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MEMORANDUM

TO: Docket Control
FROM: Ernest G. Johnson
Director
Utilities Division

DATE: April 23, 2007

RE: REQUEST FOR ADMINISTRATIVE CLOSURE FOR CAVE CREEK WATER COMPANY APPLICATION FOR AN EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR WATER SERVICES. DOCKET NO. W-01452A-06-0449

STAFF'S REQUEST FOR CANCELLATION OF CAVE CREEK WATER COMPANY'S CERTIFICATE OF CONVENIENCE AND NECESSITY.

On July 6, 2006, Cave Creek Water Company ("CCWC") filed an application for approval to extend its Certificate of Convenience and Necessity ("CC&N") within and around the Town of Cave Creek ("the Town") in Maricopa County. At the time, the Town and CCWC were in contested condemnation proceedings. Ultimately the Town and CCWC came to an agreement and, as a result, a Stipulated Final Judgment in Condemnation and a Stipulated Order for Immediate Possession were issued by the Superior Court on March 7, 2007. Both orders, without the voluminous attachments, are attached to this memorandum. On Page 2, Paragraph 3, the Stipulated Final Judgment extinguishes CCWC's CC&N along with CCWC's public service corporation status.

On April 16, 2007, CCWC filed a Request for Administrative Closure of this docket.

Staff requests that Docket Control administratively close Docket No. W-01452A-06-0449, because the Town has taken sole use, possession and ownership of all plant, system and business of CCWC.

Because CCWC is no longer a public service corporation, Staff also requests that CCWC's CC&N be cancelled.

EGJ:LAJ:tdp

Originator: Linda Jaress

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2007 APR 23 P 4: 30
AZ CORP COMMISSION
DOCUMENT CONTROL

Service List for: Cave Creek Water Company
Docket No. W-01452A-05-0082

Mr. Michael W. Patten
Roshka, Dewulf & Patten
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Ernest G. Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Lyn Farmer
Chief, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

EXHIBIT

A

CERTIFIED COPY

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MORRILL & ARONSON, P.L.C.
ATTORNEYS AT LAW
ONE EAST CAMELBACK
SUITE 340
PHOENIX, ARIZONA 85012
TELEPHONE (602) 263-8993

Martin A. Aronson - 009005
John T. Moshier - 007460
Robert J. Moon - 019909
Attorneys for Defendants Cave Creek Water Co.,
Pacer Equities Co., and Global Water
Resources, LLC

FILED
37-07 9:45am
MICHAEL K. JEANES, Clerk
By: *[Signature]*
Gilbert, Deputy

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA

IN THE COUNTY OF MARICOPA

TOWN OF CAVE CREEK, a municipal
corporation of the State of Arizona,

Plaintiff,

v.

CAVE CREEK WATER CO., an Arizona
corporation; PACER EQUITIES CO., haste
Arizona corporation; GLOBAL WATER
RESOURCES, LLC, a Delaware limited
liability company; COUNTY OF
MARICOPA, a political subdivision of the
State of Arizona; OCOTILLO RIDGE
ESTATES HOMEOWNERS'
ASSOCIATION, an Arizona corporation;
OCOTILLO RIDGE ESTATES, LLC, an
Arizona limited liability company; DESERT
FOOTHILLS LAND TRUST, INC., an
Arizona non-profit corporation; WELLS
FARGO BANK, NATIONAL
ASSOCIATION, a national banking
association AS THE SUCCESSOR IN
INTEREST TO FIRST INTERSTATE
BANK OF ARIZONA, N.A., a national
banking association; CENTURY BANK, an
Arizona corporation; JP MORGAN CHASE
BANK, a national banking associations AS
THE SUCCESSOR IN INTEREST TO THE
VALLEY NATIONAL BANK OF
ARIZONA, a national banking association;
JOHN DOES 1 through 10, and BLACK
AND WHITE PARTNERSHIP 1 through 10,

Defendants.

No. CV2005-005882

STIPULATED FINAL JUDGMENT
IN CONDEMNATION

(Assigned to the Honorable
Ruth H. Hilliard)

1 Pursuant to the Stipulation of Plaintiff Town of Cave Creek ("Town") and
2 Defendants Cave Creek Water Company, Pacer Equities Company and Global Water
3 Resources, LLC ("Water Company Defendants"), and good cause appearing therefor,

4 IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

- 5 1. That the Town and the Water Company Defendants have entered into a
6 Settlement Agreement and Release, including the Bargain Sale Agreement
7 with Schedules and Exhibits ("Settlement Agreement with Exhibits"), all of
8 which are attached as Exhibit A and which are incorporated by this reference
9 as part of the Judgment of this Court.
- 10 2. That Plaintiff Town of Cave Creek have Judgment condemning the assets and
11 real property interests (collectively "Assets") of Defendants Cave Creek Water
12 Company and Pacer Equities Company, as defined in Section 3.1.4 of the
13 attached Bargain Sale Agreement between those same parties.
- 14 3. That the attached Exhibits B-1 and B-2, which are also incorporated by this
15 reference, describe the area of the Certificate of Convenience and Necessity
16 issued by the Arizona Corporation Commission to Defendant Cave Creek
17 Water Company. As requested in the prayer for relief in the First Amended
18 Complaint, the Certificate of Convenience and Necessity of Defendant Cave
19 Creek Water Company for the areas described on Exhibits B-1 and B-2, (and
20 for any other areas within Maricopa County, if any), is hereby extinguished
21 and the status of the Defendant Cave Creek Water Company as a public
22 service corporation is hereby terminated.
- 23 4. That the Town shall pay the total amount of \$19,500,000.00, plus interest,
24 subject to adjustment, as set forth in the Settlement Agreement with Exhibits
25 attached as Exhibit A. The payment terms and the interest to be paid shall be
26 controlled by the Settlement Agreement with Exhibits attached as Exhibit A,
27 which shall supercede and control any and all statutory rates of interest or other
28 payment requirements of the relevant Arizona statutes and other law.

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- 5. Except as set forth in this Stipulated Judgment and the Settlement Agreement with Exhibits, no other sums shall be due to any Defendants to satisfy this Judgment. Furthermore, each party shall bear its own attorneys' fees, costs, and expenses in connection with this action, unless the Town does not timely satisfy this Judgment according to the provisions of the Settlement Agreement with Exhibits.
- 6. Upon timely receipt of full payment as required by the Settlement Agreement with Exhibits, the Water Company Defendants shall file a Satisfaction of Judgment and then the Court shall enter a Stipulated Final Order of Condemnation vesting in the Town title in the Assets, which Assets shall then not be subject to or encumbered by any existing, past, or future rights, liens, claims or other encumbrances, but rather shall then be superior to any such rights, liens, claims or other encumbrances except as provided in the Settlement Agreement with Exhibits.
- 7. That this Stipulated Final Judgment, including the provisions of the Settlement Agreement with Exhibits, constitutes a final determination as to all issues raised in the Town's First Amended Complaint and all matters pertaining to damages and compensation due for the taking of the Assets.
- 8. That other than the Parties named in this action, no other person, partnership, corporation or other entity has any right, title or interest in and to the Assets.
- 9. In the event that the Town does not make timely full payment, as set forth in the Settlement Agreement with Exhibits, then the Water Company Defendants, in their sole and absolute discretion, may elect either: (a) to execute upon and collect the money compensation owed under this Stipulated Judgment, including all interest, all as set forth in the Settlement Agreement with Exhibits; or (b) to retake possession and control (without any claim to, or encumbrance upon, or cloud upon title thereto, by the Town or any other party) of the Assets (and also to any improvements or additional assets then used in

1 conjunction with the Assets for the operation of the water utility) and also to
2 collect all damages, including but not limited to abandonment damages and
3 attorneys' fees and legal expenses arising out of the Town's breach of the
4 Settlement Agreement with Exhibits.

5 10. That Defendant Ocotillo Ridge Estates Homeowners' Association, an Arizona
6 corporation, was adjudged and declared to have no right or interest in the
7 property described in the First Amended Complaint pursuant to a Judgment by
8 Default entered by the Court on September 14, 2006.

9 11. That Defendant Ocotillo Ridge Estates, LLC, an Arizona limited liability
10 company, was dismissed by Order of this Court dated February 27, 2006,
11 based upon Plaintiff's Notice of Voluntary Dismissal of that same Defendant.

12 12. That Defendant Desert Foothills Land Trust, Inc., an Arizona non-profit
13 corporation, was adjudged and declared to have no right or interest in the
14 property described in the First Amended Complaint pursuant to a Judgment by
15 Default entered by the Court on September 14, 2006.

16 13. That Defendant Wells Fargo Bank, National Association, a national banking
17 association, as the successor-in-interest to First Interstate Bank of Arizona,
18 N.A., a national banking association was dismissed by Order of this Court
19 dated February 27, 2006, based upon Plaintiff's Notice of Voluntary Dismissal
20 of that same Defendant.

21 14. That Defendant Harris Trust, as successor-in-interest to Defendant Century
22 Bank, an Arizona corporation, filed a Disclaimer of Interest with this Court on
23 or about March 2, 2007, such that Defendant Century Bank has no right or
24 interest in the property described in the First Amended Complaint.

25 15. That Defendant JP Morgan Chase Bank, a national banking association as the
26 successor-in-interest to the Valley National Bank of Arizona, a national
27 banking association, was adjudged and declared to have no right or interest in
28 the property described in the First Amended Complaint pursuant to a Judgment

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by Default entered by the Court on September 14, 2006.

16. That Defendant Maricopa County, a political subdivision of the State, filed a Disclaimer of Interest with this Court on or about March 2, 2007, such that Defendant Maricopa County has no right or interest in the property described in the First Amended Complaint.

DONE IN OPEN COURT this 7th day of March, 2007.


Ruth H. Hilliard
Maricopa County Superior Court Judge

The foregoing instrument is a full, true and correct copy of the original document.

Attest March 7 2007
MICHAEL K. JEANES, Clerk of the Superior Court of the State of Arizona, in and for the County of Maricopa.

By S. Jullian Deputy

EXHIBIT
B

CERTIFIED COPY

MORRILL & ARONSON, P.L.C.
ATTORNEYS AT LAW
ONE EAST CAMELBACK
SUITE 340
PHOENIX, ARIZONA 85012
TELEPHONE (602) 263-8993

Martin A. Aronson - 009005
John T. Moshier - 007460
Robert J. Moon - 019909
Attorneys for Defendants Cave Creek Water Co.,
Pacer Equities Co., and Global Water
Resources, LLC

FILED
3-7-07 9:48 am
MICHAEL K. JEANES, Clerk
By *[Signature]*
Gilbert, Deputy

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN THE COUNTY OF MARICOPA

TOWN OF CAVE CREEK, a municipal
corporation of the State of Arizona,

No. CV2005-005882

Plaintiff,

STIPULATED ORDER FOR
IMMEDIATE POSSESSION

v.

CAVE CREEK WATER CO., an Arizona
corporation; PACER EQUITIES CO., haste
Arizona corporation; GLOBAL WATER
RESOURCES, LLC, a Delaware limited
liability company; COUNTY OF
MARICOPA, a political subdivision of the
State of Arizona; OCOTILLO RIDGE
ESTATES HOMEOWNERS'
ASSOCIATION, an Arizona corporation;
OCOTILLO RIDGE ESTATES, LLC, an
Arizona limited liability company; DESERT
FOOTHILLS LAND TRUST, INC., an
Arizona non-profit corporation; WELLS
FARGO BANK, NATIONAL
ASSOCIATION, a national banking
association AS THE SUCCESSOR IN
INTEREST TO FIRST INTERSTATE
BANK OF ARIZONA, N.A., a national
banking association; CENTURY BANK, an
Arizona corporation; JP MORGAN CHASE
BANK, a national banking associations AS
THE SUCCESSOR IN INTEREST TO THE
VALLEY NATIONAL BANK OF
ARIZONA, a national banking association;
JOHN DOES 1 through 10, and BLACK
AND WHITE PARTNERSHIP 1 through 10,

(Assigned to the Honorable
Ruth H. Hilliard)

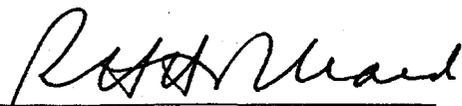
Defendants.

1 Pursuant to Stipulation of the relevant parties, and good cause appearing therefor,
2 IT IS HEREBY ORDERED that the Plaintiff Town of Cave Creek shall have
3 immediate possession, as of the date of this Order, of the assets and real property interests
4 ("Assets") of Defendant Cave Creek Water Company and Defendant Pacer Equities
5 Company, as described on the attached Exhibit A, which is incorporated by this reference.

6 It is further ordered that this Stipulated Order of Immediate Possession is being
7 entered in conjunction with the Stipulated Judgment submitted by and stipulated to by the
8 Town of Cave Creek, Cave Creek Water Company, Pacer Equities Company and Global
9 Water Resources, LLC on this same date, including as exhibits the Settlement Agreement
10 and Release with the Bargain Sale Agreement and schedules and exhibits thereto between
11 those same parties ("Stipulated Judgment with Exhibits").

12 It is further ordered that this Stipulated Order of Immediate Possession shall be
13 effective immediately, as of the date of this Order, in accordance with the terms of the
14 Stipulated Judgment with Exhibits regarding payments by the Town to the Water Company
15 Defendants, without the deposit of any additional sums above and beyond the payments
16 and schedule for such payments in the Stipulated Judgment with Exhibits. So, it is further
17 ordered that the cash bond and other requirements of A.R.S. § 12-1116, and any other
18 relevant statutory provisions or other legal requirements regarding possession of the Assets,
19 are hereby superceded and controlled by the Stipulated Judgment with Exhibits.

20 DONE IN OPEN COURT this 7th day of March, 2007.

21
22 
23 Ruth H. Hilliard
24 Maricopa County Superior Court Judge

25
26 The foregoing instrument is a full, true and correct copy
27 of the original document.

28 Attest March 7 2007
MICHAEL K. JEANES, Clerk of the Superior Court of the
State of Arizona, in and for the County of Maricopa.

By J. Guller Deputy