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BEFORE THE ARIZONA CORPORATION C  
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Arizona Corporation Commission  
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COMMISSIONERS

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MIKE GLEASON – Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

AZ CORP COMMISSION  
DOCUMENT CONTROL

DOCKETED BY  
*[Signature]* *nr*

IN THE MATTER OF THE APPLICATION OF  
ARIZONA WATER COMPANY, AN ARIZONA  
CORPORATION, TO EXTEND ITS EXISTING  
CERTIFICATE OF CONVENIENCE AND  
NECESSITY IN THE CITY OF CASA GRANDE  
AND IN PINAL COUNTY, ARIZONA

DOCKET NO. W-01445A-06-0199

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-05-0926

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-05-0926

INTERVENOR CMR/CASA  
GRANDE LLC'S RESPONSE TO  
STAFF'S RECOMMENDATIONS

Snell & Wilmer

LLP  
LAW OFFICES  
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Pursuant to the Procedural Order dated March 9, 2007, in this docket, intervenor CMR/Casa Grande LLC ("CMR") files its response to the Arizona Corporation Commission ("Commission") Staff's recommendations outlined in their brief dated March 12, 2007.

**I. BACKGROUND.**

One week prior to the scheduled hearing in this proceeding, Arizona Water Company ("AWC") filed a motion to stay arguing that the Commission needed to resolve two dockets before it could move forward with hearings in this proceeding. The first docket relates to AWC's complaint against Global Water Resources, LLC ("Global") and its affiliates (the "Complaint Docket"), and the second docket relates to the Commission's generic proceeding to evaluate the regulatory impact from the use of non-traditional financing arrangements by water utilities and their affiliates (the "Generic Docket"). In response to AWC's motion to stay, Administrative Law Judge Kinsey temporarily stayed the proceeding and ordered Commission Staff to determine

1 (1) whether this docket could proceed without first resolving the Complaint Docket and the  
2 Generic Docket; and (2) whether this case is an appropriate test case to consider the issues and  
3 implications associated with the use of infrastructure construction financing agreements  
4 (“ICFAs”). In response to Judge Kinsey’s order, Staff filed its brief recommending that this case  
5 move forward and not await the outcomes of the Complaint Docket and Generic Docket. Staff  
6 also recommended that this case not be used as a “test case” for development of the  
7 Commission’s policy regarding ICFAs. These recommendations were based on Staff’s  
8 conclusion that the Commission did not need to determine in this proceeding whether Global was  
9 acting as a public service corporation.

10 **II. CMR AGREES WITH STAFF THAT THIS PROCEEDING SHOULD MOVE FORWARD.**

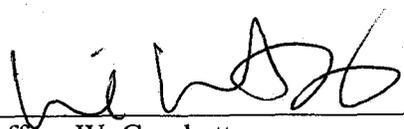
11 CMR agrees with Staff that this proceeding can and should move forward without  
12 awaiting the outcome of the Complaint Docket and Generic Docket. Likewise, CMR agrees with  
13 Staff that determining whether Global is acting as a public service corporation is not necessary in  
14 order to award a CC&N in this proceeding for the same reasons set forth above.

15 CMR is continuing to develop its comprehensive strategy for the provision of water and  
16 wastewater services for Copper Mountain Ranch, a significant part of which is subject to this  
17 case. CMR continues to meet with potential water and wastewater service providers, including  
18 AWC, regarding the provision of service to Copper Mountain Ranch. Thus, CMR continues to  
19 maintain its position that it is premature to award a certificate of convenience and necessity to any  
20 service provider at this time for the Copper Mountain Ranch property. CMR anticipates that it  
21 will finalize its strategy for its property in the next few months. At that time, CMR will issue a  
22 formal request for service to the provider(s) it wishes to obtain service from.

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1 DATED this 30th day of March, 2007.

2 SNELL & WILMER

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10 Attorneys for CMR/Casa Grande LLC

11 ORIGINAL and seventeen (17) copies  
12 filed with Docket Control this 30th  
13 day of March, 2007.

14 COPY of the foregoing hand-delivered  
15 this 30th day of March, 2007, to:

16 Yvette B. Kinsey  
17 Administrative Law Judge, Hearing Division  
18 ARIZONA CORPORATION COMMISSION  
19 1200 West Washington Street  
20 Phoenix, Arizona 85007

21 COPY of the foregoing sent via first class  
22 mail this 30th day of March, 2007, to:

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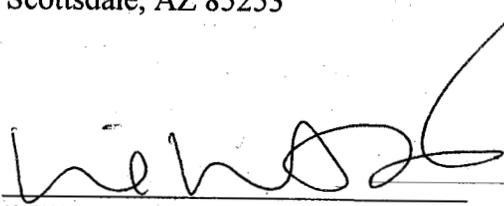
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