

OPEN MEETING ITEM



0000133663

COMMISSIONERS
GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

ORIGINAL



Executive Director
RECEIVED

ARIZONA CORPORATION COMMISSION

2012 JAN 26 A 8:56

DATE: JANUARY 26, 2012

DOCKET NOS.: SW-20445A-09-0077, W-02451A-09-0078, W-01732A-09-0079, W-20446A-09-0080, W-02450A-09-0081 and W-01212A-09-0082

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

TO ALL PARTIES:

Enclosed please find the recommendation of Administrative Law Judge Teena Jibilian. The recommendation has been filed in the form of an Order on:

GLOBAL WATER – PALO VERDE UTILITIES COMPANY; VALENCIA WATER COMPANY – GREATER BUCKEYE DIVISION; WILLOW VALLEY WATER COMPANY; GLOBAL WATER – SANTA CRUZ WATER COMPANY; WATER UTILITY OF GREATER TONOPAH; and VALENCIA WATER COMPANY – TOWN DIVISION

(EXTENSION OF TIME DEADLINE CONTAINED
IN DECISION NO. 71878)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

FEBRUARY 6, 2012

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

FEBRUARY 14, 2012 and FEBRUARY 15, 2012

For more information, you may contact Docket Control at (602)542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

Arizona Corporation Commission

DOCKETED

JAN 26 2012

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DOCKETED BY

1200 WEST WASHINGTON STREET; PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET; TUCSON, ARIZONA 85701-1347

www.azcc.gov

This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail SABernal@azcc.gov

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 GARY PIERCE, Chairman
4 BOB STUMP
5 SANDRA D. KENNEDY
6 PAUL NEWMAN
7 BRENDA BURNS

8 IN THE MATTER OF THE APPLICATION
9 OF GLOBAL WATER – PALO VERDE
10 UTILITIES COMPANY FOR THE
11 ESTABLISHMENT OF JUST AND
12 REASONABLE RATES AND CHARGES
13 FOR UTILITY SERVICE DESIGNED TO
14 REALIZE A REASONABLE RATE OF
15 RETURN ON THE FAIR VALUE OF ITS
16 PROPERTY THROUGHOUT THE STATE OF
17 ARIZONA.

DOCKET NO. SW-20445A-09-0077

18 IN THE MATTER OF THE APPLICATION
19 OF VALENCIA WATER COMPANY –
20 GREATER BUCKEYE DIVISION FOR THE
21 ESTABLISHMENT OF JUST AND
22 REASONABLE RATES AND CHARGES
23 FOR UTILITY SERVICE DESIGNED TO
24 REALIZE A REASONABLE RATE OF
25 RETURN ON THE FAIR VALUE OF ITS
26 PROPERTY THROUGHOUT THE STATE OF
27 ARIZONA.

DOCKET NO. W-02451A-09-0078

28 IN THE MATTER OF THE APPLICATION
OF WILLOW VALLEY WATER COMPANY
FOR ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES
FOR UTILITY SERVICE DESIGNED TO
REALIZE A REASONABLE RATE OF
RETURN ON THE FAIR VALUE OF ITS
PROPERTY THROUGHOUT THE STATE OF
ARIZONA.

DOCKET NO. W-01732A-09-0079

IN THE MATTER OF THE APPLICATION
OF GLOBAL WATER – SANTA CRUZ
WATER COMPANY FOR ESTABLISHMENT
OF JUST AND REASONABLE RATES AND
CHARGES FOR UTILITY SERVICE
DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE
OF ITS PROPERTY THROUGHOUT THE
STATE OF ARIZONA.

DOCKET NO. W-20446A-09-0080

1 IN THE MATTER OF THE APPLICATION
2 OF WATER UTILITY OF GREATER
3 TONOPAH FOR ESTABLISHMENT OF
4 JUST AND REASONABLE RATES AND
5 CHARGES FOR UTILITY SERVICE
6 DESIGNED TO REALIZE A REASONABLE
7 RATE OF RETURN ON THE FAIR VALUE
8 OF ITS PROPERTY THROUGHOUT THE
9 STATE OF ARIZONA.

DOCKET NO. W-02450A-09-0081

7 IN THE MATTER OF THE APPLICATION
8 OF VALENCIA WATER COMPANY –
9 TOWN DIVISION FOR ESTABLISHMENT
10 OF JUST AND REASONABLE RATES AND
11 CHARGES FOR UTILITY SERVICE
12 DESIGNED TO REALIZE A REASONABLE
13 RATE OF RETURN ON THE FAIR VALUE
14 OF ITS PROPERTY THROUGHOUT THE
15 STATE OF ARIZONA.

DOCKET NO. W-01212A-09-0082

DECISION NO. _____

ORDER EXTENDING TIME
DEADLINE ORDERED BY
DECISION NO. 78178

12 Open Meeting
13 February 14 and 15, 2012
14 Phoenix, Arizona

14 **BY THE COMMISSION:**

15 * * * * *

16 Having considered the entire record herein and being fully advised in the premises, the
17 Arizona Corporation Commission (“Commission”) finds, concludes, and orders that:

18 **FINDINGS OF FACT**

19 1. On September 15, 2010, the Commission issued Decision No. 71878 in Docket No.
20 SW-20445A-09-0077 *et al.* setting rates for the above captioned applicants (collectively, the “Global
21 Utilities”).

22 2. Decision No. 71878 ordered that a generic investigation be commenced which looks at
23 how best to achieve the Commission’s objectives with regard to encouraging the acquisition of
24 troubled water companies and the development of regional infrastructure where appropriate.
25 Decision No. 71878 ordered that as part of the generic investigation, the workshop address whether
26 Infrastructure Coordination and Finance Agreements (“ICFAs”), or other mechanisms, if properly
27 segregated and accounted for, could be utilized to finance the actual acquisition of troubled water
28

1 companies, and a portion of the carrying costs associated with the unused water and wastewater
2 facilities or infrastructure determined to meet the Commission's objectives in this regard. Decision
3 No. 71878 ordered Staff to notice and facilitate, and the Global Utilities and their parent entities
4 ("Global") to participate in, stakeholder workshops designed to address these issues, and make
5 recommendations to the Commission on the issues discussed in the workshops, including whether it
6 is appropriate to adopt the recommendations in the next Global Utility rate case, as well as other
7 future rate cases. Decision No. 71878 ordered that the workshops be noticed and held in the existing
8 Generic Docket No. W-00000C-06-0149. Decision No. 71878 further ordered that Staff make
9 recommendations to the Commission within 90 days of the conclusion of the workshops.

10 3. In compliance with Decision No. 71878, Staff held a series of workshops over the
11 course of a year, the most recent of which concluded on November 4, 2011.

12 4. At a Commission Staff Open Meeting held on September 7, 2011, the Commission
13 authorized Staff to engage the services of an independent audit firm to examine and report on Global
14 ICFAs and related transactions.

15 5. On January 12, 2012, Staff filed a Request for an Extension of Time for Compliance
16 Due Date ("Request"). In the Request, Staff states that Staff has engaged an auditor and the audit is
17 currently ongoing. Staff states that the audit report is anticipated within the next 30 days, and Staff
18 believes the Staff recommendations required by Decision No. 71878 would be more meaningful if
19 they include the audit findings and are based on an analysis of the audit report. Staff therefore
20 requests a 45 day extension of time, until March 19, 2012, to file the recommendations.

21 6. Staff's request is reasonable and should be granted.

22 CONCLUSIONS OF LAW

23 1. The Global Utilities are public service corporations pursuant to Article XV of the
24 Arizona Constitution and A.R.S. §§ 40-250 and 40-251.

25 2. The Commission has jurisdiction over the Global Utilities and the subject matter of
26 this proceeding, including Staff's request for an extension of time to comply with Commission
27 Decision No. 71878.

28

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
28

SERVICE LIST FOR:

GLOBAL WATER – PALO VERDE UTILITIES COMPANY; VALENCIA WATER COMPANY – GREATER BUCKEYE DIVISION; WILLOW VALLEY WATER COMPANY; GLOBAL WATER – SANTA CRUZ WATER COMPANY; WATER UTILITY OF GREATER TONOPAH; and VALENCIA WATER COMPANY – TOWN DIVISION.

DOCKET NOS.:

SW-20445A-09-0077, W-02451A-09-0078, W-01732A-09-0079, W-20446A-09-0080, W-02450A-09-0081 and W-01212A-09-0082

Michael W. Patten
Timothy Sabo
ROSKHA, DEWULF & PATTEN, PLC
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, AZ 85004
Attorneys for Global Utilities

Steven M. Olea, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

Jodi Jerich, Director
RESIDENTIAL UTILITY CONSUMER OFFICE
1110 West Washington Street, Suite 220
Phoenix, AZ 85007

Greg Patterson
THE WATER UTILITY ASSOCIATION OF ARIZONA
916 West Adams, Suite 3
Phoenix, AZ 85007

Garry D. Hayes
LAW OFFICES OF GARRY D. HAYS, PC
1702 East Highland Avenue, Suite 316
Phoenix, AZ 85016
Attorney for New World Properties

Rick Fernandez
25849 W. Burgess Lane
Buckeye, AZ 85326

Court S. Rich
ROSE LAW GROUP, INC.
6613 N. Scottsdale Rd., Suite 200
Scottsdale, AZ 85250
Attorney for the City of Maricopa

Janice Alward, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007