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1 Richard L. Sallquist (002677)  
2 SALLQUIST, DRUMMOND & O'CONNOR, P.C.  
3 4500 S. Lakeshore Drive, Suite 339  
4 Tempe, Arizona 85282  
5 Telephone: (480) 839-5202  
6 Fax: (480) 345-0412  
7 Attorneys for Valley Utilities Water Company, Inc.

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AZ CORP COMMISSION  
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Arizona Corporation Commission

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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE )  
APPLICATION OF VALLEY UTILITIES )  
WATER COMPANY INC. FOR AN )  
INCREASE IN ITS WATER RATES FOR )  
CUSTOMERS WITHIN MARICOPA )  
COUNTY, ARIZONA. )

DOCKET NO. W-01412A-99-0615

IN THE MATTER OF THE )  
APPLICATION OF VALLEY UTILITIES )  
WATER COMPANY, INC. FOR )  
AUTHORITY TO ISSUE PROMISSORY )  
NOTE(S) AND OTHER EVIDENCES OF )  
INDEBTEDNESS PAYABLE AT )  
PERIODS OF MORE THAN TWELVE )  
MONTHS AFTER THE DATE OF )  
ISSUANCE )

DOCKET NO. W-01412A-00-0023

MOTION FOR AN ORDER  
CONFIRMING COMPLIANCE AND  
RELEASE OF SET-ASIDE FUNDS

Valley Utilities Water Company Inc. (hereinafter "Valley" or the "Company"), by and through the undersigned counsel, hereby submits this Motion for an Order Confirming Compliance and Release of Set-Aside Funds, and in support of said Motion states as follows:

1. In Decision No. 62908, dated September 18, 2000, the Commission, among other things; (1) granted the Company an increase in its authorized rates, (2) approved a loan from the Water Infrastructure Facilities of Arizona ("WIFA") in the amount of \$452,080 to replace a water storage tank, replace a booster pump replace lines and valves, install new fire hydrants and other improvements (Loan #1), and (3) required the Company to "set-aside" in a separate bank

1 account (the "Set-Aside Account"), one-twelfth of the estimated annual debt service for Loan #1  
2 each month, which was estimated to be \$6.35 per bill per month<sup>1</sup>. The purpose of the set-aside  
3 was to assure that the Company had sufficient cash flow to service the debt of the WIFA Loan  
4 #1. This set-aside was to continue, "...Until such time that the exact amount [of the debt  
5 service] was known ...".

6 2. The Company began depositing funds into the Set-Aside Account in November 2000,  
7 and suspended collecting those "set-asides" in November 2003 after consultation with Staff  
8 when it was determined that the draw down on the loan would be substantially less than the full  
9 authorized loan amount.

10 3. On January 7, 2005 the Company closed on the WIFA Loan #1 in the amount of  
11 \$52,350.00, having determined that it did not need all funds for the specific projects authorized  
12 in Decision No. 62809, for the reasons set forth in a letter to Ernest Johnson on December 28,  
13 2005, a copy of which is attached hereto as **Exhibit 1**.

14 4. On November 14, 2005 the Commission issued Decision No. 68309 which, among  
15 other things, granted approval of a WIFA Loan for approximately \$1.9 million (Loan #2) and  
16 cancelled authority for WIFA Loan #1, erroneously assuming it "was never utilized".

17 5. In accordance with Decision No. 68309, the Company duly reported to Staff the  
18 status of Set-Aside Account collections, expenditures and balance. On January 9, 2008 the Staff  
19 issued a Memorandum regarding its review of the Set-Aside Account, a copy of which is  
20 attached hereto as **Exhibit 2**. On March 19, 2008, after meeting with Staff, the Company  
21 responded to the Staff Report. A copy of that Response is attached hereto as **Exhibit 3**.

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23  
24 <sup>1</sup> Note that the average bill was increased by \$6.40 per month per Decision No. 62908, Page 11, Line 21, leaving the  
Company with an additional unrestricted cash flow of only \$0.05 per customer per month at that time.  
93055.00000.368



1 Original and ten copies of the foregoing  
filed this 7<sup>th</sup> day of May, 2008,  
2 with:

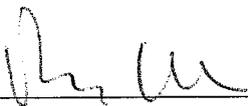
3 Docket Control  
Arizona Corporation Commission  
4 1200 West Washington  
Phoenix, Arizona 85007

5  
6 Copies of the foregoing Hand Delivered this 7<sup>th</sup>  
day of May, 2008, to:

7 Hearing Division  
8 Arizona Corporation Commission  
1200 West Washington  
9 Phoenix, Arizona 85007

10 Legal Division  
Arizona Corporation Commission  
11 1200 West Washington  
Phoenix, Arizona 85007

12 Utilities Division  
13 Arizona Corporation Commission  
1200 West Washington  
14 Phoenix, Arizona 85007

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