

ORIGINAL



0000100011

RECEIVED

TO: Docket Control

FROM: Ernest G. Johnson  
Director  
Utilities Division

2009 JUN 25 P 3: 54

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: June 25, 2009

RE: STAFF REPORT FOR THE APPLICATION OF COMMUNITY WATER COMPANY OF GREEN VALLEY FOR AUTHORITY TO ISSUE LONG-TERM DEBT OF \$2.810 MILLION. (DOCKET NO. W-02304A-09-0153)

Attached is the Staff Report for Community Water Company of Green Valley's application for authority to issue long-term debt in the amount of \$2,810,000. Staff recommends approval of the requested financing authorization.

Any party to this procedure who wishes may file comments to the Staff Report with the Commission's Docket Control by 4:00 p.m. on or before July 7, 2009.

EGJ:PMC:kdh

Originator: Pedro M. Chaves

Arizona Corporation Commission

DOCKETED

JUN 25 2009

DOCKETED BY 

Service List for: Community Water Company of Green Valley  
Docket No. W-02304A-09-0153

Mr. Jason D. Gellman, Esq.  
Roshka DeWulf & Patten, PLC  
One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004

Ms. Janice Alward  
Chief Counsel, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. Ernest G. Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Lyn Farmer  
Chief Administrative Law Judge, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

**STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION**

**COMMUNITY WATER COMPANY OF GREEN VALLEY**

**DOCKET NO. W-02304A-09-0153**

**APPLICATION FOR AUTHORITY TO ISSUE LONG-TERM  
DEBT OF \$2.810 MILLION**

**JUNE 25, 2009**

## STAFF ACKNOWLEDGMENT

The Staff Report for Community Water of Green Valley, Docket No. W-02304A-09-0153 is the responsibility of the Staff members listed below. Pedro M. Chaves is responsible for the financial review and analysis. Jian Liu is responsible for the engineering and technical analysis.

A handwritten signature in black ink, appearing to read 'P. M. Chaves'.

PEDRO M. CHAVES  
PUBLIC UTILITIES ANALYST III

A handwritten signature in black ink, appearing to read 'Jian Liu'.

JIAN LIU  
UTILITIES ENGINEER

**EXECUTIVE SUMMARY**  
**COMMUNITY WATER COMPANY OF GREEN VALLEY**  
**DOCKET NO. W-02304A-09-0153**

On September 5, 2008, Community Water Company of Green Valley, ("CWCGV" or "Cooperative") a Class "B" public service water corporation and non-profit, member-owned cooperative located in Green Valley, Arizona, filed an application under Docket No. W-02304A-08-0465 requesting authorization to issue long-term tax exempt bonds and other evidence of indebtedness in the amount of \$3,600,000. On October 10, 2008, the Cooperative filed an amended application requesting authorization for a \$2,810,000 one-year loan instead. On March 26, 2009, and pursuant to a procedural order under Docket No. W-02304A-08-0465, the Cooperative requested closure of Docket No. W-02304A-08-0465 and filed an application for authority to issue long-term debt of \$2,810,000.

Decision No. 67515, dated January 20, 2005, granted CWCGV the following authorizations: 1) an 18-month non-revolving line of credit in the amount of \$4,000,000 to finance arsenic treatment equipment, Central Arizona Project rights, and other miscellaneous equipment ("Facility 1"); and 2) a 60-month term loan in the amount of \$4,000,000 to pay off Facility 1.

The purpose of the proposed \$2,810,000 financing is to pay off the \$2,500,000 balance of the non-revolving line of credit authorized by Decision No. 67515 and to fund \$310,000 of planned capital improvements.

As of December 31, 2008, CWCGV had a 2.00 debt service coverage ratio ("DSC"). Issuance of \$2.81 million debt amortized for 20 years at 7.0 percent per annum results in a pro forma DSC ratio of 1.37. Staff's pro forma DSC results indicate that CWCGV will be able to meet all obligations with cash generated from operations.

On December 31, 2008, CWCGV's capital structure was composed of 26.1 percent short-term debt, 4.0 percent long-term debt and 69.9 percent equity. A pro forma capital structure reflecting a twenty-year amortizing \$2,810,000 loan at 7 percent per annum, retirement of \$2,500,000 of existing short-term debt, and the outstanding balance of an existing, unauthorized, 5-year \$1,015,665 Central Arizona Water Conservation District ("CAWCD") debt is composed of 2.4 percent short-term debt, 29.7 percent long-term debt, and 67.9 percent equity. CWCGV's pro forma capital structure is consistent with Staff's capital structure recommendations for cooperatives.

On November 21, 2007, the Cooperative entered into a long-term agreement with the CAWCD for an additional Central Arizona Project ("CAP") allocation.

Staff concludes that issuance of an amount not to exceed \$2,810,000 for the purposes stated in the application is within CWCGV's corporate powers, is compatible with the public interest, is consistent with sound financial practices and will not impair its ability to provide services.

Staff recommends that the Commission authorize CWCGV to borrow funds in an amount not to exceed \$2,810,000 under terms consistent with the Chase Bank terms and conditions sheet.

Staff further recommends that the Company docket as a compliance item in this docket no later than July 31, 2009, documentation issued by ADWR indicating that CWCGV is currently in compliance with departmental requirements governing water providers and/or community water systems.

Staff further recommends revocation of any unused authorizations to issue debt granted in Decision No. 67515.

Staff further recommends authorizing CWCGV to engage in any transaction and to execute any documents necessary to effectuate the authorizations granted in this proceeding.

Staff further recommends that any authorization to incur debt granted in this proceeding terminate on December 31, 2009.

Staff further recommends that one copy of the executed loan documents be filed with Docket Control within 60 days of execution.

Staff further recommends that, in an abundance of caution, CWCGV should file an application before the Commission so the Commission may determine whether the long-term agreement with the CAWCD falls under A.R.S. §§ 40-301 and 40-302.

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>INTRODUCTION .....</b>	<b>1</b>
<b>NOTICE .....</b>	<b>1</b>
<b>BACKGROUND.....</b>	<b>1</b>
<b>PURPOSE OF THE FINANCING.....</b>	<b>2</b>
<b>DESCRIPTION OF THE PROPOSED FINANCING .....</b>	<b>2</b>
<b>FINANCIAL ANALYSIS.....</b>	<b>2</b>
DSC.....	3
CAPITAL STRUCTURE.....	3
ENCUMBRANCE.....	4
<b>ENGINEERING ANALYSIS .....</b>	<b>4</b>
<b>COMPLIANCE.....</b>	<b>4</b>
<b>CONCLUSION AND RECOMMENDATIONS .....</b>	<b>4</b>

**SCHEDULES**

Financial Analysis.....	Schedule PMC-1
-------------------------	----------------

**Attachments**

Engineering Report .....	A
Notice.....	B

## **INTRODUCTION**

Community Water Company of Green Valley ("CWCGV" or "Cooperative") is a "Class B" public service corporation and non-profit member-owned cooperative engaged in the business of providing water utility service in Pima County, Arizona in the unincorporated community of Green Valley.

On March 26, 2009, CWCGV filed an application with the Arizona Corporation Commission ("Commission") requesting authorization to issue long-term debt in the amount of \$2,810,000.

The Cooperative's current rates were approved in Decision No. 69205, dated December 21, 2006. CWCGV has a rate case pending under Docket No. W-02304A-08-0590.

## **NOTICE**

The Cooperative published notice of its financing application on May 3, 2009, in *The Green Valley News and Sun*. *The Green Valley News and Sun* is a newspaper of general circulation in Pima County. The affidavit of publication is attached along with a copy of the Notice (Attachment B).

## **BACKGROUND**

On January 20, 2005, the Cooperative received authorization for 1) an 18-month non-revolving line of credit in the amount of \$4,000,000 to finance arsenic treatment equipment, Central Arizona Project rights, and other miscellaneous equipment ("Facility 1"); and 2) a 60-month term loan in the amount of \$4,000,000 to pay off Facility 1.<sup>1</sup> In response to CWCGV's October 10, 2006, filing for an amendment, Staff filed a memorandum, dated November 22, 2006, concluding that the authorization for Facility 1 was sufficiently broad to permit an extension from 18 to 24 months.

On September 5, 2008, the Cooperative filed an application under Docket No. W-02304A-08-0465 for 1) the issuance of Tax Exempt Bonds not to exceed \$3,600,000 to pay off the \$2,500,000 Facility 1 line of credit balance, 2) \$790,000 of Central Arizona Project loans and, 3) finance \$310,000 of other planned capital expenditures.

On October 10, 2008, the Cooperative filed an Amended Application stating that it was advised by its banker that the Tax Exempt Industrial Development Authority bonds were not available at that time to refinance its project. The Cooperative was also informed that either the extension of the Line of Credit or a traditional long-term loan would result in higher interest costs than a one-year term loan. Based on those market conditions, the Bank recommended a one-year term loan.

---

<sup>1</sup> Decision No. 67515, dated January 20, 2005.

The Facility 1 loan matured on November 16, 2008. Chase Bank extended the maturity for 12 more months to allow time for regulatory approval of the financing without putting CWCGV in default. Hence, the Facility 1 loan must be refinanced by November 16, 2009.

On December 31, 2008, Staff filed a Staff Report recommending contingent authorization of the Cooperative's October 10, 2008, Amended Application request.

On January 28, 2009, the Cooperative filed correspondence indicating that because of certain economic factors, financing under a short-term letter of credit was no longer feasible.

Procedural order dated March 16, 2009, ordered the Cooperative to file a motion to withdraw its application and to file a new application as it deemed necessary.

On March 26, 2009, CWCGV filed an application with the Commission requesting authorization to issue long-term debt in the amount of \$2,810,000.

### **PURPOSE OF THE FINANCING**

The purpose of the proposed \$2,810,000 financing is to pay off the \$2,500,000 balance of non-revolving line of credit authorized by Decision No. 67515 and to fund \$310,000 of planned capital improvements.

### **DESCRIPTION OF THE PROPOSED FINANCING**

A copy of the terms and conditions from Chase Bank is attached as Exhibit 2 of the Cooperative's Application. CWCGV's Exhibit 2 notes, in part, the following characteristics of the loan: Chase Bank is the lender; the maximum principal amount is \$2,810,000; the loan will be payable in fifty-nine equal installments of principal and interest, based on 20-year amortization, and one final balloon payment for the remaining balance; the pricing is based on a variable interest rate to be based on the Chase Bank floating rate<sup>2</sup> plus 100 basis points with a 30-day London Interbank Offered Rate ("LIBOR")<sup>3</sup> plus 250 basis points floor. Market conditions will dictate the actual interest rate at closing.

Chase Bank will require a Deed of Trust ("DOT") which provides for first claim on assets, which is the same as on the current loan.

### **FINANCIAL ANALYSIS**

Staff's analysis is illustrated in Schedule PMC-1. Column [A] reflects CWCGV's audited financial information for the year ended December 31, 2008.<sup>4</sup> Column [B] presents pro forma

<sup>2</sup> Chase Bank current floating rate is 3.25 percent, as of May 13, 2009.

<sup>3</sup> The current 30-day LIBOR rate is 0.35 percent, as of May 13, 2009.

<sup>4</sup> The financial statements include the effects of a \$606,000 balance on a \$1,015,665 5-year unauthorized existing CAWCD debt at percent per annum.

financial information that modifies Column [A] to reflect the issuance of a \$2.81 million loan, amortized for 20 years at 7.0 percent per annum and retirement of the existing \$2,500,000 short-term debt.

### DSC

Debt service coverage ratio (“DSC”) represents the number of times internally generated cash will cover required principal and interest payments on short-term and long-term debt. A DSC greater than 1.0 indicates that operating cash flow is sufficient to cover debt obligations. A DSC less than 1.0 means that debt service obligations cannot be met by cash generated from operations and that another source of funds is needed to avoid default.

Schedule PMC-1, Column [A] shows that for the year ended December 31, 2008, CWCGV had a 2.00 DSC. The pro forma DSC ratio for the Cooperative under the scenario described above for Column [B] is 1.37. Staff’s pro forma DSC indicates that CWCGV will be able to meet all obligations with cash generated from operations.

### Capital Structure

On November 21, 2007, the Cooperative entered into a long-term agreement with the Central Arizona Water Conservation District (“CAWCD”) for additional Central Arizona Project (“CAP”) allocation. To pay for this additional CAP allocation, CWCGV opted for a five year payment plan with annual installments of \$222,995, including principal and interest at 5.2 percent.<sup>5</sup> The first installment was due on December 1, 2007, with final payment due December 1, 2011.

A.R.S. § 40-302 states that: “Before a public service corporation issues stocks and stock certificates, bonds, notes and other evidences of indebtedness, it shall first secure from the commission an order authorizing such issue and stating the amount thereof, the purposes to which the issue or proceeds thereof are to be applied, and that, in the opinion of the commission, the issue is reasonably necessary or appropriate for the purposes specified in the order, pursuant to section 40-301(…)”

CWCGV has not requested Commission authorization pertaining to the additional CAP allocation long-term agreement in accordance with A.R.S. §§ 40-301 and 40-302. The Cooperative asserts that it does not believe this is a long-term debt because it can stop making payments to CAWCD at any time and would not be subject to any penalty for doing so and hence, there is no encumbrance on the Cooperative’s assets. Therefore, in an abundance of caution, CWCGV should file an application before the Commission so the Commission may determine whether the long-term agreement with the CAWCD falls under A.R.S. §§ 40-301 and 40-302.

---

<sup>5</sup> CWCGV’s 2008 Annual Report, page 15.

As of December 31, 2008, CWCGV's capital structure was composed of 26.1 percent short-term debt, 4.0 percent long-term debt and 69.9 percent equity.<sup>6</sup> A pro forma capital structure for the scenario described above for Column [B] is composed of 2.4 percent short-term debt, 29.7 percent long-term debt and 67.9 percent equity. Staff typically recommends that equity represent not less than 30 percent for cooperatives to provide a balance of cost and financial risk. CWCGV's pro forma capital structure is consistent with Staff's capital structure recommendations for cooperatives.

### Encumbrance

Chase Bank will require a DOT which provides for first claim on assets as collateral for the loan. Pledging assets as security typically provides benefits to the borrower in the way of increased access to capital funds or preferable interest rates, and it is often an unavoidable condition for procurement of funds for small or financially stressed entities.

### ENGINEERING ANALYSIS

The Staff Engineering Memorandum is attached. Staff reviewed the Company's proposed capital improvements and found the projects appropriate and the related cost estimates reasonable. Staff makes no "used and useful" determination of the proposed improvements nor any conclusions for rate base or ratemaking purposes.

### COMPLIANCE

There are currently no compliance delinquencies for Community Water Company of Green Valley.

### CONCLUSION AND RECOMMENDATIONS

Staff concludes that issuance of an amount not to exceed \$2,810,000 for the purposes stated in the Application is within CWCGV's corporate powers, is compatible with the public interest, is consistent with sound financial practices and will not impair its ability to provide services.

Staff recommends that the Commission authorize CWCGV to borrow funds in an amount not to exceed \$2,810,000 under terms consistent with the Chase Bank terms and conditions sheet.

Staff further recommends revocation of any unused authorizations to issue debt granted in Decision No. 67515.

---

<sup>6</sup> The Cooperative's audited financials include the outstanding long-term debt and short-term debt related to the CAP allocation agreement with the CAWCD.

Staff further recommends that the Company docket as a compliance item in this docket no later than July 31, 2009, documentation issued by ADWR indicating that CWCGV is currently in compliance with departmental requirements governing water providers and/or community water systems.

Staff further recommends authorizing CWCGV to engage in any transaction and to execute any documents necessary to effectuate the authorizations granted in this proceeding.

Staff further recommends that any authorization to incur debt granted in this proceeding terminate on December 31, 2009.

Staff further recommends that one copy of the executed loan documents be filed with Docket Control within 60 days of execution.

Staff further recommends that, in an abundance of caution, CWCGV should file an application before the Commission so the Commission may determine whether the long-term agreement with the CAWCD falls under A.R.S. §§ 40-301 and 40-302.

**FINANCIAL ANALYSIS**

Selected Financial Information

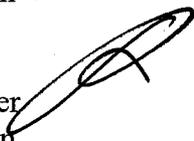
		<u>[A]<sup>1</sup></u>		<u>[B]<sup>2</sup></u>			
		<u>12/31/2008</u>		<u>Pro Forma</u>			
1	Operating Income	\$	(148,000)	\$	(148,000)		
2	Depreciation & Amort.		865,000		865,000		
3	Income Tax Expense		0		0		
4							
5	Interest Expense		167,000		266,042		
6	Repayment of Principal		192,000		258,383		
7							
8							
9	<b>DSC</b>						
10	[1+2+3] + [5+6]		2.00		1.37		
11							
12							
13							
14							
15	<b>Capital Structure</b>						
16							
17	Short-term Debt		2,692,000	26.1%	258,383	2.4%	
18							
19	Long-term Debt		414,000	4.0%	3,156,619	29.7%	
20							
21	Common Equity		7,212,000	69.9%	7,212,000	67.9%	
22							
23	Total Capital	\$	10,318,000	100.0%	\$	10,627,002	100.0%
24							
25							
26	<b>Capital Structure (inclusive of AIAC and CIAC)</b>						
27							
28	Short-term Debt		2,692,000	8.0%	258,383	0.8%	
29							
30	Long-term Debt		414,000	1.2%	3,156,619	9.3%	
31							
32	Common Equity		7,212,000	21.4%	7,212,000	21.2%	
33							
34	Advances in Aid of Construction ("AIAC")		9,524,000	28.3%	9,524,000	28.0%	
35							
36	Contributions in Aid of Construction ("CIAC") <sup>3</sup>		13,857,000	41.1%	13,857,000	40.7%	
37							
38	Total Capital (Inclusive of AIAC and CIAC)	\$	33,699,000	100.0%	\$	34,008,002	100.0%
39							
40							
41	<b>AIAC and CIAC Funding Ratio<sup>4</sup></b>		69.4%		68.8%		
42	(36+38)/(40)						

46 <sup>1</sup> Column [A] is based on 2008 audited financial statements for the year ended December 31, 2008 (Includes effects of a \$606,000 balance on a  
47 \$1,015,665 5-year, unauthorized existing CAWCD debt at 5.2 percent per annum).  
48 <sup>2</sup> Column [B] is Column [A] modified to reflect issuance of the proposed \$2,810,000 debt financing amortized for 20 years at 7.0 percent  
49 per annum and repayment of the existing \$2,500,000 in short-term debt.  
50 <sup>3</sup> Net CIAC balance (i.e. less: accumulated amortization of contributions).  
51 <sup>4</sup> Staff typically recommends that combined AIAC and Net CIAC funding not exceed 30 percent of total capital, inclusive of AIAC and Net CIAC,  
52 for private and investor owned utilities.

MEMORANDUM

DATE: April 28, 2009

TO: Pedro M. Chaves *P.C.*  
Public Utilities Analyst III  
Utilities Division

FROM: Jian W. Liu   
Utilities Engineer  
Utilities Division

RE: Community Water Company of Green Valley  
Docket No. W-02304A-09-0153 (Financing)

---

**Introduction**

Community Water Company of Green Valley ("Community Water" or the "Company") is located approximately 25 miles south of Tucson on Interstate Highway 19 and serves area in Pima County. The Company's existing Certificate of Convenience and Necessity includes an area totaling approximately 6,000 acres or 9.4 square miles. The Company's water system consists of four wells producing approximately 7,000 gallons per minute ("GPM"), six storage tanks (total storage capacity of 5,600,000 gallons), and a distribution system serving approximately 12,090 connections.

**Financing Application**

On March 26, 2009, Community Water filed an application for authority to incur \$2,810,000 in debt as a Five-Year Term Loan to

- a. refinance the outstanding balance of \$2,500,000 of the previously approved Line of Credit of \$4,000,000;
- b. finance \$310,000 of new construction and capital projects.

**Construction and Capital Projects**

The Company's estimated cost for the proposed new construction and capital projects are as follows:

Project:	Cost:
Replacing Boosters Pumps at Reservoir No. 1	35,234.24

Orion meter reading hardware	21,930.00
Software Upgrade for Billing	15,706.25
Valle Verde Main Extension	92,776.28
Warehouse Security System	35,778.92
Wall for Security at Well No. 9	78,366.22
La Canada and Duval Mine Main Lowering	30,208.09

Total: \$310,000

Staff has reviewed the Company's proposed plant additions and concludes that they are appropriate and that the associated cost estimates are reasonable. However, no "used and useful" determination of the proposed plant was made, and no particular future treatment should be inferred for rate making or rate base purposes.

#### **Water Quality Compliance**

Arizona Department of Environmental Quality ("ADEQ") regulates the Company's Water System under ADEQ Public Water System ("PWS") #10-004. Based on compliance information submitted by the Company, the system has no deficiencies and ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4. (ADEQ report dated 10/30/08)

#### **Arizona Corporation Commission Compliance Status**

A check of the Utilities Division Compliance Database indicated that there were no delinquent compliance items for Community Water.

#### **Arizona Department of Water Resources ("ADWR") Compliance Status**

Community Water is located in the Tucson Active Management Area ("AMA") and is subject to AMA reporting and conservation requirements. As of April 2009, the Company is in discussions with ADWR regarding gallons per capita per day ("GPCD") compliance and departmental requirements. As of April 22, 2009 ADWR anticipates a satisfactory resolution of all compliance issues pertaining to Community Water by July 1, 2009.

Staff recommends that the Company docket as a compliance item in this docket no later than July 31, 2009, a copy of the letter issued by ADWR indicating that the Community Water is currently in compliance with departmental requirements governing water providers and/or community water systems.

ORIGINAL

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

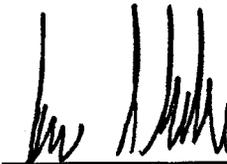
**BEFORE THE ARIZONA CORPORATIC**

**COMMISSIONERS**  
KRISTIN K. MAYES - CHAIRMAN  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

IN THE MATTER OF THE APPLICATION ) DOCKET NO. W-02304A-09-0153  
OF COMMUNITY WATER COMPANY OF )  
GREEN VALLEY FOR AUTHORITY TO ISSUE )  
DEBT UP TO \$1.390 MILLION. ) **NOTICE OF FILING**

Community Water Company of Green Valley ("CWCGV") files the Affidavit of  
Publication.

RESPECTFULLY SUBMITTED this 5<sup>th</sup> day of May, 2009.

By   
Jason D. Gellman  
Michael W. Patten  
ROSHKA DEWULF & PATTEN, PLC.  
One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004

Original and thirteen copies of the foregoing  
filed this 5<sup>th</sup> day of May, 2009, with:

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

RECEIVED  
2009 MAY - 5 P 4:43  
AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
**DOCKETED**

MAY - 5 2009

DOCKETED BY 

**ROSHKA DEWULF & PATTEN, PLC**  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

1 Copy of the foregoing hand-delivered  
this 5<sup>th</sup> day of May, 2009, to:

2  
3 Lyn A. Farmer, Esq.  
4 Chief Administrative Law Judge  
5 Hearing Division  
6 Arizona Corporation Commission  
7 1200 West Washington Street  
8 Phoenix, Arizona 85007

6 Janice Alward, Esq.  
7 Chief Counsel, Legal Division  
8 Arizona Corporation Commission  
9 1200 West Washington Street  
10 Phoenix, Arizona 85007

9 Ernest Johnson  
10 Director, Utilities Division  
11 Arizona Corporation Commission  
12 1200 West Washington Street  
13 Phoenix, Arizona 85007

12 Arturo R. Gabaldon  
13 President  
14 Community Water Community of Green Valley  
15 1501 South La Canada  
16 Green Valley, AZ 85614-1600

16 By 

17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

CMC 090909 09326

**AFFIDAVIT OF PUBLICATION**

STATE OF ARIZONA )  
                                  :SS. )  
COUNTY OF PIMA )

MARILEE WRIGHT being first duly sworn, deposes and says that she is the Legal Advertising Manager of the **GREEN VALLEY NEWS and SUN**, a newspaper published every Sunday and Wednesday in the County of Pima, State of Arizona, and of general circulation in said County, and that the hereto attached

**PUBLIC NOTICE  
COMMUNITY WATER COMPANY OF GREEN VALLEY  
APPLICATION FOR APPROVAL  
DOCKET NO. W-02304A-09-0153**

was printed and published in the regular and entire issue of said **GREEN VALLEY NEWS and SUN** for 1 issues; that the first was made on the 3RD day of MAY, 2009 and the last publication thereof was made on the 3RD day of MAY, 2009; that said publication was made on each of the following dates, to-wit:

05/03/09

Request of (L) **COMMUNITY WATER COMPANY  
OF GREEN VALLEY**

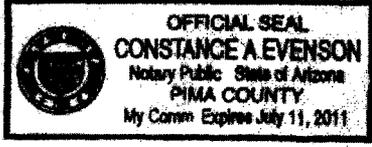
**green valley news  
and sun**

By *Marilee Wright*

Subscribed and sworn to before me this 3RD day of MAY, 2009.

*Constance A. Evenson*

Notary Public in and for the County of Pima, State of Arizona  
My Commission Expires: JULY 11, 2011



CMC 090565 09227

**PUBLIC NOTICE**

**PUBLIC NOTICE OF  
COMMUNITY WATER  
COMPANY OF GREEN VALLEY  
APPLICATION FOR  
RECEIVAL  
TO ISSUE LONG TERM DEBT  
OF \$2.5 MILLION  
DOCKET NO.  
W-02304A-09-0153**

On March 26, 2009, Community Water Company of Green Valley ("CWCGV") filed an Application with the Arizona Corporation Commission ("Commission") for an order authorizing it to obtain a five-year term loan in the amount of \$2,510 million with a 25-year amortization and a 5-year balloon payment. The purpose of the application is for CWCGV to refinance \$2.5 million Line of Credit and to finance \$310,000 in needed capital improvements. This Application is available for inspection during regular business hours at the offices of the Commission in Phoenix, at 1200 West Washington Street, Phoenix Arizona, 85007, and on the internet via the Commission website ([www.azcc.gov](http://www.azcc.gov)) using the eDocket function. Copy of the Application is also available at CWCGV's offices, at 1501 South La Canada, Green Valley, Arizona.

You may have the right to intervene in the proceeding. Intervention shall be in accordance with A.A.C. R-14-3-105. If you wish to intervene you must file an original and 13 copies of a timely written motion to intervene with the Commission and send a copy of the motion to the Applicant or its counsel and to all parties of record. The motion must, at a minimum, contain the following:

1. Your name, address, and telephone number and the name, address, and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made, if different from the intervenor.
2. A short statement of your interest in the proceeding (e.g. a customer or potential customer of the Applicant, etc.)
3. A statement certifying that you have mailed a copy of the motion to intervene to the Applicant or their counsel and to all parties of record in the case.

If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For more information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/counsel/intervenor>.

The granting of intervention, among other things, entitles a party to request a hearing. If a hearing is ordered, an intervenor is permitted to present sworn evidence at hearing and to cross-examine other witnesses. Failure to intervene, however, will not preclude any interested person or entity from providing public comment on the application. The Commission anticipates considering this matter at a future Open Meeting. Public comment regarding the application will be taken at that time. For a form to use and instructions on how to email comments to the Commission, go to [http://www.azcc.gov/divisions/utilities/forms/public\\_comment.pdf](http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf), or call 1-800-222-7000. Written public comments may also be submitted in this case by mailing a letter referencing Docket No. E-02304A-09-0153 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington Street, Phoenix 85007.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request reasonable accommodations such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Shaylin A.

**PUBLIC NOTICE**

Bernal, E-mail: [SABernal@azcc.gov](mailto:SABernal@azcc.gov), voice telephone number (602) 542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

Pub: Green Valley News & Sun  
Date: May 3, 2009

**PUBLIC NOTICE**

**PUBLIC NOTICE**

**PUBLIC NOTICE**

ORIGINAL

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27

BEFORE THE ARIZONA CORPORATION COMMISSION  
RECEIVED

**COMMISSIONERS**  
KRISTIN K. MAYES - CHAIRMAN  
GARY PIERCE  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP

2009 MAY 11 P 3:57  
AZ CORP COMMISSION  
DOCKET CONTROL

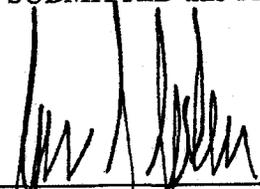
IN THE MATTER OF THE APPLICATION  
OF COMMUNITY WATER COMPANY OF  
GREEN VALLEY FOR AUTHORITY TO ISSUE  
DEBT UP TO \$2.810 MILLION.

DOCKET NO. W-02304A-09-0153

**NOTICE OF FILING ERRATA**

On May 5, 2009, Community Water Company of Green Valley ("CWCGV") filed its Affidavit of Publication. The caption of the filing was incorrect. This Errata is being filed to correct the caption to reflect the debt amount of \$2.810 million and not \$1.390 million.

RESPECTFULLY SUBMITTED this 11 day of May, 2009.

By   
Jason D. Gellman  
Michael W. Patten  
ROSHKA DEWULF & PATTEN, PLC.  
One Arizona Center  
400 East Van Buren Street, Suite 800  
Phoenix, Arizona 85004

Original and thirteen copies of the foregoing filed this 11<sup>th</sup> day of May, 2009, with:

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

Arizona Corporation Commission

**DOCKETED**

MAY 11 2009

DOCKETED BY 

**ROSHKA DEWULF & PATTEN, PLC**  
ONE ARIZONA CENTER  
400 EAST VAN BUREN STREET - SUITE 800  
PHOENIX, ARIZONA 85004  
TELEPHONE NO 602-256-6100  
FACSIMILE 602-256-6800

- 1 Copy of the foregoing hand-delivered
- 2 this 11<sup>th</sup> day of May, 2009, to:
- 3 Lyn A. Farmer, Esq.
- 4 Chief Administrative Law Judge
- 5 Hearing Division
- 6 Arizona Corporation Commission
- 7 1200 West Washington Street
- 8 Phoenix, Arizona 85007
- 9 Janice Alward, Esq.
- 10 Chief Counsel, Legal Division
- 11 Arizona Corporation Commission
- 12 1200 West Washington Street
- 13 Phoenix, Arizona 85007
- 14 Ernest Johnson
- 15 Director, Utilities Division
- 16 Arizona Corporation Commission
- 17 1200 West Washington Street
- 18 Phoenix, Arizona 85007
- 19 Arturo R. Gabaldon
- 20 President
- 21 Community Water Company of Green Valley
- 22 1501 South La Canada
- 23 Green Valley, AZ 85614-1600

16 By *Debbie Amador*

- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27

GMC 09/03/09 09:26

### AFFIDAVIT OF PUBLICATION

STATE OF ARIZONA )  
                                  :SS. )  
COUNTY OF PIMA . )

MARILEE WRIGHT being first duly sworn, deposes and says that she is the Legal Advertising Manager of the **GREEN VALLEY NEWS and SUN**, a newspaper published every Sunday and Wednesday in the County of Pima, State of Arizona, and of general circulation in said County, and that the hereto attached

**PUBLIC NOTICE  
COMMUNITY WATER COMPANY OF GREEN VALLEY  
APPLICATION FOR APPROVAL  
DOCKET NO. W-02304A-09-0153**

was printed and published in the regular and entire issue of said **GREEN VALLEY NEWS and SUN** for 1 issues; that the first was made on the 3RD day of MAY, 2009 and the last publication thereof was made on the 3RD day of MAY, 2009; that said publication was made on each of the following dates, to-wit:

05/03/09

Request of (L) **COMMUNITY WATER COMPANY  
OF GREEN VALLEY**

## green valley news and sun

By *Marilee Wright*

Subscribed and sworn to before me this 3RD day of MAY, 2009.

*Constance A. Evenson*

Notary Public in and for the County of Pima, State of Arizona  
My Commission Expires: JULY 11, 2011



**PUBLIC NOTICE**

**PUBLIC NOTICE**

**PUBLIC NOTICE**

**PUBLIC NOTICE**

**PUBLIC NOTICE**

ARIZONA CORPORATION COMMISSION  
1501 SOUTH LA CANADA, GREEN VALLEY, ARIZONA  
Docket No. E-0204A-09-0153

Arizona Corporation Commission  
Docket No. E-0204A-09-0153  
Pub: Green Valley News & Sun  
Date: May 8, 2009

On March 26, 2009, Community Water Company of Green Valley ("CWCGV") filed an Application with the Arizona Corporation Commission ("Commission") for an order authorizing it to obtain a five-year term loan in the amount of \$5,810 million with a 20-year amortization and a 5-year balloon payment. The purpose of the application is for CWCGV to refinance \$2.5 million and of Credit and to finance 1314,000 in needed capital improvements. This Application is available for inspection during regular business hours at the office of the Commission in Phoenix, at 1200 West Washington Street, Phoenix, Arizona, 85007, and on the Internet via the Commission website <http://www.azcc.gov>, under the eDocket function. Copy of the application is also available at CWCGV's office, at 1501 South La Canada, Green Valley, Arizona.

You may have the right to intervene in the proceeding. Intervention shall be in accordance with A.A.C. R-14-3-105. If you wish to intervene you must file an original and 15 copies of a timely written motion to intervene with the Commission and send a copy of the motion to the Applicant or its counsel and to all parties of record. The motion must, at a minimum, contain the following:

1. Your name, address, and telephone number and the name, address, and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made, if different from the intervenor.
2. A short statement of your interest in the proceeding (e.g. a customer or potential customer of the Applicant, etc.)
3. A statement certifying that you have mailed a copy of the motion to intervene to the Applicant or their counsel and to all parties of record in the case.

If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For more information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/eDocket>.

The granting of intervention, among other things, entitles a party to request a hearing. If a hearing is ordered, an intervenor is permitted to present sworn evidence at hearing and to cross-examine other witnesses. Failure to intervene, however, will not preclude any interested person or entity from providing public comment on the application. The Commission will consider the matter at a Public Open Hearing. Public comment regarding the application will be taken at that time. For a form to use and instructions on how to oral comments to the Commission, go to <http://www.azcc.gov/ElectronicComments/Forms/PublicComments>, or call 1-800-211-7000. Written public comments may also be submitted in this case by mailing a letter referencing Docket No. E-0204A-09-0153 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington Street, Phoenix 85007.

The Commission does not discriminate on the basis of disability in admission to the public meeting. Persons with a disability may request reasonable accommodations such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Sheryl A.