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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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COMMISSIONERS

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MAY 10 2004

MARC SPITZER, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

AZ CORP COMMISSION
DOCUMENT CONTROL

DOCKETED BY *nae*

IN THE MATTER OF THE APPLICATION OF
PALO VERDE UTILITIES COMPANY FOR AN
EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY.

DOCKET NO. SW-03575A-03-0586

IN THE MATTER OF THE APPLICATION OF
SANTA CRUZ WATER COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

DOCKET NO. W-03576A-03-0586

PROCEDURAL ORDER

BY THE COMMISSION:

On August 18, 2003, Palo Verde Utilities Company ("Palo Verde") and Santa Cruz Water Company ("Santa Cruz") (jointly "Applicants") filed with the Arizona Corporation Commission ("Commission") an application in the respective, above-captioned dockets seeking to extend their Certificates of Convenience and Necessity to various specified areas of Pinal County, Arizona.

A hearing was held in this matter on December 8, 2003.

On January 22, 2004, a Recommended Opinion and Order was issued recommending approval of the application subject to certain conditions.

On February 5, 2004, the Applicants filed their Monthly Status Report in a prior docket involving Palo Verde and Santa Cruz (Docket Nos. SW-03575A-03-0167 and W-03576A-03-0167), pursuant to the requirements of Decision No. 66394 (October 6, 2003). In that Status Report, the Applicants stated that Michael Reinhold had resigned as president of Palo Verde and Santa Cruz effective January 30, 2004 and that an entity called Global Water Resources, LLC ("GWR") acquired 100 percent of the Applicants' membership interests in a transaction that closed February 2, 2004.

The Recommended Opinion and Order was discussed during the Commission's March 30, 2004 Open Meeting. As a result of the Open Meeting discussions, the Hearing Division was directed to conduct additional hearings regarding GWR's structure and qualifications.

1 On March 31, 2004, a Procedural Order was issued setting a hearing for May 12, 2004. The
2 March 31, 2004 Procedural Order also directed the Applicants and Staff to file testimony regarding
3 certain issues. The Applicants filed supporting testimony on April 16, 2004.

4 On May 3, 2004, the Applicants filed a Notice of Change of Address and Substitution of
5 Counsel. The filing provided a new address for the Applicants and a request that a substitution of
6 counsel be granted.

7 On May 4, 2004, the Applicants and Staff filed a Joint Stipulation to Modify Procedural
8 Schedule ("Stipulation"). The Stipulation states that the Applicants and Staff have agreed that the
9 Palo Verde and Santa Cruz should file supplemental testimony to address Staff questions, and that
10 Staff would have a subsequent opportunity to respond to the supplemental testimony. The Stipulation
11 provides that the Applicants' supplemental testimony would be filed by May 14, 2004 and Staff's
12 responsive testimony and/or Staff Report would be filed by May 28, 2004. Pursuant to the
13 Stipulation, the Applicants and Staff request that the hearing be rescheduled to a date as soon as
14 possible following Staff's response.

15 On May 4, 2004, the Applicants filed a "Compliance Filing" pursuant to A.R.S. §29-633(B).
16 A.R.S. §29-633(B) provides, in relevant part, that a limited liability company ("LLC") must amend
17 its articles of incorporation on file with the Commission within 30 days following: 1) a change in any
18 arrangements or facts making the articles of incorporation inaccurate; 2) a change in the persons who
19 are members if management of the LLC is reserved to the members; or 3) a change in the persons
20 who are managers or in the members who own 20 percent or greater interest in the capital or profits
21 interest of the LLC if management of the LLC is vested in a manager or managers.

22 IT IS THEREFORE ORDERED that the Applicants shall file, by no later than May 14, 2004,
23 supplemental testimony regarding questions raised by Staff concerning the Applicants' prior
24 testimony.

25 IT IS FURTHER ORDERED that Staff shall file, by no later than May 28, 2004, testimony or
26 a Staff Report in response to the Applicants' testimony, as well as any other information or
27 recommendations that may be relevant to the Commission's consideration of GWR's acquisition of
28 the LLC membership interests for the Applicants.

1 IT IS FURTHER ORDERED that a hearing will be held in this matter on June 18, 2004, at
2 10:00 a.m., at the offices of the Commission, 1200 West Washington, Phoenix, Arizona 85007.

3 IT IS FURTHER ORDERED that the ex parte rule remains in effect.

4 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
5 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

6 DATED this 10th day of May, 2004.

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9 DWIGHT D. NODES
10 ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

11 Copies of the foregoing mailed
12 this 10 day of May, 2004 to:

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14 Molly Johnson
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