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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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

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

DOCKET NO. SW-03575A-05-0307

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-05-0307

**STAFF'S NOTICE OF FILING  
LATE-FILED EXHIBIT**

On November 21, 2005, a hearing was held on the applications of Palo Verde Utilities Company, L.L.C. ("Palo Verde") and Santa Cruz Water Company, L.L.C. ("Santa Cruz") to extend their Certificate's of Convenience and Necessity ("CC&N"). At the conclusion of the hearing, Administrative Law Judge ("ALJ") Yvette Kinsey requested that Staff file a revised set of recommendations for clarification. (attached as S-2) The revised Executive Summary in S-2 supersedes the Executive Summary in S-1. The modified sections are highlighted.

RESPECTFULLY SUBMITTED this 22<sup>nd</sup> day of November, 2005.

*David Ronald*

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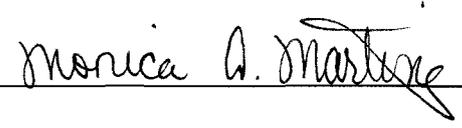
1 Original and fifteen (15) copies  
2 of the foregoing were filed this  
3 22<sup>nd</sup> day of November, 2005 with:

3 Docket Control  
4 Arizona Corporation Commission  
5 1200 West Washington Street  
6 Phoenix, Arizona 85007

6 Copy of the foregoing mailed this  
7 22<sup>nd</sup> day of November, 2005 to:

8 Ms. Cindy Liles  
9 Vice President and Chief Financial Officer  
10 Global Water Management  
11 22602 North 19<sup>th</sup> Ave., Suite 210  
12 Phoenix, AZ 85027

13 Mr. Michael W. Patten  
14 Roshka DeWulf & Patten, PLC  
15 One Arizona Center  
16 400 East Van Buren St., Suite 800  
17 Phoenix, AZ 85004

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**EXECUTIVE SUMMARY  
PALO VERDE UTILITIES COMPANY, L.L.C. AND  
SANTA CRUZ WATER COMPANY, L.L.C.  
DOCKET NOS. SW-03575A-05-0307 and W-03576A-05-0307**

On April 26, 2005, Palo Verde Utilities Company, L.L.C. ("Palo Verde" or "Wastewater Company") and Santa Cruz Water Company, L.L.C. ("Santa Cruz" or "Water Company") collectively referred to as ("The Utilities") jointly filed an application with the Arizona Corporation Commission ("ACC" or "Commission") for an extension of their respective Certificates of Convenience and Necessity ("CC&N") to provide wastewater and water services in portions of Pinal County, Arizona. On August 19, 2005, Staff filed a Sufficiency Letter indicating that the application had met the sufficiency requirements of Arizona Administrative Code. The Sufficiency Letter was replaced with an Amended Sufficiency Letter on August 22, 2005.

Palo Verde and Santa Cruz are Arizona Limited Liability Companies ("LLCs"), in good standing, and engaged in providing wastewater utility service to over 8,000 customers and water utility service to over 8,100 customers, respectively, in portions of Pinal County, Arizona.

By this application, the Utilities are seeking Commission authority to extend their service territory to include approximately 12.5 square miles. The proposed extension area is to be developed into several master planned communities comprised of over 28,700 lots.

Based on the present facilities and the proposed systems, Staff believes both Palo Verde and Santa Cruz will have adequate production and treatment capacities to serve the requested area. The Utilities are in compliance with the Commission, the Arizona Department of Environmental Quality, and the Arizona Department of Water Resources.

Staff recommends the Commission approve the application jointly filed by Palo Verde and Santa Cruz for an extension of their respective CC&N within portions of Pinal County, Arizona, to provide wastewater and water services, subject to compliance with the following conditions:

1. To require Santa Cruz to charge its authorized rates and charges in the extension area.
2. To require Santa Cruz to file with Docket Control, for Staff review and approval, a copy of the fully executed main extension agreements for water facilities for the extension area within 365 days of a decision in this case.
3. To require Santa Cruz to file a copy of the Arizona Department of Environmental Quality ("ADEQ") "Approval To Construct" ("ATC") for the proposed wells and its Production Plant with Docket Control by December 31, 2006.
4. To require Santa Cruz to file a copy of the ADEQ ATC for the proposed Water Treatment Plant with Docket Control by December 31, 2009.

## EXHIBIT S-2

5. To require Santa Cruz to file a copy of the ADEQ "Approval of Construction" ("AOC") for the proposed system in Phase 1 with Docket Control by December 31, 2007.
6. To require Santa Cruz to file with Docket Control a copy of the amendment to its existing Designation of Assured Water Supply, stating that there is adequate water supply, within a year of the effective date of the final decision and order issued pursuant to this application.
7. To require Santa Cruz to file a copy of the amended Pinal County franchise agreement for the extension area, with Docket Control within 365 days of the decision in this matter.
8. To require Palo Verde to charge its authorized rates and charges in the extension area.
9. To require Palo Verde to file a copy of the AZPDES, APP issued by ADEQ and the ATC for the proposed sewer collection system in Phase 1 with the Docket Control by December 31, 2006.
10. To require Palo Verde to file a copy of the AOC for the proposed sewer collection system in Phase 1 with the Docket Control by December 31, 2007.
11. To require Palo Verde to file a copy of the amended CAAG Section 208 Plan with Docket Control by December 31, 2006.
12. To require Palo Verde to file a copy of the amended Pinal County franchise agreement for the extension area, with Docket Control within 365 days of the decision in this matter.

Staff further recommends that the Commission's Decision granting the requested CC&N extensions to Palo Verde and Santa Cruz be considered null and void should Palo Verde and Santa Cruz fail to meet Condition Nos. 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, and 15 listed above within the time specified.