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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission  
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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

STAFF'S RESPONSE TO VALLEY UTILITIES MOTION FOR AN ORDER CONFIRMING COMPLIANCE AND RELEASE OF SET-ASIDE FUNDS

Arizona Corporation Commission, Utilities Division ("Staff") hereby responds to Judge Martin's order that Staff file a response to Valley Utilities Water Company Inc.'s ("Valley Utilities") Motion for an Order Confirming Compliance and Release of Set-Aside Funds. Staff recommends that the Commission grant the motion and order the "set-aside" funds released from the "set-aside account" because the account is no longer necessary to service the Water Infrastructure Facilities of Arizona ("WIFA") Loan # 1.

The Commission, in Decision No. 62908, approved WIFA Loan #1 and ordered Valley Utilities to "set aside the amount of funds equivalent to the annual debt service requirements of the WIFA loan and set aside one-twelfth on a monthly basis when the amount of debt service requirement becomes known to the Company."<sup>1</sup> The Commission further ordered that, "[u]ntil such time as that amount is known, the Company shall set aside \$6.35 per bill per month in a separate interest bearing account to be used solely for the purpose of servicing the WIFA financing."<sup>2</sup> In

<sup>1</sup> Decision No. 62908, p. 15 (cited in Decision No. 68309, p. 8)

<sup>2</sup> *Id.*

1 Decision No. 68309 the Commission: (1) cancelled the WIFA financing authority for Loan #1, (2)  
2 authorized WIFA financing for Loan #2, and (3) required Valley Utilities to apply previously  
3 collected arsenic removal surcharge tariffs to service WIFA Loan #2.<sup>3</sup> Although Decision No. 68309  
4 vacated the set-aside requirement by cancelling authority for WIFA Loan #1, the Commission has not  
5 yet granted Valley Utilities the authority to close the set-aside account.

6 As Valley Utilities notes in their motion, the set-aside account is no longer necessary because  
7 the WIFA Loan #1 has since been cancelled and "rolled into" WIFA Loan #2. Therefore, Staff  
8 recommends that the Commission grant Valley Utilities motion and release the set-aside account  
9 funds.

10 RESPECTFULLY SUBMITTED this 15<sup>th</sup> day of August, 2008.

11   
12 Robin R. Mitchell  
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16 The original and fifteen (15) copies  
17 of the foregoing were filed this  
15<sup>th</sup> day of August, 2008 with:

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

20 Copy of the foregoing mailed this  
21 15<sup>th</sup> day of August, 2008 to:

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25 Attorney for Valley Utilities Water Company, Inc.

26 

28 <sup>3</sup> Decision 68309, pp. 7 and 9.