

ORIGINAL  
OPEN MEETING AGENDA ITEM



0000034161

**COMMISSIONERS**  
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KRISTIN K. MAYES



EXECUTIVE DIRECTOR

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ARIZONA CORPORATION COMMISSION

October 28, 2005

TO: All Parties of Record

RE: Valley Utilities Water Company  
W-01412A-04-0736  
W-01412A-04-0849

The Recommended Opinion and Order ("ROO") mailed out on October 25, 2005, included a version of Page 27 that was missing a sentence. The correct and complete page 27 is attached. Please remove the incorrect version of page 27 from your copy of the ROO and replace it with the attached correct page 27. Thank you.

The deadline for filing exceptions remains the same.

Sincerely,

Teena Wolfe  
Administrative Law Judge

AZ CORP COMMISSION  
DOCUMENT CONTROL

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1 Control copies of its calculation of revenue requirement for principal and interest obligations on the  
2 WIFA loan and incremental income taxes on the surcharge, within 60 days after the loan agreement is  
3 signed by both WIFA and the Company. The revenue calculation shall include the effects of 1) the  
4 application of the previously-collected funds referenced in the previous Ordering Paragraph to  
5 service the debt authorized herein, and 2) hook-up fees collected pursuant to Decision No. 67669  
6 (March 9, 2005), which approved an Arsenic Impact Fee Tariff for the Company to help pay for debt  
7 service and/or principal on the requested WIFA loan.

8 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. shall institute  
9 operating policies to remove any and all transactions between the Company and its owners that are  
10 not arm's length transactions.

11 IT IS FURTHER ORDERED that the Commission's Utilities Division Staff shall carefully  
12 scrutinize Valley Utilities Water Company, Inc.'s books in its next rate case, and bring to the  
13 Commission's attention any instances of transactions between the Valley Utilities Water Company,  
14 Inc. and its shareholder that are not arm's length, including but not limited to improper lease  
15 arrangements and payment of personal expenses, along with recommendations for appropriate  
16 Commission action.

17 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. shall develop and  
18 institute a plan to produce a positive equity position by December 31, 2010, and shall file a copy of  
19 the plan as a compliance item in this docket within 90 days.

20 IT IS FURTHER ORDERED that in Valley Utilities Water Company, Inc.'s next rate  
21 proceeding, the Commission's Utilities Division Staff shall bring to the attention of the Commission  
22 all evidence of any inappropriate practices that contribute to the deterioration of, rather than to the  
23 building of, equity.

24 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc.'s request for an  
25 Arsenic Operating and Maintenance Recovery Surcharge Mechanism is hereby denied.

26 ...

27 ...

28 ...