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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTE ROF THE
APPLICATION OF PALO VERDE
UTILITIES COMPANY FOR AN
EXTENSION OF ITS EXISTING
CERTIFICATE OF CONVENIENCE AND
NECESSITY

Docket No. SW-03575A-05-0470

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

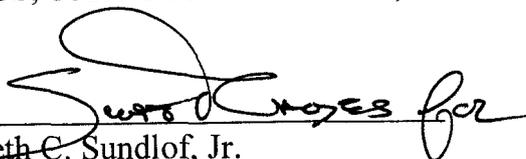
Docket No. W-03576A-05-0470

NOTICE OF FILING

The 387 Water Improvement District and the 387 Wastewater Improvement
District (the "387 Districts) give notice that it is filing the attached Statement of Terry
Doolittle.

DATED this 13th day of December, 2005.

JENNINGS, STROUSS & SALMON, P.L.C.

By 

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1 ORIGINAL and 19 copies of the
2 foregoing filed with Docket Control this
3 13th day of December, 2005.

4 COPIES of the foregoing mailed
5 this 13th day of December, 2005, to:

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7 Assistant Chief Administrative Law Judge
8 Arizona Corporation Commission
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8 Phoenix, AZ 85004

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By Kathleen A. Hallinghead

Statement of Terry Doolittle

My name is Terry Doolittle. I am the acting county manager for Pinal County. I am also the Superintendent of two special districts in Pinal County known as the 387 Water District and the 387 Wastewater District.

I will refer to these two special districts jointly as the 387 Districts. The 387 Districts were formed on May 21, 2003 under the provisions of A.R.S. §48-901, through a petition to the county board of supervisors by landowners in the Maricopa area. The purpose of the 387 Districts was to provide water and wastewater services to the lands within the District. The boundaries of the 387 Districts are totally within the area sought to be certificated in this proceeding.

In order to provide water and wastewater service the 387 Districts, shortly after their formation, entered into a contractual arrangement with a company called Sonoran Utility Services. Under the contract Sonoran was to build and operate the necessary facilities to serve the District customers. Sonoran would be compensated by collecting rates and charges as approved by the 387 Districts Boards. Incidentally at all times the 387 District Boards consisted of the three elected supervisors in Pinal County.

During 2005 Sonoran entered into an agreement which, in part, assigned the contract to provide service to the 387 District customers to Global Water Resources, which of course is the parent company to the applicant in this case. Under the assignment agreement Global would assume day to day operations under the 387 District contracts. We understand that payment from Global to Sonoran was to be delayed until such time as the 387 Districts dissolved, and Global began serving customers as a public service corporation.

The 387 Districts are aware that the landowners in the 387 Districts have signed petitions requesting to be deannexed from the district, though the petitions have not yet been formally presented to the County. The 387 Districts and Pinal County are supportive of carrying out the desires of the landowners.

Thus, the 387 Districts and the County are not opposed to the request by Global in this proceeding.

But, we want to carry out the desire of the landowners in an orderly process according to law. This means that the 387 Districts will continue to provide water and wastewater services under their contracts with Global until the districts are legally dissolved.

Under the law applicable to special districts such as the 387 Districts, the County Board of Supervisors may accept a petition for deannexation by landowners in the district if, among other things, the Board finds that the deannexation is in the public interest. We believe that one requisite to meet the public interest test is that the districts have satisfied all outstanding obligations and are facing no real or threatened liabilities.

We are not yet in this position, as there are outstanding claims pending. We are working diligently to be in the position to accept the deannexation petition, and end our service agreement with Global. But we are not in that position at this moment.

Therefore we make this statement and request to the Commission. First, the 387 Districts do not oppose the application for a CC&N in this proceeding. Second, the 387 Districts want the transition to ACC-regulated service to occur in an orderly manner according to the provisions of law. We therefore ask that the CC&N in this proceeding be conditioned with the following condition:

That the 387 Districts are dissolved by the Pinal County Board of Supervisors.

It is our hope that the County Board of Supervisors will be in a position to accept and act on the petitions for deannexation in the next several months, but we of course cannot guarantee this to be the case.

It is our understanding that the Applicant supports this additional condition.