

ORIGINAL OPEN MEETING ITEM



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



ARIZONA CORPORATION COMMISSION

22

DATE: JANUARY 29, 2008
DOCKET NOS: W-01212A-06-0666 and W-02451A-06-0666
TO ALL PARTIES:

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

WATER UTILITY OF GREATER BUCKEYE, INC. and
VALENCIA WATER COMPANY, INC.
(TRANSFER CC&N)

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:

FEBRUARY 7, 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:

FEBRUARY 12, 2008 and FEBRUARY 13, 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
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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

7 IN THE MATTER OF THE JOINT APPLICATION
8 WATER UTILITY OF GREATER BUCKEYE, INC.
9 AND VALENCIA WATER COMPANY, INC. TO
10 TRANSFER THE ASSETS AND THE
11 CERTIFICATE OF CONVENIENCE AND
12 NECESSITY OF WATER UTILITY OF GREATER
13 BUCKEYE, INC. TO VALENCIA WATER
14 COMPANY, INC.

DOCKET NO. W-01212A-06-0666
DOCKET NO. W-02451A-06-0666

DECISION NO. _____

OPINION AND ORDER

12 DATE OF HEARING: October 10, 2007
13 PLACE OF HEARING: Phoenix, Arizona
14 ADMINISTRATIVE LAW JUDGE: Yvette B. Kinsey
15 APPEARANCES: Mr. Timothy J. Sabo, ROSHKA, DEWULF &
16 PATTEN, PLC, on behalf of Applicants; and
17 Mr. Kevin Torrey, Staff Attorney, Legal Division, on
18 behalf of the Utilities Division of the Arizona
19 Corporation Commission.

18 **BY THE COMMISSION:**

19 On October 16, 2006, Water Utility of Greater Buckeye, Inc., (“WUGB”) and Valencia Water
20 Company, Inc., (“VWC”) (collectively “the Companies”), filed with the Arizona Corporation
21 Commission (“Commission”) a joint application for approval to transfer WUGB’s assets and its
22 Certificate of Convenience and Necessity (“CC&N”) to VWC.

23 On November 14, 2006, the Commission’s Utilities Division (“Staff”) filed an Insufficiency
24 Letter in this matter.

25 On January 16, 2007, the Companies filed their response to Staff’s Insufficiency Letter.

26 On February 13, 2007, Staff filed its second Insufficiency Letter.

27 On April 13, 2007, the Companies filed their response to Staff’s second Insufficiency Letter.

28 On April 26, 2007, the Companies filed a Notice of Filing Responses in response to Staff’s

1 inquiry of April 20, 2007.

2 On May 8, 2007, Staff filed a third Insufficiency Letter.

3 On June 22 and 26, 2007, the Companies filed responses to Staff's third Insufficiency Letter.

4 On July 20, 2007, Staff filed a Sufficiency Letter indicating that the Companies have met the
5 sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C").

6 On August 3, 2007, by Procedural Order, a hearing in this matter was scheduled to convene
7 on October 10, 2007.

8 On August 29, 2007, VWC and WUGB filed a Notice of Filing Affidavit of Publication and
9 Mailing.

10 On September 7, 2007, Staff filed its Staff Report, recommending approval of the application
11 with conditions.

12 On September 21, 2007, VWC and WUGB filed a Response to the Staff Report.

13 On October 10, 2007, a full public hearing was held before a duly authorized Administrative
14 Law Judge of the Commission at its offices in Phoenix, Arizona. The Companies and Staff appeared
15 through counsel and presented evidence and testimony. No members of the public appeared to give
16 public comment. At the conclusion of the hearing, the parties were instructed to file late-filed
17 exhibits related to the testimony given at the hearing and the time clock in this matter was extended.

18 On October 26, 2007, VWC and WUGB filed a Notice of Filing, which included a final
19 judgment regarding the Town of Buckeye's condemnation case.

20 On October 29, 2007, Staff docketed a Late-Filed Exhibit, stating its amended
21 recommendations.

22 On November 6, 2007, Staff docketed an additional Late-Filed Exhibit.

23 After the filing of the Late-Filed Exhibits, the matter was taken under advisement pending
24 submission of a Recommended Opinion and Order to the Commission.

25 * * * * *

26 Having considered the entire record herein and being fully advised in the premises, the
27 Commission finds, concludes, and orders that:

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FINDINGS OF FACT

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2
3 1. VWC and WUGB are Arizona public service corporations, in good standing with the
4 Commission's Corporation Division, authorized to provide water utility services in and around the
5 Town of Buckeye, and in Maricopa County.

6 2. VWC received Commission authority to provide water service in Commission
7 Decision No. 17778 (December 8, 1947).

8 3. WUGB received Commission authority to provide water service in Commission
9 Decision Nos. 46160 (June 16, 1975), 54121 (July 19, 1984), 41072 (December 28, 1970), 57607
10 (November 6, 1991), 57742 (February 22, 1992), 57808 (April 22, 1992), 59494 (January 31, 1996),
11 and 62756 (July 25, 2000).

12 4. VWC provides water service to approximately 4,300 customers and WUGB provides
13 water service to approximately 617 customers.

14 5. VWC and WUGB are owned by West Maricopa Combine, Inc., ("WMC").¹

15 6. Global Water Resources, LLC, is the ultimate parent company to WMC, VWC and
16 WUGB.² Additionally, VMC, WUGB, and WMC share common Officers and Directors, office
17 address, and main phone number.

18 7. On October 16, 2006, WUGB and VWC, filed with the Commission a joint
19 application for approval to transfer WUGB's assets and its CC&N to VWC.

20 8. The transfer areas include the present service areas of the two Companies, but are
21 separate parcels located in and around the Town of Buckeye and are not contiguous to each other.

22 9. The transfer areas consist of a total of more than 11,000 acres.

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27 _____
28 ¹ WMC also owns Willow Water Company, Water Utility of Greater Tonopah, Inc., and Water Utility of Northern
Scottsdale, Inc.

Staff's Original Recommendations

10. Staff initially recommended approval of approval of the joint application of VWC and WUGB for the transfer of assets and CC&N of WUGB to VWC, subject to compliance with the following conditions:

- 1) That VWC charge WUGB's authorized rates and charges in the transfer area.
- 2) That VWC file with Docket Control, as a compliance item in this docket, copies of all documentation transferring ownership of WUGB's assets to VWC, within 90 days of the decision in this matter.
- 3) That VWC file with Docket Control, copies of the approval from Maricopa County and the Town of Buckeye to transfer WUGB's franchise to VWC, within 365 days of the decision in this matter.
- 4) That VWC file with Docket Control, as a compliance item in this docket, copies of the Approval of Construction ("AOC") issued by Maricopa County Environmental Services Department ("MCESD") for the addition of three wells with a total minimum production capacity of 1,200 GPM for VWC's water system, within six months of the effective date of the decision in this matter.
- 5) That VWC file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the addition of a well or wells with a minimum capacity of 300 GPM for the Sun Valley/Sweetwater I water system, within six months of the effective date of the decision in this matter.
- 6) That VWC file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the addition of a storage tank with a minimum capacity of 16,000 gallons to the Sweetwater II water system, within six months of the effective date of the decision in this matter.
- 7) That VWC file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the interconnect/blending infrastructure for the Sweetwater II water system, within six months of the effective date of the decision in this matter.
- 8) That VWC file with Docket Control, as a compliance item in this docket, copies of the AOC issued by MCESD for the arsenic treatment systems for Sonoran Ridge and VWC water systems, within six months of the effective date of the decision in this case.

² According to the joint application, Global regulated subsidiaries serve more than 30,000 customers in Arizona.

9) That VWC file with Docket Control, as a compliance item in this docket, a copy of the MCESD Compliance Status Report showing that the Sweetwater II water system is in full compliance and delivering water that meets water quality standards required by the A.A.C., within six months of the effective date of a decision in this matter.

10) That VWC file with Docket Control, as a compliance item in this docket, a quarterly status report on the Town of Buckeye condemnation proceeding. The status report should be filed within 30 days after the end of each calendar quarter and shall continue until further Order of the Commission.

11. Staff further recommended that the Commission's decision granting the transfer of assets and CC&N be considered null and void after due process, if VWC fails to meet timeframes outlined in Condition Nos. 2,3,4,5,6,7,8 and 9.

Water Systems

Valencia Water Company

12. VWC operates one water system (PWS# 07-078), which consists of five wells with a total production capacity of 1,180 gallons per minute ("GPM"), ten storage tanks with total storage capacity of 2,105,000 gallons, and a distribution system serving approximately 4,300 customers.

13. VWC's water system provides for fire flow.

14. Staff concluded that the VWC water system has adequate storage capacity, but inadequate well production capacity to serve the existing customer base of 4,300 service connections.

15. VWC proposes to add three new wells with estimated additional production capacity of 1,200 GPM. The Companies' witness testified that two of the new wells are on line and currently have a production capacity of approximately 2,100 GPM. The Companies' witness further testified that, by the end of December 2007, they expected to have a production capacity of 3,085 GPM, which exceeds the 2,380 GPM Staff is recommending. (Tr. Pg. 21 lines 7-25)

16. Staff believes the anticipated total production capacity of 2,380 GPM should adequately serve approximately 5,570 service connections, governed by production capacity.

Water Utility of Greater Buckeye

17. WUGB operates four separate water systems. They are: 1) Sun Valley/Sweetwater I (PWS #07-195); 2) Sweetwater II (PWS #07-129); 3) Bulfer/Primrose (PWS #07-114) and 4)

1 Sonoran Ridge (PWS #07-732).

2 **Sun Valley/Sweetwater I**

3 18. The Sun Valley/Sweetwater I water system has one well producing 300 GPM, a
4 120,000 gallon storage tank, and a distribution system serving approximately 378 customers.

5 19. The Sun Valley/Sweetwater I system has fire hydrants.

6 20. Staff concluded that the Sun Valley/Sweetwater I water system has adequate well
7 production capacity, but inadequate storage capacity to serve its existing customer base.

8 21. WUGB proposes to add an additional well in the Sun Valley/Sweetwater I system.
9 The Companies' witness testified during the hearing that the new well already exists, and that WUGB
10 had already received the ATC to bring the well into the production system. He further stated the
11 production capacity for the new well is 400 GPM, and that the AOC was in the process of being
12 obtained. (Tr. Pg. 22, lines 2-14)

13 22. Staff concluded that if the production improvements are installed, the total anticipated
14 production capacity of 600 GPM and storage capacity of 120,000 gallons should adequately serve
15 approximately 800 customers, governed by storage capacity.

16 23. WUGB anticipates that the Sun Valley/Sweetwater I system will serve over 680
17 customers in the next five years.

18 **Sweetwater II**

19 24. The Sweetwater II water system has one well producing 40 GPM, four storage tanks
20 with a total storage capacity of 44,000, and a distribution system serving approximately 93
21 customers.

22 25. The water system has fire hydrants.

23 26. Staff concluded that the water system has inadequate production and storage capacity
24 to serve the existing customer base.

25 27. WUGB has addressed the production deficiency through an emergency connection
26 with the City of Goodyear water system. WUGB proposes that upon completion of the permanent
27 interconnect infrastructure, the City of Goodyear will provide an additional production capacity of 15
28 GPM to WUGB's existing 40 GPM.

1 28. In order to resolve the storage deficiency, Staff recommends an additional minimum
2 storage capacity of 16,000 gallons.

3 29. In its Response to the Staff Report, the Companies requested that Staff modify its
4 recommendation to allow WUGB 12 months instead of six months to file their AOC relating to the
5 installation of the 16,000 gallon storage tank. At hearing, Staff modified its recommendation,
6 recommending 12 months instead of six months for the Companies to comply with Condition No 6.

7 30. In response to Staff Condition No. 7, which requires WUGB to obtain an AOC for the
8 interconnection with the City of Goodyear, the Companies requested that Staff modify its
9 recommendation to allow them 12 months instead of six months to file their AOC. At hearing, Staff
10 modified its recommendation, extending the time for the Companies to comply with Condition No. 7
11 to 12 months instead of six.

12 31. Staff reasoned that if the production and storage improvements are made, the
13 production capacity of 55 GPM and storage capacity of 60,000 gallons should adequately serve
14 approximately 100 service connections, governed by storage capacity.

15 **Bulfer/Primrose**

16 32. The Bulfer/Primrose water system has one well producing 40 GPM, a 140,000 gallon
17 storage tank, and a distribution system serving approximately 88 customers.

18 33. Staff concluded that the water system has adequate well production and storage
19 capacity to serve the existing customers base and a reasonable level of growth.

20 **Sonoran Ridge**

21 34. The Sonoran Ridge water system has one well producing 150 GPM, a 200,000 gallon
22 storage tank, and a distribution system serving approximately 58 customers.

23 35. Staff concluded that the water system has adequate well production and storage
24 capacity to serve the existing customer base and a reasonable level of growth.

25 **Franchise Agreement**

26 36. The Companies requested, at hearing, that the time for filing copies of the approval
27 from Maricopa County and the Town of Buckeye to transfer WUGB's franchise area to VWC be
28 extended to two years instead of one year. The Companies' witness testified that although he did not

1 have any direct experience with the Town of Buckeye, he believed franchise negotiations with a town
2 can take longer than it can with the county. (Tr. Pg. 14, lines 1-12)

3 37. At hearing, Staff concurred with the Companies' request and modified its
4 recommendation requiring that VWC to file copies of approval from Maricopa County and the Town
5 of Buckeye within two years of a decision in this matter.

6 38. The Companies' witness also testified that the Companies were requesting some
7 flexibility to file a Franchise, Permit or other authorization from the Town of Buckeye and Maricopa
8 County. He further testified that at some point a small portion of the WUGB's service area had been
9 annexed into the Town of Buckeye and the Companies were unsure if a Franchise exists from the
10 Town of Buckeye for that area. (Tr. Pg. 14 lines 18-25 and pg. 15 lines 1-3) The Companies'
11 witness argued that instead of getting the Town of Buckeye to transfer the Franchise to VWC they
12 may have to obtain a brand new Franchise and therefore the language in Staff's recommendation
13 should be modified to eliminate the transfer language to just requiring a demonstration of a valid
14 Franchise from Maricopa County and from the Town of Buckeye. (Tr. Pg. 15, lines 4-13)

15 39. We believe Staff's recommendation regarding the filing of the Franchise, Permit or
16 Consent should be modified to require VWC to file a Franchise Agreement, Consent or Permit from
17 the appropriate jurisdictional entity (i.e., either the Town of Buckeye or Maricopa County depending
18 on which entity possesses authority to issue a Franchise, Permit or Consent for the Companies'
19 respective service areas) demonstrating it has authority to operate the systems located in the transfer
20 areas within two years of a decision in this matter.

21 **Arizona Department of Environmental Quality Compliance**

22 40. The Arizona Department of Environmental Quality ("ADEQ") has determined that
23 four of VWC's and WUGB's existing water systems are in compliance and currently delivering water
24 that meets the water quality standards required by the A.A.C. They are the: Valencia, Sun Valley
25 /Sweetwater I, Bulfer/Primrose, and Sonoran Ridge water systems. ADEQ has determined that the
26 Sweetwater II water system is in Substantial Compliance.

27 41. WUGB's witness testified that he believed the substantial compliance was based on
28 MCESD's requirement that WUGB obtain an AOC for the interconnection with the City of Goodyear

1 even though WUGB has received an interim approval to commence the emergency interconnection.
2 (Tr. Pg. 38, lines 1-9)

3 **Arsenic Issues**

4 42. On January 23, 2006, the U.S. Environmental Protection Agency ("EPA") reduced the
5 arsenic maximum containment level ("MCL") from 50 parts per billion ("ppb") to 10 ppb.
6 According to Staff's Report, the arsenic levels for VWC's and WUGB's water systems are as
7 follows:

- 8 a. Sweetwater II water system exceeds the MCL for arsenic and nitrates.
- 9 b. Sonoran Ridge water system exceeds the MCL of 10 ppb for arsenic.
- 10 c. Sun Valley/Sweetwater I and Bulfer/Primrose are both within acceptable EPA
11 MCLs for arsenic.
- 12 d. VWC has three sites, with five wells that exceed the MCL for arsenic.

13 43. WUGB has addressed the arsenic and nitrate MCLs in its Sweetwater II system by
14 blending water with City of Goodyear. On October 26, 2007, WUGB filed a Notice of Filing, which
15 included a water analysis report from the ADEQ demonstrating that arsenic levels for the Sweetwater
16 II system were at 4.1 ppb and nitrate levels at 8.9 ppb. Thus, the Sweetwater II system now appears to
17 be in compliance with ADEQ requirements.

18 44. WUGB is planning to install an arsenic treatment system at the well site for its
19 Sonoran Ridge water system, which is anticipated to have been completed by the end of 2007.

20 45. VWC is installing six arsenic treatment systems to reduce its arsenic MCL.

21 **Miscellaneous Compliance Issues**

22 46. VWC and WUGB are located within the Phoenix Active Management Area ("AMA"),
23 as designated by the Arizona Department of Water Resources ("ADWR").

24 47. ADWR has determined that VWC and WUGB are in compliance with the Phoenix
25 AMA reporting and conservation requirements.

26 48. VWC and WUGB have no outstanding ACC compliance issues.

27 49. VWC and WUGB have approved curtailment tariffs that became effective on January
28 26, 20059

1 50. VWC will provide water service in the transfer areas under WUGB's authorized rates
2 and charges.

3 **Transfer**

4 51. In the instant matter, VWC and WUGB are seeking authority to transfer the assets and
5 CC&N of WUGB to VWC.

6 52. According to Staff's Report, the distance between VWC and WUGB's CC&N areas
7 range from approximately three to eight miles.

8 53. A majority of VWC's CC&N area is within the Town of Buckeye's boundaries,
9 whereas, a minor portion of WUGB's CC&N is within the Town of Buckeye.

10 54. According to the joint application, all customer security deposits will be transferred to
11 VWC, and refunds due on Main Extension Agreements ("MXAs") or on meter and line installations
12 will be assumed by VWC.

13 55. According to Staff, the proposed transfer of assets and CC&N will not result in any
14 change in management or operations of the water system. Additionally, Staff stated that certified
15 operator personnel will not change and that basically the transfer would result in VWC having two
16 divisions.

17 **Town of Buckeye Condemnation**

18 56. Staff's Report indicated that the Town of Buckeye had initiated a condemnation
19 proceeding to condemn WUGB's water system and assets.

20 57. On October 26, 2007, WUGB and VWC filed a Notice of Filing, which showed that
21 the condemnation action filed by the Town of Buckeye had been dismissed without prejudice by
22 Maricopa County Superior Court.³ The Superior Court Order granted WUGB's Motion for Summary
23 Judgment and awarded WUGB attorney's fees and costs.

24 58. Due to the Superior Court's dismissal without prejudice of the Town of Buckeye's
25 condemnation action against the WUGB, Staff's recommendation No. 10 should be modified to state
26 that if the Town of Buckeye initiates a condemnation action against the WUGB or VWC, WUGB or
27

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³ Maricopa County Superior Court CV2006-010954.

1 VWC shall file notice of such action with Docket Control, in this docket and any other related
2 dockets, within 30 days of such action.

3 59. Because an allowance for property tax expense is included in WUGB's rates and will
4 be collected from its customers, the Commission seeks assurances from VWC that any taxes
5 collected from ratepayers have been remitted to the appropriate taxing authority. It has come to the
6 Commission's attention that a number of water companies have been unwilling or unable to fulfill
7 their obligation to pay the taxes that were collected from ratepayers, some for as many as twenty
8 years. It is reasonable, therefore, that as a preventive measure VWC shall annually file, as part of its
9 annual report, an affidavit with the Utilities Division attesting that the Company is current in paying
10 its property taxes in Arizona.

11 60. In recent months, the Commission has become increasingly concerned about the
12 prolonged drought in Central Arizona. Therefore, we believe VWC should be required to conserve
13 groundwater and that VWC should be prohibited from selling groundwater for the purpose of
14 irrigating any future golf courses within the certificated transfer areas or any ornamental lakes or
15 water features located in the common areas of any proposed new developments within the certificated
16 transfer areas.

17 61. Staff's Recommendations as modified herein, are reasonable and should be adopted.

18 **CONCLUSIONS OF LAW**

19 1. Water Utility of Greater Buckeye and Valencia Water Company are a public service
20 corporations within the meaning of Article XV of the Arizona Constitution and A.R.S. § 40-281.

21 2. The Commission has jurisdiction over Water Utility of Greater Buckeye, Valencia
22 Water Company, and the subject matter of the application.

23 3. Notice of the joint application was provided in accordance with the law.

24 4. There is a public need and necessity for water utility service in the transfer area.

25 5. Valencia Water Company is a fit and proper entity to acquire Water Utility of Greater
26 Buckeye's assets and CC&N.

27 6. Staff's recommendations, as modified and set forth herein, are reasonable and should
28 be adopted.

ORDER

1
2 IT IS THEREFORE ORDERED that the joint application of Valencia Water Company, Inc.,
3 and Water Utility of Greater Buckeye, Inc., for approval to transfer Water Utility of Greater Buckeye,
4 Inc.'s assets and its Certificate of Convenience of Necessity to Valencia Water Company, Inc., is
5 hereby granted subject to the conditions outlined in the following Ordering Paragraphs.

6 IT IS FURTHER ORDERED that Valencia Water Company, Inc., shall file with Docket
7 Control, as a compliance item in this docket, copies of all documentation transferring ownership of
8 Water Utility of Buckeye, Inc.'s assets to Valencia Water Company, Inc., within 90 days of the
9 effective date of this Decision.

10 IT IS FURTHER ORDERED that Valencia Water Company Inc., shall file with Docket
11 Control, as a compliance item in this docket, copies of a Franchise, Consent or Permit from the
12 appropriate jurisdictional entity (i.e., either the Town of Buckeye or Maricopa County depending on
13 which entity possesses authority to issue a Franchise, Permit or Consent for the Companies'
14 respective service areas) demonstrating it has authority to operate the systems located in the transfer
15 areas within two years of the effective date of this Decision.

16 IT IS FURTHER ORDERED that Valencia Water Company, Inc., shall file with Docket
17 Control, as a compliance item in this docket, copies of the Approval of Construction issued by
18 Maricopa County Environmental Services Department for the addition of three wells with a total
19 minimum production capacity of 1,200 GPM for Valencia Water Company, Inc.'s water system,
20 within six months of the effective date of this Decision.

21 IT IS FURTHER ORDERED that Valencia Water Company, Inc., shall file with Docket
22 Control, as a compliance item in this docket, copies of the Approval of Construction issued by
23 Maricopa County Environmental Services Department, for the addition of a well or wells with a
24 minimum capacity of 300 GPM for the Sun Valley/Sweetwater I water system, within six months of
25 the effective date of this Decision.

26 IT IS FURTHER ORDERED that Valencia Water Company, Inc., shall file with Docket
27 Control, as a compliance item in this docket, copies of the Approval of Construction issued by
28 Maricopa County Environmental Services Department for the addition of a storage tank with a

1 minimum capacity of 16,000 gallons to the Sweetwater II water system, within twelve months of the
2 effective date of this Decision.

3 IT IS FURTHER ORDERED that Valencia Water Company, Inc., shall file with Docket
4 Control, as a compliance item in this docket, copies of the Approval of Construction issued by
5 Maricopa County Environmental Services Department for the interconnect/blending infrastructure for
6 the Sweetwater II water system, within twelve months of the effective date of this Decision.

7 IT IS FURTHER ORDERED that Valencia Water Company, Inc., shall file with Docket
8 Control, as a compliance item in this docket, copies of the Approval of Construction issued by
9 Maricopa County Environmental Services Department for the arsenic treatment systems for Sonoran
10 Ridge and Valencia Water Company, Inc.'s water systems, within six months of the effective date
11 of this Decision.

12 IT IS FURTHER ORDERED that Valencia Water Company, Inc., shall file with Docket
13 Control, as a compliance item in this docket, a copy of the Maricopa County Environmental Services
14 Department's Compliance Status Report showing that the Sweetwater II water system is in full
15 compliance and delivering water that meets water quality standards required by the A.A.C., within
16 six months of the effective date of this Decision.

17 IT IS FURTHER ORDERED that Valencia Water Company, Inc., shall file with Docket
18 Control, in this docket, and any related dockets, a Notice of any condemnation actions filed by the
19 Town of Buckeye within 30 days of such action.

20 IT IS FURTHER ORDERED that if Valencia Water Company, Inc., fails to comply with the
21 above conditions within the required timeframes, the transfer of assets and the Certificate of
22 Convenience and Necessity of Water Utility of Greater Buckeye, Inc. to Valencia Water Company,
23 Inc., shall be considered null and void after due process.

24 IT IS FURTHER ORDERED that Valencia Water Company, Inc., shall charge the existing
25 rates and charges on file with the Commission for the Water Utility of Greater Buckeye, Inc. in the
26 transfer areas, until further Order of the Commission.

27 IT IS FURTHER ORDERED that in light of the on-going drought conditions in central
28 Arizona and the need to conserve groundwater, Valencia Water Company, Inc., is prohibited from

1 selling groundwater for the purpose of irrigating any future golf courses within the certificated
2 transfer areas or any ornamental lakes or water features located in the common areas of any proposed
3 new developments within the Certificated transfer areas.

4 IT IS FURTHER ORDERED that Valencia Water Company, Inc. shall annually file as part of
5 its annual report, an affidavit with the Utilities Division attesting that it is current on paying its
6 property taxes in Arizona.

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

8 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

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CHAIRMAN _____ COMMISSIONER _____

COMMISSIONER _____ COMMISSIONER _____ COMMISSIONER _____

IN WITNESS WHEREOF, I, DEAN S. MILLER, Interim Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this ____ day of _____, 2008.

DEAN S. MILLER
INTERIM EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

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SERVICE LIST FOR:

WATER UTILITY OF GREATER BUCKEYE, INC.
and VALENCIA WATER COMPANY, INC.

DOCKET NOS.:

W-01212A-06-0666 and W-02451A-06-0666

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