Decision