

ORIGINAL

MEMORANDUM



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Utilities Division

Arizona Corporation Commission

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AZ CORP COMMISSION
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DATE: September 23, 2010

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RE: VALENCIA WATER COMPANY - TOWN DIVISION AND GREATER BUCKEYE DIVISION -- REQUEST FOR EXTENSION OF COMPLIANCE DEADLINES (DOCKET NO. W-01212A-09-0189)

In Decision No. 71241, dated August 6, 2009, the Arizona Corporation Commission ("Commission") approved the application of Valencia Water Company – Town Division and Valencia Water Company – Greater Buckeye Division (together known as "Valencia") for long-term debt through the Water Infrastructure Finance Authority of Arizona ("WIFA").

As part of Decision No. 71241, the Commission ordered that Valencia docket the following by May 31, 2010:

"...copies of the Certificates of Approval of Construction issued by ADEQ for equipping the existing Evergreen Well No. 2 (ADWR Well No. 55-203650)."

"...copies of the WIFA Completion Certification for the Valencia SCADA project."

On May 25, 2010, Valencia docketed a motion requesting an extension of time for the provision of the above items until February 28, 2011. The application points out that the deadlines for the above compliance items were formulated based on the expectation that the WIFA loan would be closed in July of 2009. Unfortunately, the schedule for these projects was delayed due to negotiations that took place during the period for reviewing the terms and specific documents of the loan:

"Several months of negotiations were needed for WIFA and Valencia to reach agreement on the terms of the loan documents. This has delayed the schedule for these projects. However, significant progress has been made. The loans have been signed and WIFA has been disbursing funds as work is completed."

For the Evergreen Well No. 2 project ("Evergreen"), the application states that permit applications were submitted, all components were ordered, all major components have been received, the site has been surveyed and construction can proceed when the permits are received. For the SCADA project ("SCADA"), the application states that the project has been completed for the Phase II arsenic sites, equipment has been ordered for the remaining six sites and construction should now be several months along.

On September 15, 2010, Staff contacted Mr. Timothy Sabo, Valencia attorney, to discuss the Company's application for extension of time and whether construction was expected to be completed in sufficient time to allow the Company to meet their proposed February 28, 2011 extension date. Mr. Sabo stated that he would seek an update from the Company and provide the information at a later date. On September 21, 2010, Mr. Sabo provided an e-mail stating that both the Evergreen Well and SCADA projects are projected to be completed in December 2010. As such, Global suggested a one month addition to their originally proposed February 28, 2011 extension timeframe. Staff accepted this as an amendment to the application and considered the Company's amended application for extension of time to be through March 31, 2011.

Based on the application and all of the above, Staff does not object to Valencia's request for an extension of time until March 31, 2011 for the provision of the Approval of Construction on the Evergreen project and the WIFA Completion Certification on the SCADA project. Staff therefore recommends that the Commission due dates for those filings be extended to March 31, 2011.

SMO:BKB:lm

Originator: Brian K. Bozzo

SERVICE LIST FOR: VALENCIA WATER COMPANY
DOCKET NO. W-01212A-09-0189

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