

**ORIGINAL OPEN MEETING ITEM**



0000074790

**COMMISSIONERS**  
MIKE GLEASON - Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE



**ARIZONA CORPORATION COMMISSION**

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2007 DEC 26 P 1:41

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: DECEMBER 26, 2007  
DOCKET NOS: W-01412A-07-0560 and W-01412A-07-0561  
TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Marc Stern. The recommendation has been filed in the form of an Opinion and Order on:

**VALLEY UTILITIES WATER COMPANY, INC.  
(RATES/FINANCE)**

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and ten (10) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

JANUARY 4, 2008

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Working Session and Open Meeting to be held on:

JANUARY 15, 2008 and JANUARY 16, 2008

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Secretary's Office at (602) 542-3931.

**BRIAN C. McNEIL  
EXECUTIVE DIRECTOR**

Arizona Corporation Commission  
**DOCKETED**

**DEC 26 2007**

DOCKETED BY

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 MIKE GLEASON - Chairman  
4 WILLIAM A. MUNDELL  
5 JEFF HATCH-MILLER  
6 KRISTIN K. MAYES  
7 GARY PIERCE

8 IN THE MATTER OF THE APPLICATION OF  
9 VALLEY UTILITIES WATER COMPANY, INC.  
10 FOR AN EMERGENCY RATE INCREASE AND  
11 AUTHORITY TO IMMEDIATELY IMPLEMENT  
12 A WELL SURCHARGE.

DOCKET NO. W-01412A-07-0560

13 IN THE MATTER OF THE APPLICATION OF  
14 VALLEY UTILITIES WATER COMPANY, INC.  
15 FOR AN APPROVAL OF A \$250,000 LINE OF  
16 CREDIT AND AUTHORITY TO ISSUE LONG  
17 TERM PROMISSORY NOTES OR BONDS AND  
18 OTHER EVIDENCE OF INDEBTEDNESS AS  
19 PERMANENT REFINANCING OF THAT LINE  
20 OF CREDIT.

DOCKET NO. W-01412A-07-0561

DECISION NO: \_\_\_\_\_

**OPINION AND ORDER**

21 DATE OF HEARING:

November 16, 2007

22 PLACE OF HEARING:

Phoenix, Arizona

23 ADMINISTRATIVE LAW JUDGE:

Marc E. Stern

24 APPEARANCES:

Mr. Richard L. Sallquist, Sallquist Drummond &  
O'Connor, P.C. on behalf of Valley Utilities Water  
Company, Inc.; and

Ms. Robin Mitchell, Staff Attorney, Legal Division, on  
behalf of the Utilities Division of the Arizona  
Corporation Commission.

25 **BY THE COMMISSION:**

26 On October 1, 2007, Valley Utilities Water Company, Inc. ("Applicant" or "Company") filed  
27 with the Arizona Corporation Commission ("Commission") an application for an emergency rate  
28 increase in the form of a well surcharge in two phases based on meter sizes, and an application to  
obtain both short and long-term financing totaling \$250,000.

The Company also filed a Motion to Consolidate ("Motion") concurrently with the above-  
captioned proceedings.

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On October 18, 2007, by Procedural Order, the Commission directed a hearing to be held on November 16, 2007, and consolidated the proceedings. The Company was also ordered to provide public notice to its customers with respect to the applications and the date of hearing.

On November 9, 2007, the Company filed Certification that it had provided public notice by U.S. mail and by publication as ordered by Commission's Procedural Order.

On November 14, 2007, the Commission's Utilities Division ("Staff") filed its Staff Report concerning the Company's applications for an emergency rate increase and for financing approval. Staff recommended approval of its proposed surcharges by meter size and also recommended approval of a \$250,000 long-term loan through the Water Infrastructure Finance Authority of Arizona ("WIFA").

On November 16, 2007, a full public hearing was commenced before a duly authorized Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. Both Applicant and Staff appeared with counsel. Two customers of the Company appeared and made public comment concerning the requested financing and emergency surcharge request. After a full public hearing, the matter was taken under advisement pending submission of a Recommended Opinion and Order to 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. Pursuant to authority granted by the Commission, the Company is an Arizona corporation engaged in the business of providing public water utility service to approximately 1,400 customers in the vicinity of Luke Air Force Base and the City of Litchfield Park in Maricopa County, Arizona.

2. On October 1, 2007, the Company filed with the Commission two applications: the first requested authority to immediately implement an emergency well surcharge in two phases based on meter sizes; and the second requested authority to enable the Company to obtain both short and

1 long-term financing totaling \$250,000. The Company sought financing in order to immediately begin  
2 drilling a new large well to replace its largest well ("Well No. 6") which failed in August and to  
3 avoid a projected water shortage in the summer of 2008.<sup>1</sup>

4 3. The proposed increase equates to approximately a 3.5 percent increase in the average  
5 residential customer's monthly bill.

6 4. Pursuant to the Commission's Procedural Order, notice of the Company's application  
7 and hearing thereon was provided to its customers. The Commission did not receive any protests  
8 from the Applicant's customers. At the hearing, two customers appeared to make public comment  
9 concerning the amount of the Company's proposed surcharge, and one also commented on the color  
10 of the water.

11 5. The Company's present rates and charges were approved by the Commission in  
12 Decision No. 68309 (November 14, 2005).

13 6. With its application, the Company is seeking Commission approval for an emergency  
14 increase in its rates in the form of a monthly Well Surcharge ("Surcharge") for each customer  
15 according to meter size.

16 7. According to the Company, in 2002 it added Well No. 6 which was 800 feet deep and  
17 12 inches in diameter and was designed to produce 425 GPM. However, the well had water  
18 production problems from the start and despite the Company's spending in excess of \$150,000 to  
19 resolve these problems, the well never reached its targeted production figure of 425 GPM.

20 8. On August 24, 2007, Well No. 6 was taken out of service after water production had  
21 fallen from 350 GPM to 65 GPM, and then totally ceased when its pump was destroyed due to the  
22 failure of the well casing.

23 9. According to the Company, with the subsequent reduction in water production, the  
24 Company is only able to produce approximately 920 GPM with its remaining wells and even with  
25 1,000,000 gallons of storage capacity, the Company will have insufficient water to meet summer  
26 peak demands of its customers in 2008. Additionally, water used for construction purposes in  
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28 <sup>1</sup> Until Well No. 6 failed, the Company had seven wells designed to produce 1,725 gallons of water per minute ("GPM")  
and over 1,000,000 gallons of storage capacity.

1 Applicant's certificated service area also contributes to this problem.

2 10. Although the Company has previously had an "Emergency Supply Agreement" with  
3 Litchfield Park Service Company ("LPSCO") to supply it with up to one million gallons of water  
4 when needed, after the well's failure, LPSCO has advised the Company that it cannot provide  
5 Applicant with any additional water. Further, the City of Glendale which operates its own system  
6 nearby will not enter into any type of emergency supply agreement.

7 11. Although the Company initially believed that it would be required to secure a short-  
8 term line of credit in order to begin drilling a new well, according to Mr. Thomas J. Bourassa, a  
9 Certified Public Accountant who testified on behalf of the Applicant, the Company has since learned  
10 that "WIFA can make the funding available immediately. So there is no need for the short-term line  
11 of credit or short-term loan." (Tr. at p. 38)

12 12. Accordingly, during the hearing, the Company modified its request for Commission  
13 approval of its financing application for approval of only a long-term loan for up to \$250,000 and  
14 withdrew its request for approval of any short-term debt.

15 13. Mr. Bourassa further testified that the Company did not expect that the interest rate on  
16 the proposed WIFA loan would exceed 7 percent for a term of 20 years.

17 14. Mr. Bourassa had contemplated a mechanism to collect the surcharge based on the  
18 final cost of the new well, and to file notice of the expected surcharge similar to a mechanism which  
19 he had used for the Company's Arsenic Recovery Surcharge Mechanism ("ARSM"). Although the  
20 ARSM includes an allowance for income taxes and the debt payment reserve required by WIFA, he  
21 acknowledged that the Company would be willing to adopt Staff's position for a well surcharge and  
22 that income taxes and the debt reserve required by WIFA not be included in the computation since  
23 the surcharge would be "trued up" in a permanent rate proceeding that the Company will be ordered  
24 to file after this proceeding.

25 15. Mr. Bourassa took exception to Staff's initial recommendation in its report that the  
26 Company file a permanent rate case with a test year ending December 31, 2007 ("TY") no later than  
27 June 1, 2008. He argued that since the well and related facilities will not be operational until  
28

1 approximately May or June of 2008, the Company's operating expenses would not reflect appropriate  
2 operational costs for the well such as depreciation and power costs. Mr. Bourassa also pointed out  
3 that if the Company is able to adopt a 2008 TY, it will help to mitigate any possibility of post test  
4 year plant being an issue in a rate case.

5 16. The Company's president, Mr. Robert Prince, testified that the Company has six wells  
6 remaining in production to meet the current needs of its customers, but since the failure of Well No.  
7 6, the Company has instituted two Stage 2 curtailments pursuant to its Curtailment Tariff which was  
8 previously approved by the Commission "and asks customers to voluntarily cut back by 25 percent."

9 17. The Company has removed meters from construction sites and has shut down the  
10 supply of water to building projects. As a result, the Company has been threatened with lawsuits  
11 from contractors and developers. Applicant also requested homeowners' associations and apartments  
12 to cut back on irrigation usage.

13 18. In response to a customer's public comment about the water color, Mr. Prince  
14 responded that this was due to a drop in water pressure caused by the lack of water production after  
15 Well No. 6 failed and due to the hydraulics of the operating system. Mr. Prince further related that  
16 the Company had experienced many calls complaining about low pressure and water coloration after  
17 Well No. 6's failure, and noted that the Company notified Staff when this problem had occurred.

18 19. Mr. Prince testified that the Company lacks sufficient cash flow to pay for the  
19 construction of a new well required to service its customers' needs.

20 20. Mr. Prince further acknowledged that, at peak demand, the Company can only produce  
21 enough water to reach 20 to 30 percent of the Company's storage capacity and, in the event of a fire,  
22 it could be out of water in hours.

23 21. Mr. Prince agreed with Mr. Bourassa's testimony with respect to the Company being  
24 able to utilize a complete 2008 TY instead of a 2007 TY as initially recommended by Staff, because  
25 the Company's operational and plant costs could not adequately be addressed if a 2007 TY is utilized.

26 22. Use of an appropriate test year is particularly important to the Company because, in  
27 2008, in addition to the planned new well coming on line, the Company will be bringing on line its  
28

1 arsenic treatment system which will add approximately \$1.8 million to its utility plant along with  
2 increased operational and maintenance expenses.

3         23. Mr. Prince identified a construction bid for the drilling of the new well by Weber  
4 Group estimated at \$182,840, but it did not include the additional expenses required to install  
5 pumping equipment, electrical work and related materials. Subsequently, due to Staff's concerns  
6 with the extent of the additional costs involved in developing the new well, the Company agreed to  
7 file a late-filed exhibit which would enable Staff to complete its review of the financing application  
8 and to make a determination whether the amount sought by the Company for financing of up to  
9 \$250,000 is reasonable and appropriate.

10         24. Based on the Staff Report, the Company is in the process of complying with Decision  
11 No. 68309 which authorized a rate increase for the Company and also approved a \$1.92 million  
12 WIFA loan to construct an arsenic treatment plant. Additionally, the Company is providing water  
13 which meets the requirements of the Safe Drinking Water Act.

14         25. Staff is recommending approval of the Company's application for an emergency  
15 interim surcharge because, after its review of the Company's finances and an inspection of the  
16 Company's utility plant, Staff believes Applicant's current situation meets the requirements of  
17 Attorney General Opinion No. 71-17.<sup>2</sup>

18         26. Although the Staff Report recommended approval of long-term debt for the Company,  
19 Staff's engineer, Mr. Marlin Scott, while finding the amount of the estimated \$182,840 reasonable for  
20 the drilling of the well, requested that the Company late-file an exhibit with the additional costs  
21 related to the installation of the new pump and other equipment necessary for the completion of the  
22 well. After this additional data is filed Mr. Scott indicated that he would then evaluate the additional  
23 expenses and make a recommendation on that portion of the requested long-term debt.

24         27. On November 30, 2007, the Company filed an exhibit for the cost related to pump  
25

26 <sup>2</sup> According to Attorney General Opinion No. 71-17, interim or emergency rates are proper when either all or any of the  
27 following conditions occur: when sudden change brings hardship to a company; when the company is insolvent; or when  
28 the condition of the company is such that its ability to maintain service pending a formal rate determination is in serious  
doubt. Those criteria have been affirmed in *Scates v. Arizona Corporation Comm'n.*, 118 Ariz. 531 (Ct. App. 1978) and  
in *Residential Utility Consumer Office v. Arizona Corporation Comm'n.*, 199 Ariz. 588 (2001) ("Rio Verde").

1 installation totaling \$37,225 and a second estimate for the cost of relocating power and the controls  
2 for the new well totaling \$11,510 for a total of \$48,735.

3 28. On December 4, 2007, Staff filed its response to the Company's late-filed exhibit. Mr.  
4 Scott found the additional expenses totaling \$48,735 to be reasonable and recommended that the  
5 Company's overall long-term financing request of up to \$250,000 is reasonable in the event of any  
6 unforeseen costs or contingencies which were described in the estimates provided by the Company in  
7 its late-filed exhibit.

8 29. Although the Company had originally requested a two-stage emergency surcharge  
9 based on its plans to secure a short-term line of credit and long-term financing to fund the cost of the  
10 new well, the Company agreed with Staff's witness, Ms. Crystal Brown, when she recommended a  
11 single surcharge based on meter size. Staff made an adjustment which removed \$4,539 for the  
12 annual WIFA debt reserve payment and for the removal of income taxes from the surcharge  
13 calculation. Staff calculated that its recommended surcharge will produce approximately \$22,000  
14 annually to service the debt on the proposed long-term debt of \$250,000.

15 30. The emergency interim surcharge by meter size as determined by Staff and agreed to  
16 by the Company until a Decision is made on the Company's permanent rate case are as follows:

<u>Monthly Interim Surcharge:</u>	<u>Staff Recommended Surcharge</u>
5/8" x 3/4" Meter	\$ 0.64
3/4" Meter	0.96
1" Meter	1.60
1½" Meter	3.20
2" Meter	5.12
3" Meter	9.60
4" Meter	16.01
6" Meter	32.01
8" Meter	32.01
10" Meter	51.22
12" Meter	73.63

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25 31. Staff reviewed the effects of the requested financing on the Company's Times Interest  
26 Earned Ratio ("TIER") and its Debt Service Coverage ("DSC").

27 32. A TIER of less than 1.0 is not sustainable in the long term, but does not necessarily  
28 mean that debt obligations cannot be met in the short term. A DSC greater than 1.0 means operating

1 cash flow is sufficient to cover debt obligations.

2 33. Staff determined that the Company's 2006 adjusted financial statements are not  
3 meaningful because the Company had no debt, but after considering the drawing of the requested  
4 \$250,000 long-term loan, Staff found that Applicant would have a TIER of 7.45 and DSC of 13.13  
5 with the adoption of the emergency surcharge and have adequate cash flow to meet the long-term  
6 debt associated with the new well.

7 34. Besides recommending approval of its recommended emergency interim surcharge,  
8 Staff is also recommending that the Commission order the following:

- 9
- 10 • that the Company be directed to file, within 30 days of the effective date of this  
11 Decision, a revised rate schedule reflecting the emergency interim surcharge by meter  
12 size with the Commission's Docket Control, as a compliance item in this docket;
  - 13 • that the Company's monthly surcharge be conditioned upon Staff's recommended  
14 estimate of the cost of the well in this proceeding not to exceed \$250,000;
  - 15 • that the surcharge be implemented only after the Company closes on the loan from  
16 WIFA and has drawn funds to begin construction of the well;
  - 17 • that if the Company has not drawn funds from the WIFA loan within one year of the  
18 effective date of this Decision, that approval of the loan and recommended surcharge  
19 be rescinded;
  - 20 • that the Company file, at least 15 days prior to the imposition of the emergency  
21 surcharge authorized hereinafter, documentary evidence that a bond or a sight draft  
22 letter of credit has been obtained in the amount of \$1,500 with the Commission's  
23 Docket Control, as a compliance item in this docket;<sup>3</sup>
  - 24 • that the emergency rate increase be interim and subject to refund at the Company's  
25 next full rate case;
  - 26 • that the Company notify its customers, in a form acceptable to Staff, of its emergency  
27 interim surcharge and its effective date by means of an insert in the Company's  
28 regularly scheduled monthly billing which precedes the month that the surcharge  
becomes effective;
  - that the Company file a full rate case with a TY ending June 30, 2008, not later than  
December 1, 2008;<sup>4</sup>
  - that the Company be authorized to issue long-term debt not to exceed \$250,000 at an

<sup>3</sup> This bond or sight draft letter of credit is approximately five percent of Staff's recommended increase in the Company's revenue created by the emergency interim surcharge and is consistent with Decision No. 67990 (July 18, 2005) wherein the Commission required a bond from Sabrosa Water Company equal to five percent of the resulting annual increase in that proceeding.

<sup>4</sup> During the hearing, Ms. Brown revised her recommendation with respect to the Company's permanent rate case TY and the date it should be filed from that which she recommended initially in the Staff Report.

1 interest rate of not more than 6.5 percent for a term of 20 years;

- 2 • that the Company engage in any transactions and execute any documents to effectuate  
3 the authorizations requested with the application; and  
4 • that the Company file, within 60 days of execution, with the Commission's Docket  
5 Control, as a compliance item in this docket, copies of all notes and other documents  
6 related to the transactions.

7 35. The Company is in compliance with prior Commission Orders and is providing water  
8 which meets the requirements of the Safe Drinking Water Act.

9 36. Because an allowance for the property tax expense of Applicant is included in the  
10 Company's rates and will be collected from its customers, the Commission seeks assurances from the  
11 Company that any taxes collected from rate payers have been remitted to the appropriate taxing  
12 authority. It has come to the Commission's attention that a number of water companies have been  
13 unwilling or unable to fulfill their obligation to pay the taxes that were collected from ratepayers,  
14 some for as many as 20 years. It is reasonable, therefore, that as a preventive measure the Company  
15 shall annually file, as part of its Annual Report, an affidavit with the Utilities Division attesting that  
16 the Company is current in paying its property taxes in Arizona.

17 37. Based on our review of the record, we believe that an emergency exists due to a sudden  
18 change associated with a lack of well production, which has brought hardship to the Company and its  
19 ability to maintain service pending a formal rate determination is in serious doubt within the meaning  
20 of Attorney General Opinion No. 71-17. We further believe that an interim emergency surcharge per  
21 meter size as recommended by Staff should be adopted for all customers subject to the Company  
22 complying with Staff's additional recommendations described above. Absent the emergency relief  
23 being granted, it is clear from the weight of the evidence that the Company's ability to serve its  
24 customers during peak days in the summer of 2008 will be jeopardized. We also believe that the  
25 Company's financing application for long-term debt should be approved in an amount not to exceed  
26 \$250,000 at an interest rate not to exceed 6.5 percent for a term of 20 years.

27 **CONCLUSIONS OF LAW**

28 1. Applicant is a public service corporation within the meaning of Article XV of the  
Arizona Constitution and A.R.S. §§ 40-250, 40-251, 40-301 and 40-302.

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2. The Commission has jurisdiction over Applicant and of the subject matter of the applications.

3. Notice of the applications was provided in the manner prescribed by law.

4. Applicant is facing an "emergency" within the definition set forth in Attorney General Opinion No. 71-17, as discussed and affirmed in *Scates* and *Rio Verde* cases cited herein.

5. The standards for approval of a request for interim rate relief require the existence of an emergency; the posting of a bond or a sight draft letter of credit by the utility company; and subsequent filing of a permanent rate application.

6. Approval of the Company's application for interim rate relief, as described herein, is consistent with the Commission's authority under the Arizona Constitution, rate making statutes, and applicable case law.

7. The request for interim emergency rate relief is just and reasonable, under the specific facts presented in this case, and should be collected by means of an emergency interim surcharge per meter size for each customer's monthly bill until further ordered, but shall not be effective until the first day of the month following Applicant closing on the long-term financing described herein and drawing funds on the loan.

8. Staff's recommendations, as set forth in Findings of Fact No. 34, are reasonable and should be adopted.

9. Applicant should file a permanent rate case with a TY ending June 30, 2008, no later than December 1, 2008.

10. The proposed long-term financing is for lawful purposes within Applicant's corporate powers, is compatible with the public interest, with sound financial practices and a proper performance by Applicant of service as a public service corporation, and will not impair Applicant's ability to perform that service.

11. The financing application approved hereinafter is for the purposes stated in the application and is reasonably necessary for those purposes, and such purposes are not, wholly or in part, reasonably chargeable to operating expenses or to income.

**ORDER**

IT IS THEREFORE ORDERED that the application of Valley Utilities Water Company, Inc. for an interim emergency surcharge per meter size be, and is hereby approved as set forth below:

Monthly Interim Surcharge:

5/8" x 3/4" Meter	\$	0.64
3/4" Meter		0.96
1" Meter		1.60
1 1/2" Meter		3.20
2" Meter		5.12
3" Meter)		9.60
4" Meter		16.01
6" Meter		32.01
8" Meter		32.01
10" Meter		51.22
12" Meter		73.63

IT IS FURTHER ORDERED the emergency surcharge authorized hereinabove shall be effective for all service provided on and after the first day of the month following that in which Valley Utilities Water Company, Inc. closes on the long-term financing and has drawn on the funds as authorized herein.

IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. shall recover its emergency surcharge per meter size as discussed above until further ordered, but said authorization shall be conditioned upon Valley Utilities Water Company, Inc. complying with the requirements of Findings of Fact No. 34.

IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc shall file an application for permanent rate relief with a test year ending June 30, 2008, no later than December 1, 2008.

IT IS FURTHER ORDERED that the emergency surcharge approved herein shall be interim and subject to refund pending a decision by the Commission on the permanent rate application.

IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. shall, in a form approved by Staff, notify its customers by mail of the emergency interim surcharge authorized herein and the effective date of same by means of a bill insert in the Company's regularly scheduled monthly billing which precedes the month that the surcharge becomes effective.

1 IT IS FURTHER ORDERED that if Valley Utilities Water Company, Inc. has not drawn  
2 funds from the WIFA loan within one year of the effective date of this Decision, that approval of the  
3 loan and surcharge shall be rescinded.

4 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. shall post a bond or  
5 sight draft letter of credit in the amount of \$1,500, with the Commission's Business Office at least 15  
6 days prior to the imposition of the emergency interim surcharge authorized by this Decision, and  
7 shall file copies of same with the Commission's Docket Control, as a compliance item in this docket.

8 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. file, within 30 days  
9 of the effective date of this Decision, with the Commission's Docket Control, as a compliance item in  
10 this docket, a revised rate schedule reflecting the emergency surcharge.

11 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. be, and the same  
12 hereby is, authorized to issue long-term debt in an amount not to exceed \$250,000 for a term of 20  
13 years at no greater rate of interest than 6.5 percent per annum.

14 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. is hereby authorized  
15 to engage in any transactions and to execute any documents necessary to effectuate the authorization  
16 granted hereinabove and file, within 60 days of the close of the transaction, with the Commission's  
17 Docket Control, as a compliance item in this docket, copies of all executed loan documents certifying  
18 that the transactions have been completed.

19 IT IS FURTHER ORDERED that such authority shall be expressly contingent upon Valley  
20 Utilities Water Company, Inc. using the proceeds for the purposes set forth in the application.

21 IT IS FURTHER ORDERED that approval of the financing set forth hereinabove does not  
22 constitute or imply approval or disapproval by the Commission of any particular expenditure of the  
23 proceeds derived thereby for purposes of establishing just and reasonable rates.

24 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc., in addition to the  
25 collection of its regular rates and charges, shall collect from its customers their proportionate share of  
26 any privilege, sales, or use tax as provided for in A.A.C. R14-2-409(D).

27 ...

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1 IT IS FURTHER ORDERED that Valley Utilities Water Company, Inc. shall annually file as  
2 part of its Annual Report, an affidavit with Utilities Division attesting that the Company is current in  
3 paying its property taxes in Arizona.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5  
6 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

7  
8 CHAIRMAN

COMMISSIONER

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10 COMMISSIONER

COMMISSIONER

COMMISSIONER

11  
12 IN WITNESS WHEREOF, I, DEAN S. MILLER, Interim  
13 Executive Director of the Arizona Corporation Commission,  
14 have hereunto set my hand and caused the official seal of the  
15 Commission to be affixed at the Capitol, in the City of Phoenix,  
16 this \_\_\_\_ day of \_\_\_\_\_, 2008.

17 DEAN S. MILLER  
18 INTERIM EXECUTIVE DIRECTOR

19 DISSENT \_\_\_\_\_

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21  
22 DISSENT \_\_\_\_\_

MES:db

1 SERVICE LIST FOR: VALLEY UTILITIES WATER COMPANY, INC.

2 DOCKET NO.: W-01412A-07-0560 and W-01412A-07-0561

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