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Arizona Corporation Commission

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DOCKETED BY

7 **BEFORE THE ARIZONA CORPORATION COMMISSION**

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

DOCKET NO. W-01412A-99-0615

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

DOCKET NO. W-01412A-00-0023

**NOTICE OF FILING COMPLIANCE
WITH DECISION NO. 70956**

17
18 Pursuant to Decision No. 70956 (April 7, 2009), Valley Utilities Water Company,
19 Inc. ("Valley Utilities") hereby files the Notice of Compliance in the above-referenced
20 dockets. In its order, the Arizona Corporation Commission required Valley Utilities to
21 file an accounting report ("Report") of all monies utilized by the Company from its Set-
22 Aside account authorized in Decision No. 62908 (September 18, 2000), within thirty (30)
23 days of the decision. Attached hereto as Exhibit 1 is the Report that details how the funds
24 were used, to whom the money was paid and for what purpose, for the period beginning
25 September 2003 to the present. A copy of the Report is also being filed concurrently in
26 Valley Utilities' separate surcharge application and rate application dockets.

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RESPECTFULLY SUBMITTED this 7th day of May, 2009.

FENNEMORE CRAIG, P.C.

By: 
Patrick J. Black
Attorneys for Valley Utilities Water Company, Inc.

ORIGINAL and **17 copies**
of the foregoing **FILED** this
7th day of May, 2009 with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

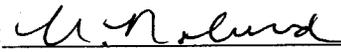
COPY of the foregoing
MAILED and sent via Electronic mail
this 7th day of May, 2009 to:

Belinda Martin
Hearing Division
ARIZONA CORPORATION COMMISSION
400 West Congress
Tucson, AZ 85701-1347
bmartin@azcc.gov

COPY of the foregoing was
HAND-DELIVERED
this 24th day of April, 2009 to:

Kevin Torrey
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

Ernest Johnson, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

By: 
PHX/PBLACK/2193926.1/24964.003

EXHIBIT

1

SET-ASIDE ACCOUNTING – COMPLIANCE STATUS REPORT

Decision No. 70956 (April 7, 2009)

[Executive Summary]

Enclosed herewith is the detailed accounting report (“Report”) ordered to be filed with the Arizona Corporation Commission in Decision No. 70956 (April 7, 2009). The Report provides information concerning Set-Aside funds utilized by Valley Utilities Water Company, Inc. (“Valley Utilities” or “Company”) from September 2003 to the present to pay Company expenses. As stated by the Company during the hearing in this matter, money was withdrawn from the Set-Aside account to pay certain expenses when monthly revenues were insufficient to meet operating expenses. Valley Utilities not only withdrew funds from the Set-Aside account, but re-deposited funds when such funds were available. This Report only identifies each withdrawal, the exact amount, the purpose of the withdrawal and the payee.

Valley Utilities did not make payments directly from the Set-Aside account (a savings account), but rather transferred the funds to its operating account (a checking account) in order to make the payments identified. Therefore, the amount transferred at times does not exactly match the amount that was paid from the operating account. In these instances, the remainder of the balance stayed in the operating account to pay future expenses. For instance, on 2/10/05, the Company transferred \$10,000.00 from its Set-Aside Account to its operating account to meet payroll expenses, which totaled \$9,950.83. The remainder, or \$49.17, was left in the operating account.

Finally, some of the entries are self-explanatory. However, some payments require a short explanation for clarification:

10/15/03 – Line X Savings Account

This account was established as a savings account to meet annual AIAC refund obligations on line extension agreements.

11/17/03 – Cardmember Services

This refers to the Company’s business VISA card, and the \$2,351.67 payment is broken down as follows:

| | | |
|---|-----------------------|--------------|
| - | Vehicle expense (gas) | = \$1,105.49 |
| - | Computer | = \$128.28 |
| - | Meals | = \$212.57 |
| - | Office supplies | = \$296.39 |
| - | Tools | = \$158.59 |
| - | Materials/supplies | = \$105.05 |
| - | Group Insurance | = \$128.65 |

| | |
|------------------|------------|
| - Telephone bill | = \$21.65 |
| - Education | = \$60.00 |
| - Misc. benefits | = \$135.00 |

1/14/05 - Arsenic Remediation Coalition, LLC

The Arsenic Remediation Coalition was a group of water companies that were out of compliance with the new MCL for arsenic. The group was formed by members of the WUAA, and acted as a forum for vendor fairs, engineer Q&As and RFPs that could be used by member companies, and enjoyed broad support from the Commission and Staff. The \$5,000 in dues paid was a one-time payment.

4/26/06 - Health Insurance Stipends

These stipends were provided to employees prior to the Company obtaining small group health insurance for its employees.

4/26/06 - Space Rental and MABS Plant Site location

This payment was made in error, and was eventually refunded to the Company by the Princes. Please also see Valley Utilities' response to Staff Data Requests GTM 2.4 and GTM 2.5 in the current rate case application.

5/8/06 - Cardmember Services

At the time, the Company's VISA business credit card was linked to its operating account as overdraft protection. Payroll for the preceding month exceeded the amount in the operating account by \$9,200.00, which was then paid back to the credit card due to the overdraft.

| <u>Date</u> | <u>Withdraw Amount</u> | <u>Payee</u> | <u>Exact Amount Paid to Payee</u> | <u>Purpose of Payment</u> |
|-------------|----------------------------|----------------------------------|---------------------------------------|--|
| 10/9/2003 | \$ 10,000.00 | VUWCO Employees | \$9,918.38 | Payroll |
| | | Automatic Data Processing | \$ 82.56 | Payroll Services |
| 10/15/2003 | \$ 12,000.00 | Line X Savings Account | \$ 12,000.00 | Funds used to open Line X Savings Account |
| 11/17/2003 | \$ 10,000.00 | Aerotech Labs, INC. | \$ 75.00 | Water sampling-5 samples testing for Coliform/E.Coli-Colilert |
| | | Robert L. Prince | \$ 539.00 | Health Insurance Premium |
| | | Cox Communications | \$ 39.60 | High Speed Data Services |
| | | Robert L. Prince | \$ 1,035.00 | Vehicle Rent Payment |
| | | Viking | \$ 102.92 | Printable VUWCO checks |
| | | Palo Verde Rentals | \$ 569.87 | Equipment Rental |
| | | American Water Works Association | \$ 114.00 | 2004 Membership |
| | | Galic Life Division | \$ 227.44 | Life Insurance Premium |
| | | Cardmember Services | \$ 2,351.67 | computer expense, vehicle exp., meal exp., office exp., tools, materials/supplies, group insurance exp., telephone exp., misc. benefit exp., education exp. |
| | | Midland National Insurance | \$ 1,578.88 | Life Insurance Premium |
| | | Midland National Insurance | \$ 125.45 | Life Insurance Premium |
| | | Postmaster | \$ 120.00 | October 2003 past due billing |
| | | Total | \$ 6,878.83 | |
| 4/2/2004 | \$ 20,000.00 | Westside Waterworks | \$ 20,000.00 | Repair & Maintenance |
| 5/2/2004 | \$ 5,000.00 | VUWCO Employees | \$ 9,941.39 | Payroll |
| | | Automatic Data Processing | \$ 75.56 | Payroll Services |
| 5/12/2004 | \$ 510.00 | Coe & Van Loo | \$ 510.00 | WFA Project engineering invoice |
| 6/9/2004 | \$ 2,871.49 | Coe & Van Loo | \$ 2,871.49 | WFA Project engineering invoice |

| | | | | | | |
|------------|----|-----------|--------------------------------------|----|-----------|--|
| 1/14/2005 | \$ | 5,000.00 | Arsenic Remediation Coalition, LLC | \$ | 5,000.00 | ARC Dues |
| 2/10/2005 | \$ | 10,000.00 | VUWCO Employees | \$ | 9,885.56 | Payroll |
| | | | Automatic Data Processing | \$ | 65.27 | Payroll Services |
| 3/11/2005 | \$ | 10,000.00 | VUWCO Employees | \$ | 9,835.10 | Payroll |
| | | | Automatic Data Processing | \$ | 65.27 | Payroll Services |
| | | | Arizona Department of Revenue | \$ | 2,150.00 | 2004 Arizona State Income Taxes |
| 3/28/2005 | \$ | 20,000.00 | The Arizona Group | \$ | 16,270.00 | General Liability Insurance |
| | | | Weber Group | \$ | 2,335.00 | Well Repair-#4 Well |
| 4/6/2005 | \$ | 10,000.00 | VUWCO Employees | \$ | 9,819.20 | Payroll |
| | | | Automatic Data Processing | \$ | 72.27 | Payroll Services |
| 7/1/2005 | \$ | 119.00 | Sallquist, Drummond & O'Connor, P.C. | \$ | 119.00 | Attorney statement for services on WIFA loan closing |
| 10/18/2005 | \$ | 265.58 | Coe & Van Loo | \$ | 265.58 | WIFA Project engineering invoice |
| 11/16/2005 | \$ | 323.75 | Coe & Van Loo | \$ | 323.75 | WIFA Project engineering invoice |
| 12/27/2005 | \$ | 565.35 | Coe & Van Loo | \$ | 565.35 | WIFA Project engineering invoice |
| 12/27/2005 | \$ | 38.57 | Coe & Van Loo | \$ | 38.57 | WIFA Project engineering invoice |

| | | | | |
|-----------|--------------|--------------------------------------|---------------------|---|
| 4/26/2006 | \$ 51,000.00 | VUWCO Employees | \$ 12,809.51 | Payroll |
| | | Automatic Data Processing | \$ 76.29 | Payroll Services |
| | | Maricopa County Treasurer | \$ 16,472.10 | 1st Half Property Taxes |
| | | Bingham Equipment Rental | \$ 2,549.07 | Tractor rental on LPSCO tie in |
| | | Barbara Prince | \$ 510.00 | Health Insurance Stipend |
| | | Scott Keith | \$ 400.00 | Health Insurance Stipend |
| | | Pauline Garcia | \$ 317.00 | Health Insurance Stipend |
| | | Lisa Mycke | \$ 915.00 | Health Insurance Stipend & Salary Increase |
| | | NASE | \$ 496.00 | Health Insurance Premium |
| | | Sallquist, Drummond & O'Connor, P.C. | \$ 901.00 | |
| | | Robert L. Prince | \$ 2,870.00 | Shop space rental & MABS plant site location rental |
| | | APS | \$ 8,831.86 | Purchased power for March 06 |
| | | Ullmann & Company | \$ 2,803.00 | |
| | | Total | \$ 49,950.83 | |
| | | | | |
| 5/8/2006 | \$ 9,200.00 | Cardmember Services | \$ 9,200.00 | Overdraft Protection |
| | | | | |
| 6/14/2007 | \$ 24,579.91 | Ram Pipelines | \$ 23,459.60 | LPSCO tie in |
| | | Robert L. Prince | \$ 1,000.00 | MABS plant site location rental |
| | | | | |
| 7/31/2007 | \$ 10,464.34 | Ferguson Waterworks | \$ 10,464.34 | LPSCO tie in |