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ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION
1200 W. WASHINGTON STREET
PHOENIX, AZ 85007

RECEIVED

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First Notice of Past Due Compliance AZ CORP COMMISSION DOCUMENT CONTROL

April 09, 2007

Valley Utilities Water Company, Inc.
6808 North Dysart Road
Suite 112
Glendale, AZ 85307

RE: COMPLIANCE REQUIREMENTS

Docket # W-01412A-04-0736
W-01412A-04-0849

To Whom It May Concern:

After several attempts to resolve these past due compliance items, we are notifying you in writing that Valley Utilities Water Company, Inc. still has not met certain compliance requirements ordered by the Commission as referenced in the attached report. You must comply with the dated requirements within fifteen days from the date of this letter. Attached is a Compliance Report that describes the nature of the requirements. Other compliance requirements may be attached that do not have an actual due date, but may also require immediate action.

When responding to this notice, please refer to the Docket Number and Decision Number. Please mail all compliance matters in accordance with the following:

You must file an original and thirteen (13) copies of the documents with:

Arizona Corporation Commission
Docket Control
1200 West Washington Street
Phoenix, Arizona 85007

If you believe that this notice is in error, or, if I can answer any questions, please contact the compliance section at (602) 542-0895.

Sincerely,

Shannon Kanlan
Compliance and Enforcement
Utilities Division

Arizona Corporation Commission
DOCKETED

MAY - 4 2007

DOCKETED BY NR

COMPLIANCE REQUIREMENTS

UTILITY: Valley Utilities Water Company, Inc.

DBA:

DOCKET: W-01412A-04-0736 et al. **DECISION NO:** 68309

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

COMPLIANCE DUE DATE: 12/19/2006 Compliance Past Due 11/7/06

UTILITY: Valley Utilities Water Company, Inc.

DBA:

DOCKET: W-01412A-99-0615 **DECISION NO:** 62908

ACTION: File a copy of all completed loan documents with the Commission within 30 days of the completion of the transaction.

COMPLIANCE DUE DATE: Compliance Past Due 11/14/05

UTILITY: Valley Utilities Water Company, Inc.

DBA:

DOCKET: W-01412A-04-0736 et al. **DECISION NO:** 68309

ACTION: The Company will file with Docket Control an application for approval of an arsenic removal surcharge tariff if a surcharge is necessary to allow the Company to meet its principal and interest obligations on the amount of the WIFA loan and income taxes on the surcharges.

COMPLIANCE DUE DATE: Compliance Past Due
