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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF VALLEY UTILITIES WATER COMPANY, INC. FOR AN EMERGENCY RATE INCREASE AND AUTHORITY TO IMMEDIATELY IMPLEMENT A WELL SURCHARGE.

DOCKET NO. W-01412A-07-0560

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

DOCKET NO. W-01412A-07-0561

PROCEDURAL ORDER

BY THE COMMISSION:

On October 1, 2007, Valley Utilities Water Company, Inc. ("Company" or "Applicant") filed with the Arizona Corporation Commission ("Commission") the above-captioned applications requesting authority to immediately implement an emergency well surcharge in two phases based on meter sizes in order to enable the company to obtain both short and long term financing totaling \$250,000 in order to immediately be able to begin drilling a new large well to replace its largest well which failed in August to avoid a projected water shortage in the summer of 2008. The proposed increase equates to approximately a three and one-half percent increase in an average residential customer's monthly bill.

The Company also filed a Motion to Consolidate ("Motion") concurrently with the above-captioned proceedings. As a result, a hearing will commence on November 16, 2007, to hear the above-captioned matters which will be consolidated hereinafter.

Pursuant to A.A.C. R14-3-101, the Commission makes the following orders governing the preparation and conduct of this matter.

1 IT IS THEREFORE ORDERED that Valley Utilities Water Company, Inc. shall provide
 2 public notice of the Commission's hearing to determine if an emergency exists pursuant to Attorney
 3 General Opinion No. 71-17 and if an emergency increase and financing approval should be granted,
 4 which hearing shall begin at the Commission's offices, 1200 West Washington Street, Phoenix,
 5 Arizona on **November 16, 2007, at 9:30 a.m.**, or as soon thereafter as the matter can be heard.

6 IT IS FURTHER ORDERED that the above-captioned matters are hereby consolidated for
 7 purposes of hearing.

8 IT IS FURTHER ORDERED that the following **notice shall be mailed to each customer and**
 9 **published in a newspaper of general circulation** located in Valley Utilities Water Company, Inc.'s
 10 service area on or before **November 5, 2007**, and **the utility shall file with the Commission**
 11 **certification of public notice** as soon thereafter as is practical:

12 **PUBLIC NOTICE OF AN APPLICATION FOR AN ORDER**
 13 **AUTHORIZING THE ISSUANCE OF PROMISSORY NOTES AND**
 14 **OTHER EVIDENCE OF INDEBTEDNESS AND AN EMERGENCY**
 15 **INCREASE IN RATES BY A SURCHARGE FOR**
 16 **VALLEY UTILITIES WATER COMPANY, INC.**

17 VALLEY UTILITIES WATER COMPANY, INC. (APPLICANT) HAS FILED
 18 AN APPLICATION WITH THE ARIZONA CORPORATION COMMISSION
 19 (COMMISSION) FOR AN ORDER AUTHORIZING APPLICANT TO ISSUE
 20 A TOTAL OF \$250,000 IN SHORT TERM AND LONG TERM DEBT FOR
 21 THE PURPOSE OF DRILLING A REPLACEMENT WELL FOR A FAILED
 22 WELL. THE APPLICANT HAS ALSO REQUESTED APPROVAL OF A
 23 TWO-STEP SURCHARGE NECESSARY TO SUPPORT THOSE LOANS AS
 24 FOLLOWS:

Meter Size	Monthly Surcharge	
	During Short Term Loan	During Long Term Loan
5/8 inch	\$ 0.33	\$ 0.89
3/4 inch	\$ 0.50	\$ 1.34
1 inch	\$ 0.83	\$ 2.23
1-1/2 inch	\$ 1.65	\$ 4.45
2 inch	\$ 2.64	\$ 7.13
3 inch	\$ 5.28	\$ 14.25
4 inch	\$ 8.25	\$ 22.27
6 inch	\$ 16.50	\$ 44.54
8 inch	\$ 26.40	\$ 71.27
10 inch	\$ 27.95	\$102.45
12 inch	\$ 70.95	\$191.53

1 THE APPLICATIONS ARE AVAILABLE FOR INSPECTION DURING
2 REGULAR BUSINESS HOURS AT THE OFFICE OF THE COMMISSION,
3 1200 WEST WASHINGTON STREET, PHOENIX, ARIZONA 85007, AND
4 APPLICANT'S OFFICES AT 6880 NORTH DYSART ROAD, SUITE 112,
5 GLENDALE, ARIZONA 85307.

6 INTERVENTION IN THE COMMISSION'S PROCEEDINGS ON THE
7 EMERGENCY SURCHARGE AND FINANCING APPLICATIONS SHALL
8 BE PERMITTED TO ANY PERSON ENTITLED BY LAW TO INTERVENE
9 AND HAVING A DIRECT SUBSTANTIAL INTEREST IN THIS MATTER.
10 PERSONS DESIRING TO INTERVENE MUST FILE A MOTION TO
11 INTERVENE WITH THE COMMISSION WHICH MUST BE SERVED UPON
12 THE APPLICANT AND WHICH, AT A MINIMUM, SHALL CONTAIN THE
13 FOLLOWING INFORMATION:

- 14 1. THE NAME, ADDRESS AND TELEPHONE OF THE PROPOSED
15 INTERVENOR AND OF ANY PERSON UPON WHOM SERVICE OF
16 DOCUMENTS IS TO BE MADE IF DIFFERENT THAN THE
17 INTERVENOR.
- 18 2. A SHORT STATEMENT OF THE PROPOSED INTERVENOR'S
19 INTEREST IN THE PROCEEDINGS.
- 20 3. WHETHER THE PROPOSED INTERVENOR DESIRES A FORMAL
21 EVIDENTIARY HEARING ON THE APPLICATION AND THE
22 REASONS FOR SUCH A HEARING.
- 23 4. A STATEMENT CERTIFYING THAT A COPY OF THE MOTION TO
24 INTERVENE HAS BEEN MAILED TO APPLICANT.

25 THE GRANTING OF MOTIONS TO INTERVENE SHALL BE GOVERNED
26 BY A.A.C. R-14-3-105, EXCEPT THAT ALL MOTIONS TO INTERVENE
27 MUST BE FILED ON, OR BEFORE, NOVEMBER 14, 2007.

28 IF YOU HAVE ANY QUESTIONS OR CONCERNS ABOUT THESE
APPLICATIONS OR HAVE ANY OBJECTIONS TO THEIR APPROVAL, OR
WISH TO MAKE A STATEMENT IN SUPPORT OF THEM, YOU MAY
CONTACT THE CONSUMER SERVICES SECTION OF THE COMMISSION
AT 1200 WEST WASHINGTON, PHOENIX, ARIZONA 85007 OR CALL 1-
800-222-7000.

IT IS FURTHER ORDERED that notice in accordance with this Procedural Order shall be
deemed complete upon the mailing and publication of same, notwithstanding the failure of an
individual customer to read or receive the notice.

IT IS FURTHER ORDERED that the Commission's Utilities Division ("Staff") shall file a
written summary of its recommendations on these applications by **November 14, 2007.**

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1 IT IS FURTHER ORDERED that to the extent that provisions of this Procedural Order conflict
2 with Title 14 of the A.A.C., said provisions are controlling.

3 DATED this 17th day of October, 2007.

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7 MARC E. STERN
8 ADMINISTRATIVE LAW JUDGE

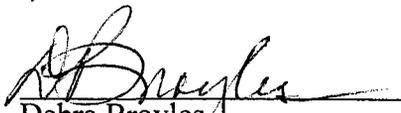
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10 Copies of the foregoing mailed/delivered
11 this 17th day of October, 2007 to:

12 Richard L. Sallquist
13 SALLQUIST, DRUMMOND & O'CONNOR, P.C.
14 4500 South Lakeshore Drive, Suite 339
15 Tempe, AZ 85282
16 Attorneys for Valley Utilities Water Company, Inc.

17 Christopher Kempley, Chief Counsel
18 Legal Division
19 ARIZONA CORPORATION COMMISSION
20 1200 West Washington Street
21 Phoenix, Arizona 85007

22 Ernest Johnson, Director
23 Utilities Division
24 ARIZONA CORPORATION COMMISSION
25 1200 West Washington Street
26 Phoenix, Arizona 85007

27 ARIZONA REPORTING SERVICE, INC.
28 2200 North Central Avenue, Suite 502
Phoenix, AZ 85004-1481

By: 
Debra Broyles
Secretary to Marc E. Stern