



0000001449

THIS AMENDMENT:

Passed as amended by _____

Failed

Not Offered

Withdrawn

RECEIVED

MAR 29 10:11 AM

MAYES PROPOSED AMENDMENT # 1

ARIZONA CORPORATION COMMISSION
DOCUMENT CONTROL

TIME/DATE PREPARED: 10 A.M., March 29, 2004

COMPANY: Palo Verde Util. Co. & Santa Cruz Water Co.

AGENDA ITEM NO. U-8

DOCKET NO: W-03576A-03-0586
SW-03576A-03-0586

OPEN MEETING DATE: 3-30-04

Page 7, line 16:

INSERT: Finding of Fact 16. At its September 30, 2003 Open Meeting, the Commission made it clear that it expected the Company to abide by ARS § 40-285, under which a public service corporation must not "sell, lease, assign, mortgage or otherwise dispose or encumber the whole or any part of its...plant, or system necessary or useful in the performance of its duties to the public, or any franchise or permit or any right there under" without the Commission's approval.¹ The evidence shows that the Company failed to seek prior approval from the Commission for a change in ownership, which took place on February 2, 2004, when 100 percent of the Company's assets were acquired by Global Water Resources, LLC.² As a result, the Company will be required to submit information to the Commission within 90 days of the effective date of the Order about the new owners and structure of the acquiring company, Global Water Resources. Staff should analyze how best to protect ratepayers in cases involving changes in ownership of an L.L.C. that is a public service corporation. Further, staff should also analyze the broader issue of whether L.L.C.'s should be public service corporations.

Arizona Corporation Commission

DOCKETED

MAR 29 2004

DOCKETED BY

¹ Several Commissioners expressed concern during that meeting that the Company had previously failed to get Commission approval for a change in structure, from that of a corporation to its current form as an LLC.

² See Monthly Status Report filed by the Company on February 5, 2004. These monthly reports were ordered by the Commission as part of Decision No. 66394. Also, according to this report, Mr. Reinbold resigned from the Company effective January 30, 2004.