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BEFORE THE ARIZONA CORPORATION COMMISSION

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2007 JUN 20 P 4: 23

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
ARIZONA WATER COMPANY, AN ARIZONA
CORPORATION, TO EXEND 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

Arizona Corporation Commission
DOCKETED
JUN 20 2007

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**GLOBAL UTILITIES' RESPONSE TO
ARIZONA WATER COMPANY'S
MOTION TO COMPEL**

AND

CROSS-MOTION TO COMPEL

AND

CROSS-MOTION FOR PROTECTIVE ORDER

Santa Cruz Water Company, LLC; Palo Verde Utilities Company, LLC; Global Water –
Santa Cruz Water Company and Global Water – Palo Verde Utilities Company (collectively,
“Global Utilities”) respond Arizona Water Company’s (“AWC”) Motion to Compel. If AWC’s

1 motion is granted, the Global Utilities move that AWC also be compelled to disclose certain
2 information and that the Commission enter a protective order to protect the confidentiality of the
3 materials to be disclosed to AWC.

4 **I. Preliminary Statement.**

5 AWC is the major competitor to the Global Utilities, and AWC is locked in several intense
6 disputes with the Global Utilities. For this reason, the Global Utilities are intensely concerned
7 about the disclosure of competitively sensitive financial information to their chief rival, AWC.
8 Despite these concerns, the Global Utilities have throughout several dockets provided AWC with
9 an extraordinary level of access to their records. For example, the Global Utilities have provided
10 copies of all Infrastructure Coordination and Financing Agreements (“ICFAs”), and they have
11 agreed to disclose the total proceeds their parent company, Global Water Resources, LLC (“Global
12 Parent”) will receive from ICFAs in the extension area. The Global Utilities also provided the
13 purchase price for all utilities acquired by Global Parent in the last few years – information that
14 Global Parent had carefully safeguarded for some time out of a deep concern that its disclosure
15 would impair Global’s Parent’s ability to consolidate water and wastewater companies. In
16 addition, the Global Utilities have allowed AWC to inspect the accounting journal entries for the
17 Global Utilities. This is an extraordinary level of access to grant a major competitor. Yet AWC
18 demands still more.

19 Much of the information sought by AWC is highly confidential and competitively sensitive
20 information. For example, AWC demands that Global Parent disclose the identities of utilities that
21 *may be* acquired in the future. In addition, AWC demands extensive financial information
22 concerning Global Parent – even though Global Parent is not a party to this case. Ironically, while
23 requesting this information from Global, AWC has refused to disclose any financial information
24 about its own parent companies.

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1 Ironically, AWC’s own responses to data requests have been less than forthcoming.
2 Indeed, in some cases, AWC’s response is the same response to the same question that AWC is
3 now challenging in the motion to compel. Copies of AWC’s responses to data requests are
4 attached as Exhibits B, C, and D. If AWC’s motion is granted, the Global Utilities move that
5 AWC be compelled to provide answers to certain similar data requests.

6 Lastly, in the event that the Commission compels the Global Utilities to disclose certain
7 confidential and competitively sensitive information to AWC, the Global Utilities request that the
8 Commission adopt a protective order with stringent safeguards to prevent AWC from misusing
9 this data and limiting access to the data.

10 **II. Threshold Issues.**

11 Although the Global Utilities are providing a complete response to AWC’s Motion to
12 Compel, there are two threshold issues which should prevent AWC’s motion from being
13 considered. First, AWC failed to attach the required separate statement of counsel. Under the
14 Commission’s rules, motions to compel are governed by Arizona Rule of Civil Procedure 37(a).¹
15 That rule requires that “no motion brought under this rule will be considered or scheduled unless a
16 separate statement of moving counsel is attached thereto certifying that, after personal consultation
17 and good faith efforts to do so, counsel have been unable to satisfactorily resolve the matter.”²
18 Because AWC failed to attach the required statement, its motion should not be considered.
19 Moreover, the purpose of this rule is to encourage consultation between counsel. The last
20 discovery conference was in December, and the last letter concerning discovery was several
21 months ago. Indeed, the Global Utilities are willing to agree to several of the requests made by
22 AWC.

23 ...

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25 _____
26 ¹ Incorporated by reference and adopted for Commission proceedings by A.A.C. R14-3-101(A)
and R14-3-106(K).

27 ² Ariz.R.Civ.Pro. 37(a)(2)(C).

1 Second, this matter is stayed. The Commission's Procedural Order states that "AWC's
2 Motion to Stay was granted pending further Order of the Commission."³ AWC's Motion to Stay
3 specifically states that "the Commission should not proceed in this docket until it has rendered a
4 decision"⁴ in the Formal Complaint proceeding.⁵ AWC also stated that the "Commission cannot
5 render a legitimate, enforceable decision in this docket until it first resolves the issues raised in
6 Arizona Water Company's Formal Complaint" and that "the Complaint Docket is the appropriate
7 docket to review these issues, but only on the condition that the proceedings in this docket
8 continue to be stayed until a decision is rendered in the Complaint Docket."⁶

9 The Global Utilities vigorously opposed AWC's Motion to Stay. The Global Utilities
10 continue to believe that this case should be set for hearing at the earliest opportunity.
11 Unfortunately, AWC was successful in obtaining a stay. It must now live with the consequences
12 of that stay. A stay is defined as the "postponement or halting of a proceeding."⁷ Because this
13 proceeding is halted, no further discovery can occur. Indeed, AWC reached the same conclusion
14 as evidenced in an earlier pleading in this case, where AWC stated that it could not pursue
15 discovery in the Formal Complaint case while that case was stayed.⁸ AWC argued that because of
16 the stay in that case, no discovery could proceed until the stay was lifted.⁹ The same should be
17 true here.

18 AWC notes that the discovery it seeks may be useful in the Formal Complaint proceeding.
19 The Global Utilities have agreed that existing discovery responses in this case can be used in the
20 Formal Complaint case. However, as long as the stay in this case remains in place, further
21 discovery in this case should cease. AWC can obtain any additional information it needs (and to
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23 ³ Procedural Order dated March 6, 2007 at 5.

24 ⁴ AWC Motion to Stay filed March 30, 2007 at 1.

25 ⁵ Docket No. W-01445A-06-0200 et al.

26 ⁶ AWC Motion to Stay filed March 30, 2007 at 7-8.

27 ⁷ *Black's Law Dictionary* (7th ed. 1999).

⁸ AWC "Response to Global's Comments Regarding Procedural Schedule" filed April 27, 2007 at

⁹.

⁹ Id.

1 which it is entitled) in the Formal Complaint case through discovery in that case.¹⁰ AWC has not
2 articulated any rationale as to why discovery should proceed in this case rather than the Formal
3 Complaint case. This case has not been consolidated with the Formal Complaint case. Indeed,
4 AWC specifically opposed the Global Utilities' request that this docket be consolidated with the
5 Formal Complaint case.¹¹

6 **III. ICFAs.**

7 The first area in dispute concerns ICFAs. The Global Utilities gave AWC copies of all
8 ICFAs.¹² In addition, the Global Utilities have agreed to calculate the total expected proceeds
9 from ICFAs in the extension area.¹³ AWC seeks highly detailed information regarding the
10 accounting for ICFAs including "descriptive journal entries used by any affiliate to record payment
11 or any transfers of ICFA funds to the affiliate."¹⁴ The Global Utilities have agreed to provide
12 AWC with access to the Global Utilities' journal entries.¹⁵ AWC already spent one day inspecting
13 these records, and they have scheduled additional inspections. Providing such access to a
14 competitor is remarkable. AWC does not explain why it needs further information. Indeed, AWC
15 has not even explained exactly what additional information it seeks. To the extent AWC seeks
16 access to parent-level information, such information is highly confidential and should not be
17 provided to a competitor (See Part V below for further information).

18 In addition, AWC seeks drafts of ICFAs and correspondence and communications relating
19 to ICFAs. AWC asserts, without explanation, that access to such information is "directly
20 relevant." To the contrary, such materials are not relevant nor are they reasonably calculated to
21 lead to the discovery of admissible evidence. This is not, for example, a contract dispute where
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23 ¹⁰ Global will however reiterate its substantive objections to the type of information requested in
24 the Motion to Compel, regardless of the procedural status of the case in which filed.

25 ¹¹ Id. at 5.

26 ¹² Global Utilities' Supplemental Response dated May 9, 2007.

27 ¹³ Global Utilities' Response to AWC 4.19, dated March 16, 2007.

¹⁴ AWC Data Request 1.101

¹⁵ Global Utilities' Response to AWC 4.7.

1 extrinsic evidence might be relevant to contract interpretation. The ICFAs have been provided,
 2 and they govern the relationship between Global Parent and the developers who have voluntarily
 3 signed ICFAs. Drafts, letters, emails and the like have no relevance. Moreover, the requested
 4 materials are likely voluminous, and locating such materials, reviewing them for privilege issues,
 5 and then copying and producing them to AWC would be unduly burdensome and expensive.¹⁶ In
 6 addition, AWC has failed to provide information about contacts with landowners to the Global
 7 Utilities.¹⁷ Specifically, AWC claimed that it did not know which landowners signed ICFAs, even
 8 though it was provided a list, and even though it was later provided with copies of all the ICFAs.

9 A summary of each of the disputed data requests concerning ICFA follows:

AWC Number	Topic	Global Utilities' Response
1.1	List of property owners contacted	Provided list of all property owners who have signed ICFAs; any further information is not relevant and would be unduly burdensome and expensive to produce; AWC has not disclosed similar information
1.2	Information about contacts with property owners	See above; additional information about contacts provided in the Direct Testimony of Cindy Liles (at 4-8)
1.3	Correspondence and drafts concerning ICFAs	See 1.1 above
1.4	Same and oral communications	See 1.1 above
1.5	Copies of all ICFAs and drafts	Copies of all ICFAs provided; drafts not relevant and unduly burdensome and expensive
1.6	Maps showing ICFA areas	The Global Utilities agree to provide this information
1.7	Accounting of monies received or to be received	The Global Utilities have agreed to provide some of this information for the extension area; the Global Utilities have also provided access to their accounting journal entries; access to parent level accounting is not appropriate or relevant

24 _____
 25 ¹⁶ See Arizona Rule of Civil Procedure 26(b)(1)(stating that the court may limit discovery when
 26 the discovery is unduly burdensome or expensive, given the needs of the case, the amount in
 27 controversy, limitations on the parties resources, and the importance of the issues at stake in the
 litigation.”)

¹⁷ AWC Response to Global 1.12.

1.101	ICFA payments and journal entries	See 1.7 above
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IV. Public Private Partnerships.

AWC also objects to a number of data responses involving Public Private Partnerships (P3s) with the Cities of Casa Grande and Maricopa. AWC complains that that the Global Utilities did not provide a copy of the agreement with the Ak-Chin Indian Community. The Ak-Chin letter of understanding is a very different document than the much more detailed P3 agreements. For example, the Ak-Chin letter does not provide for any payments by any Global entity, and it does not contemplate any Global entity providing service on Ak-Chin lands. For these reasons, the Global Utilities did not consider the letter to be a P3. Regardless, AWC clearly has a copy of the letter, which was marked as an exhibit and discussed at length in a recent deposition in the Formal Complaint case.

AWC also objects that it was not provided copies of the P3s. AWC attached a copy of the Casa Grande P3 to its complaint in the Formal Complaint case. Moreover, a letter attached to AWC's motion contradicts its claim. AWC's letter stated that if the Global Utilities confirm that the only P3s are with Casa Grande and Maricopa "we do not need copies of these documents (or we may ask you to confirm that our copies are correct.)"¹⁸ Thus, the Global Utilities assumed that AWC had the P3s. As that apparently is not the case, the Global Utilities will deliver copies of the Casa Grande and Maricopa P3s to AWC's counsel.

AWC also claims that it agreed to the Global's Utilities' discovery proposals and the Global Utilities then failed to live up to their agreement. Even a cursory examination shows that this is not the case. In January, counsel for the Global Utilities sent a letter containing a detailed counter-offer as to how to address the discovery disputes pending between the parties.¹⁹ The letter noted that this counter-offer was contingent on AWC withdrawing certain data requests.²⁰ A

¹⁸ Letter from AWC's counsel dated December 22, 2006 at 2 (attached to AWC Motion to Compel as Exhibit E).
¹⁹ See Exhibit F to AWC's Motion to Compel.
²⁰ Id. at 1.

1 month later, AWC responded by continuing to insist on many of the disputed data requests.²¹
 2 Because the counter-offer was not accepted, the Global Utilities did carry out the proposals in the
 3 January letter.

4 AWC also requests copies of letters, emails, drafts and the like. AWC has not explained
 5 the relevance of such materials. As with similar requests concerning ICFAs, such materials are not
 6 relevant, and would be unduly burdensome and expensive to produce.

7 A summary of the disputed data requests follows:

AWC Number	Topic	The Global Utilities' Response
1.8	Contacts, emails, meetings, etc. with cities and other governmental entities	Not relevant and unduly burdensome and expensive
1.9	Date and manner of contact	See 1.8 above
1.10	Correspondence and communications regarding P3s	See 1.8 above
1.11	Same and oral communications	See 1.8 above
1.12	Copies of Agreements and drafts	Copies of agreements will be provided; drafts are not relevant and are unduly burdensome and expensive
1.13	Maps of P3 Areas	Maps are attached to copies of the P3s
1.14	Monies paid to cities	The Global Utilities agree to provide the amounts paid to each city

19 **V. Global Parent's ownership and equity.**

20 The Global Utilities have fully disclosed the ownership of each utility ultimately owned by
 21 Global Parent.²² In addition, they disclosed the owners of Global Parent.²³ The Global Utilities
 22 also disclosed information about their capital distributions and dividend policy.²⁴ The Global
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 25 _____
 26 ²¹ See Exhibit G to AWC's Motion to Compel.
 27 ²² Global Utilities' Response to AWC 1.23.
²³ Id.; See also Direct Testimony of Trevor T. Hill at Ex. 1.
²⁴ Global Utilities' Response to LJ 1.8 and 1.9.

1 Utilities also agreed to let AWC inspect their journal entries regarding equity.²⁵ AWC demands
2 yet more information, including highly confidential and competitively sensitive information
3 regarding Global Parent. But at the same time AWC refused to provide financial statements and
4 other financial data concerning its parent companies.²⁶ AWC also did not provide other
5 information about its affiliates.²⁷ AWC is even unwilling or unable to state who owns its ultimate
6 parent company.²⁸

7 AWC and the Global Utilities both seek CC&N extensions in this docket. If financial
8 matters concerning utility parent companies are relevant, then information about AWC's parents is
9 relevant. AWC has not provided such information, and it should not be able to compel the Global
10 Utilities to provide similar information. Moreover, AWC has repeatedly stated that information
11 about its own parent companies is not relevant. Parent-level financial information is not used to
12 set rates. There is no need for this information in this proceeding.

13 In addition, the information AWC seeks is highly confidential and competitively sensitive.
14 Gaining access to a competitor's confidential financial data creates an unfair competitive
15 advantage. Therefore, competitors should not be given access to such data. *See Arizona Portland*
16 *Cement Co. v. Arizona State Tax Court*, 185 Ariz. 354, 357, 916 P.2d 1070, 1073 (App. 1995). In
17 *Arizona Portland Cement*, the court found that sensitive financial data should not be provided to
18 competitors, even when that information is available to government agencies. The case involved a
19 statute regarding confidentiality of tax court information. A similar statute applies to information
20 provided to the Commission. *See* A.R.S. § 40-204. In addition, the Commission's rules provide
21 that affiliate financial information is confidential and should not be disclosed to the public.
22 A.A.C. R14-2-802(B).

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²⁵ Global Utilities' Response to AWC 4.7.

26 ²⁶ AWC Response to Global 1.53; 1.54, 1.66, 1.67, 1.68, 1.71 and 3.2.

27 ²⁷ AWC Response to Global 2.13 and 2.15.

28 ²⁸ AWC Response to Global 1.4.

1 A similar case is *Federal Trade Comm'n v. Crowther*, 430 F.2d 510, 515-16 (D.C. Cir.
 2 1970). That case concerned a policy of the FTC that it would not allow competitors "to rummage
 3 at will though the confidential business files" of another competitor, even if the competitors were
 4 litigating an administrative proceeding. When the FTC decided to relax that policy, the court
 5 overturned the FTC's decision as insufficiently supported. *Id.*

6 In this case, financial information about the Global Utilities' unregulated affiliates is
 7 protected by both statute and rule. AWC has refused to provide financial information about its
 8 own affiliates. The Global Utilities should not be required to turn this highly sensitive information
 9 over to their main competitor.

10 A summary of the disputed data requests follows:

AWC Number	Topic	The Global Utilities' Response
1.26	Transfers of Ownership	Current ownership provided; past transfers not relevant
1.50	Sources of Equity	Extensive information regarding Global Utilities provided, including access to journal entries; information regarding unregulated affiliates competitively sensitive
1.51	Schedule regarding equity	See 1.50 above
1.101	ICFA payments	See 1.50 above; see also section III above
1.102	List of capital transactions	See 1.50 above
1.103	Financial information regarding each development	See 1.50 above; in addition AWC declined to provide section-by-section information even though it requests development-by-development information ²⁹
1.104	Same	See 1.103 above

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 23 **VI. Effluent Agreement**

24 The Global Utilities do not make the "agreement versus arrangement" distinction referred
 25 to by AWC. The confusion seems to come from the fact that AWC requested agreements relating
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27 ²⁹ See AWC Response to Global 1.78

1 to the sale of reclaimed water. There is an inter-affiliate agreement regarding access to reclaimed
2 water, but it does not involve any sales. To clear up any confusion, this agreement will be
3 provided to AWC.

4 **VII. Benefits of Integrated Services.**

5 The Commission has considered the benefits of integrated utilities on many occasions,
6 such as the Woodruff case. And the Global Utilities have provided extensive testimony regarding
7 the benefits of integrated water and wastewater services, as well as the benefits of having
8 employees employed by Global Water Management.³⁰ In addition, the Global Utilities provided
9 extensive additional information to Staff about these topics.³¹ AWC seems to be asking for
10 confirmation that an exact quantification of these benefits would be difficult to provide. The
11 Global Utilities agree that preparing an exact quantification would be very difficult.

12 **VIII. Acquisition Targets.**

13 AWC requests information about past and future acquisitions by Global Parent. The
14 Global Utilities provided full information, including purchase prices, for all completed
15 transactions.³² Information regarding potential future acquisitions is competitively sensitive
16 confidential information. Such information should not be provided to a competitor.³³ In addition,
17 Santa Cruz Water Company is now a "Class A" utility. Accordingly, future acquisitions will
18 require a waiver or approval by the Commission.³⁴

19 AWC states that the Global Utilities seek to use their acquisitions as support for their
20 application in this case. But the Global Utilities clearly committed to withdraw any such
21 argument, a result which Staff found to be "satisfactory."³⁵

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24 ³⁰ See Direct Testimony of Trevor T. Hill at 11-13; Rebuttal Testimony of Trevor T. Hill at 10-13;
Direct Testimony of Cindy Liles at 9-15; Rebuttal Testimony of Cindy Liles at 13-16.

25 ³¹ Global Utilities' Response to LJ 1.1; 1.10; and 1.14.

26 ³² Global Utilities response to AWC 1.23 and 4.6.

27 ³³ See discussion and cases cited in Section V above.

³⁴ A.A.C. R14-2-805; R14-2-806.

³⁵ Procedural Conference Tr. at 53 (February 28, 2007).

A summary of the disputed data requests follows:

AWC Number	Topic	The Global Utilities' Response
1.15	Identity of past and future acquisitions	Past acquisitions fully disclosed; future acquisitions competitively sensitive.
1.16	Purchase Prices	Purchase prices of past acquisitions fully disclosed; future acquisitions competitively sensitive; in addition, purchase prices may not be known until late in acquisition process
2.12	Acquisition schedules or reports	Publicly available through "e-Docket" system; additional copies will be delivered to AWC's counsel
2.13	Same	See 2.12 above

IX. CAAG Plans.

AWC objects that the Global Entities referred AWC to public records to obtain their current, approved CAAG Section 208 plan amendment. In fact, AWC has referred the Global Utilities to public records on numerous occasions.³⁶ Moreover, AWC submitted comments to EPA on this amendment and referred to various provisions of it, so presumably they have reviewed it. However, to avoid further disputes, the Global Utilities will provide a copy of Palo Verde's current, approved CAAG Section 208 plan amendment.

X. Hydrological Reports.

AWC requests copies of the Global Utilities' hydrological reports related to the extension area. AWC has had a full opportunity to submit data requests to the Global Utilities' hydrological expert in this case and to explore the basis of the hydrological testimony and reports submitted by the Global Utilities. In addition, AWC did not provide any of its reports, contending that none of its reports (even for the Casa Grande system) are of any relevance.³⁷ Moreover, many of the hydrological reports that are not on file with ADWR or other agencies would have been proprietary reports prepared in anticipation of administrative litigation or proceedings at ADWR or elsewhere, and would accordingly be subject to the work-product doctrine. In addition, AWC has

³⁶ See AWC Response to Global 1.33, 1.34, 1.35, 1.36, 1.39, 1.44.

³⁷ See AWC Response to Global 1.40.

1 its own hydrological experts and it does not need to depend on the Global Utilities' proprietary
2 reports.

3 **XI. Hill, Murray issues.**

4 AWC attempts to dredge up old, isolated incidents of issues concerning a company (Hill,
5 Murray & Associates or "HMA") in which several Global Utilities officers were involved with in
6 Canada. The Commission fully investigated and considered these issues on several occasions.
7 These issues have been resolved to the Commission's satisfaction, and AWC should not be
8 allowed to collaterally attack these previous Commission rulings. A.R.S. § 40-252 states that "in
9 all collateral actions or proceedings, the orders and decisions of the commission which have
10 become final shall be conclusive."

11 The issues surrounding Hill, Murray & Associates ("HMA") were fully litigated by Palo
12 Verde, Santa Cruz and Staff in Docket Nos. SW-03575A-03-0586 et al. The Commission stated in
13 Decision No. 67240 (September 15, 2004):

14
15 In its Supplemental Staff Report (Ex. S-2), Staff reported that it had become
16 aware that principals with [Global Water Resources] had previously operated an
17 entity called Hill, Murray & Associates ("HMA") in Canada, and that HMA had
18 been involved in two projects, the Power River Wastewater Treatment Plant
19 ("Powell River") and Iqualuit Wastewater Treatment Plant ("Iqualuit"), where
20 problems with the designs of the plants had surfaced. Staff attached to the
21 Supplemental Staff Report a number of reports and newspaper articles that
22 described alleged problems with the Powell River and Iqualuit projects.³⁸

23 That Decision contains a detailed discussion of the facts and circumstances surrounding
24 HMA, Powell River and Iqualuit. Further findings were made regarding the problems at both
25 Powell River and Iqualuit.³⁹ The decision details Mr. Hill's testimony about the circumstances
26 surrounding the issues at both Powell River and Iqualuit.⁴⁰ Staff made several recommendations in
27 light of the issues at Powell River and Iqualuit, including increasing the bond requirements to

³⁸ Decision No. 67240 at 3:28 – 4:6, and Finding of Fact No. 28 (10:19-24).

³⁹ Id. at Finding of Fact Nos. 35, 36 (12:4-14).

⁴⁰ See Decision No. 67240 at Finding of Fact No. 37.

1 \$750,000 each for Santa Cruz and Palo Verde. The Commission, after hearing from both Staff and
2 Mr. Hill, adopted Staff's recommendations and ordered the following:

- 3 • Palo Verde and Santa Cruz must show maintenance of the performance
4 bonds every quarter (January 15, April 15, July 15, October 15);
- 5 • GWR must file acquisition schedules describing each acquisition it makes
6 in a utility, signed under oath and under penalty of perjury by at least two
7 GWR officers;
- 8 • Palo Verde and Santa Cruz must submit quarterly reports documenting
9 compliance with all Arizona Department of Environmental Quality,
10 Arizona Department of Water Resources, and Commission requirements,
11 signed under oath and under penalty of perjury by at least two GWR
12 officers;

13 The Commission affirmed those conditions when it awarded a CC&N extension to both Palo
14 Verde and Santa Cruz in Decision No. 67830 (May 5, 2005).

15 Further, in Decision No. 68186 – a supplemental opinion and order regarding performance
16 bond requirements – the Commission amended the bond requirements for Palo Verde and Santa
17 Cruz so that they would expire on September 23, 2006. The Commission made this adjustment
18 because Palo Verde and Santa Cruz “have demonstrated that they are financially sound, they are
19 employing and retaining qualified personnel to maintain operations, and they are providing service
20 to customers in a manner that is consistent with the public interest.”⁴¹ Mr. Hill testified again in
21 that docket about the HMA issues in light of the Global Utilities’ request to change the
22 performance bond requirements in Decision No. 67240. The Commission directly addressed the
23 HMA issues stating “[given] the past concerns raised regarding the Canadian projects managed by
24 GWR’s principals, we believe that Staff’s recommendation to require maintenance of the current
25 performance bonds for a period of two years from the effective date of Decision No. 67240 is
26 reasonable and should be adopted.”⁴² Those two years have expired, and the bond requirement is

27 ⁴¹ Decision No. 68186 at 6:8-12.

⁴² Id. at 6:5-8.

1 therefore no longer in effect. The Commission has approved additional CC&Ns without requiring
2 any bonds. See Decision No. 68448 (Feb 2, 2006).

3 In short, the Commission has fully investigated and addressed the issues regarding HMA.
4 The Commission, with ample testimony and ample Staff input imposed conditions on the Global
5 Utilities. The Global Utilities met those conditions. The Commission determined, after full
6 deliberation on the HMA issues, that both Santa Cruz and Palo Verde are fit and proper entities.⁴³
7 AWC now wants to re-open these issues in its attack on Palo Verde and Santa Cruz not being fit
8 and proper. These are collateral attacks on Decision Nos. 66394, 67240, 67830 and 68186. Such
9 attacks are prohibited under A.R.S. § 40-252.

10 Because Arizona law prohibits collateral attacks on Commission decisions, and because
11 AWC seeks to bring up issues already litigated in prior Commission proceedings, the HMA issues
12 are neither relevant nor likely to lead to the discovery of admissible evidence.

13 **XII. Cross-Motion to Compel.**

14 In the event that AWC's motion to compel is granted in whole or part, then the
15 Commission should also compel AWC to answer numerous data requests. AWC's responses to
16 Global's data requests are attached as Exhibits B, C, and D. The requests that AWC has not
17 answered, or has not provided an adequate answer, are briefly summarized below:

18 **Global 1.6** (civil litigation) AWC objected to providing a list of civil litigation it has been
19 involved in over the past 10 years on relevance grounds. Civil litigation in which AWC has been
20 involved goes directly to its fitness to serve, especially any litigation that concerns the quality and
21 reliability of its service. Without knowing what litigation AWC has been embroiled in, the Global
22 Utilities and the Commission cannot – with full knowledge – know whether AWC is truly fit to
23 serve.

24 **Global 1.7** (litigation with ADWR) AWC also objected to this request on relevance
25 grounds. Litigation with ADWR directly concerns the quantity of water available to serve and
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27 ⁴³ See Decision Nos. 66394, 67240, 67830 (affirmed in Decision No. 68186).

1 water conservation and management efforts. It is directly pertinent for the Global Utilities to
2 request of AWC publicly available information where AWC has made its position known on these
3 important issues. Further, AWC is the best source for its own pleadings, motions and documents
4 it has filed with the courts.

5 **Global 1.8** (litigation with Casa Grande) AWC also objected to this request on relevance
6 grounds. AWC indicates, however, in several requests that the City of Casa Grande would provide
7 wastewater service to AWC's requested extension area within city limits. AWC also mentions that
8 it is working with the City of Casa Grande for its Water Resource Master Plan, which AWC also
9 states includes its reclaimed water facilities. But AWC has sued the City of Casa Grande over
10 using reclaimed water. AWC's relationship with potential wastewater providers is directly relevant
11 to the public interest, especially considering the Global Utilities' willingness and ability to provide
12 integrated water and wastewater service.

13 **Global 1.9 and 1.10** (Woodruff issues) These both concern AWC's involvement and
14 appeal of the "Woodruff Decision" (Decision No. 68453). Many of the issues in that case –
15 particularly whether integrated water and wastewater service is in the public interest – are the same
16 as in this case. As a result, AWC's appeal and the outcome may have a direct impact on this case.
17 Similarly, AWC's responses to Staff or other parties' requests in that case have a direct impact on
18 the issues and AWC's positions in this case. Data requests are not docketed and AWC is the best
19 source for information it provided in response to such requests, so it is clearly in possession and
20 control of that information. AWC's objections on relevance grounds are "not well taken" to use
21 AWC's own phraseology.

22 **Global 1.11** (Communications with ADWR) AWC responded that no written
23 communications exist; the question asked for all communications between AWC and ADWR
24 regarding the extension area requested by AWC. This answer is incomplete and AWC should
25 provide summaries of all communications (including oral communications). If there are no
26 communications, then AWC should so indicate.

27

1 **Global 1.19** (reclaimed water experience) AWC objects as improper “because it is not
2 required to generate narrative histories” to describe its experience, efforts and achievements in
3 providing reclaimed water service. AWC is required to answer the question because it relates to
4 relevant issues for the hearing (*i.e.* efforts to conserve groundwater). The question is simply to
5 describe AWC’s actions and experience in placing reclaimed water facilities in operation.

6 **Global 1.25** (recharge wells) AWC makes the same objection it did to **Global 1.19** –
7 regarding developing recharge wells. This information is also clearly relevant to preserving
8 groundwater resources and what is in the public interest. So, the same justification exists to
9 compel AWC to respond to this request.

10 **Global 1.33** (Groundwater Pumped for each AWC System for each of the past five years.);
11 **Global 1.34** (Groundwater Sold for each AWC System for each of the past five years.); **Global**
12 **1.35** (Groundwater Pumped per Customer for each AWC System for each of the past five years.);
13 **Global 1.36** (Groundwater Sold per Customer for each AWC System for each of the past five
14 years.); **Global 1.44** (Total Amount of Water Sold for each of the Past five years.) AWC
15 responded to the above data requests by indicating that the data is on file with the ACC or other
16 agencies. AWC asks that the Global Utilities be compelled to provide publicly-available
17 information to AWC. AWC should be required to provide similar publicly-available information
18 to the Global Utilities, to make sure that the Global Utilities have the updated and correct
19 information (this is the excuse AWC made to the Global Utilities as to why AWC needed them to
20 provide publicly-available information to AWC).

21 **Global 1.37** (Amount of Groundwater Pumped per capita for each AWC System for each
22 of the past five years.); **Global 1.38** (Amount of Groundwater Sold per capita for each AWC
23 System for each of the past five years.) **Global 1.45** (Calculating “gallons per capita per day” per
24 ADWR methods for each AWC System for each of the past five years.) AWC objected to these
25 requests because it said “it cannot provide the calculation[s] requested.” AWC did not state why it
26 could not provide those calculations and did not object on any other grounds. The calculations are
27 relevant to the issue of groundwater use for AWC’s proposed extension area and conservation.

1 **Global 1.39** (Providing well data for each well in the AWC Casa Grande system –
2 including pumping rate, the amount pumped, and water level for each well.) AWC indicated that
3 its well data is on file at ADWR, specifically in well drilling applications or annual updates. See
4 1.33 – 1.36 above.

5 **Global 1.53** (financial statements) AWC objected to providing financial statements for
6 AWC’s affiliates and holding companies on relevance grounds and that it is information not likely
7 to lead to discovery of admissible evidence. If the financial information of the Global Utilities’
8 affiliates is relevant, so to is the financial information of AWC’s affiliates. Either affiliate
9 financial information is relevant or it is not.

10 **Global 1.55** (sources of equity) AWC provides no explanation to what it means by “paid-
11 in-capital” regarding indicating sources of equity available to AWC. An explanation about that is
12 warranted to consider AWC’s asserted ability to serve the extension area.

13 **Global 1.66** (Federal Income Tax Returns); **Global 1.67** (State Income Tax Returns);
14 **Global 1.70** (Insurance Policies) AWC objected to these requests on relevance grounds and that
15 these requests are not likely to lead to the discovery of admissible evidence. This information goes
16 to fitness for AWC to serve its proposed extension area.

17 **Global 1.71** (Inter-Company Charges) AWC objects on confidentiality grounds only. If
18 the Global Utilities are compelled to disclose financial information regarding affiliates, AWC
19 should be compelled to provide this information.

20 **Global 1.78** (projections for extension area) AWC objected to providing an indication of
21 whether its requested extension area is expected to be developed or undeveloped by December 31,
22 2011. AWC objected to this request on relevance grounds and on stating that it was “burdensome
23 and oppressive and overbroad.” AWC should be compelled to provide this information if the
24 Global Utilities are compelled to respond to AWC 1.103.

25 **Global 1.95** (wastewater discussions) AWC provided no documentation or description of
26 any discussions concerning providing wastewater service to AWC’s requested extension area.
27 AWC merely refers Global – through **Global 1.94** – to its response to Staff’s Data Request No. LJ

1 1.5. That response indicates only that AWC anticipates that the City of Casa Grande and
2 Southwest Water Company (AWC’s “business associate”) may provide wastewater service, or that
3 another qualified wastewater service may do so. AWC’s response is insufficient. To the extent
4 the Global Utilities are compelled to produce documentation of contacts, emails, and
5 communications regarding ICFAs or P3s, AWC should be compelled to provide this information.

6 **Global 2.4** (financial analysis) AWC indicated that it did not do any financial analysis with
7 respect to serving AWC’s extension area. AWC also indicated that no AWC consultant or agent
8 conducted such an analysis. AWC did not explain why such an analysis was not conducted. AWC
9 complains that the Global Utilities did not create new financial analyses regarding integrated
10 utilities – if the Global Utilities are compelled to create such information, AWC should be
11 compelled to respond to this data request.

12 **Global 2.5** (cost per EDU) AWC indicated that it did not do any cost estimate per
13 equivalent dwelling unit (“EDU”) in its requested extension area. AWC did not explain why such
14 an analysis was not conducted. See Global 2.4 above.

15 **Global 3.2** – AWC objected to providing audited financial statements for each entity listed
16 in response to **Global 1.3** (*i.e.* San Gabriel Valley Water Company, Utility Investment Company,
17 Rosemead Properties, Inc., United Resources, Inc.) on relevance grounds. AWC added a self-
18 serving statement that it does not engage in “improper and non-traditional financing schemes being
19 investigated by the Commission and other parties.” AWC confuses the investigation of non-
20 traditional financing with the CC&N proceeding that explores the fitness to serve. AWC is
21 applying for a CC&N, which puts its fitness as a public service corporation at issue. If financial
22 information regarding the Global Utilities affiliates is relevant to their fitness, so too is information
23 regarding AWC’s affiliates. If the Global Utilities are compelled to provide financial information
24 regarding their affiliates, then AWC should be compelled to do the same and to answer this data
25 request.

26 ...
27 ...

1 **XIII. Cross-Motion for Protective Order**

2 The Global Utilities believe that their main competitor, AWC, should not be granted access
3 to competitively sensitive information such as future acquisition targets and affiliate financial
4 information. However, if the Commission compels the Global Utilities to provide this
5 information, then the Global Utilities request that the Commission enter a strong protective order
6 to ameliorate the damage from the disclosure of this information. In particular, the Commission
7 should require that this sensitive information not be shared with AWC's officers or other internal
8 AWC personnel. In addition, AWC's counsel in this case regularly represents AWC and
9 presumably is closely involved in formulating AWC's litigation strategies in numerous cases.
10 Accordingly, to the extent that this information is compelled, it should be disclosed only to outside
11 lawyers and consultants who do not normally work for AWC. In addition, the protective order
12 should contain requirements to safeguard the documents and should include stringent penalties for
13 violations.

14 **XIV. Conclusion.**

15 The Global Utilities have provided their main competitor, AWC, with extraordinary access
16 to their books and records, while AWC refused to provide even the simplest of information
17 regarding their parent company (or companies), such as ownership. Global Utilities have also
18 disclosed a large amount of data in discovery. AWC's demands for yet more discovery should not
19 be granted. Much of the information AWC seeks is competitively sensitive and should not be
20 shared with AWC. Most of the remaining information is not relevant or would be unduly
21 burdensome and expensive to produce. In addition, this case is stayed and further discovery is
22 therefore not appropriate at this time. Accordingly, the Global Utilities request that AWC's
23 motion to compel be denied. If AWC's motion to compel is granted, the Global Utilities request
24 that their cross-motion to compel be granted and that their cross-motion for a protective order be
25 granted.

26 ...

27 ...

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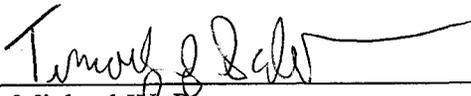
The following exhibits are attached in support of this motion:

Exhibit	Description
A	Global Utilities' response to AWC's 4 th set of data requests
B	AWC's response to Global's first set of data requests
C	AWC's response to Global's second set of data requests
D	AWC's response to Global's third set of data requests

Attachments to these exhibits have been omitted, as they are voluminous in some cases.

RESPECTFULLY SUBMITTED this 20th day of June 2007.

ROSHKA DEWULF & PATTEN, PLC

By 
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Original + 17 copies of the foregoing
filed this 20th day of June 2007 with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

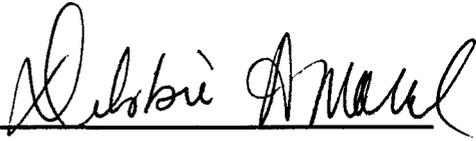
Copies of the foregoing hand-delivered/mailed
this 20th day of June 2007, to:

Yvette B. Kinsey, Esq.
Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

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**SANTA CRUZ WATER COMPANY
AND PALO VERDE UTILITIES COMPANY
RESPONSES TO ARIZONA WATER COMPANY
FOURTH SET OF DATA REQUESTS
Docket No. W-01445A-06-0199
March 16, 2007**

- AWC 4.1 Regarding the consumer survey and/or polling effort mentioned on page 5 of the rebuttal testimony of Trevor T. Hill and page 3 of the rebuttal testimony of Cindy Liles, please provide the following:
- a) a copy of any and all survey questionnaire(s) used to poll the public,
 - b) describe the method used to conduct the polling (mail, face-to-face, etc.),
 - c) identify the person(s) or entity that designed the survey, administered or distributed the questionnaire, received or tabulated the questionnaire results,
 - d) identify the relevant population sampled and the sample selected therefrom,
 - e) describe the method used to determine population and sample size,
 - f) describe the population from which the sample was selected, including size, geographical areas, percentage of homeowners, and percentage of renters,
 - g) describe the sample selection method and percentage of population sampled, including geographical area, percentage of homeowners, and percentage of renters,
 - h) provide a tabulation of results of the survey and/or poll and percentage of responses received for each question,
 - i) provide all statistical analyses of results,
 - j) describe the confidence level of results for each sample question,
 - k) identify by name the person or entity who performed the statistical analysis of the tabulated results, description of statistical tests performed on the data and the statistical results for each survey question including the confidence level.

RESPONSE: Please see the attached report.

RESPONDENT: Trevor T. Hill

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AWC 4.2 Please provide the same information requested in 4.1 above for the 2006 follow-up poll referred to on page 6 of the rebuttal testimony of Trevor T. Hill and page 3 of Cindy Liles' rebuttal testimony.

RESPONSE: Please see the attached report.

RESPONDENT: Trevor T. Hill

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March 16, 2007

AWC 4.3 Please provide the same information requested in 4.1 related to any similar survey, polling or focus group conducted by Global on the public's attitudes towards the direct use of reclaimed water.

RESPONSE: Global has not conducted any polling other than as discussed in response to AWC 4.1 and 4.2.

RESPONDENT: Trevor T. Hill

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March 16, 2007

AWC 4.4 Please provide the quantity of water recharged by Santa Cruz Water Company in 2005 and 2006 and the associated cost to recharge for each year by NARUC expense account.

RESPONSE: None; SCWC recharges no water. Please note that Palo Verde is close to Underground Storage Facility permit completion for an A+ reclaimed water recharge facility on the Terrazo Water Distribution Center site and will soon file one for the PVUC Campus 2 WRF site. Each site is approved in APP 105668 which provides for a total recharge of 9 MGD. PVUC is in the process of applying for an APP for multiple recharge sites for Campus 1 WRF, also for 9 MGD.

RESPONDENT: Robin Bain, P.E., DEE for Graham Symmonds

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AWC 4.5 Please provide the investment in plant facilities necessary for Santa Cruz Water Company to recharge by plant account and the annual depreciation expense and depreciation rates on recharge facilities.

RESPONSE: SCWC has expended no funds on recharge. To date, PVUC has incurred permitting fees at ADEQ, consulting fees to prepare the applications which includes monitoring well drilling and installation as well as soil and water sampling, and internal project management fees.

RESPONDENT: Robin Bain, P.E., DEE for Graham Symmonds

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AWC 4.6 Please provide the acquisition cost for each acquisition reported to the ACC in compliance with Decision No. 67240 or for each acquisition completed but not yet reported.

RESPONSE: This information has been carefully guarded in order to facilitate the consolidation of many smaller utilities. While disclosing this information may dampen efforts to continue consolidation of utilities, the following is responsive to the question:

Cave Creek Water Company:	\$7.084 million plus future payments not to exceed \$1.2 million
Francisco Grande Utility Company:	Future payment of \$8 million
CP Water Company:	Future payment of \$1.25 million
West Maricopa Combine:	Amounts paid and future payment to total \$60 million, less up-front payment from developers per ICFA of \$6.2 million

RESPONDENT: Cindy Liles

**SANTA CRUZ WATER COMPANY
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Docket No. W-01445A-06-0199

March 16, 2007

AWC 4.7 Please provide journal entries and explanation of all postings to Common Stock, Capital Surplus and Retained Earnings accounts for 2004, 2005, and 2006 for Santa Cruz Water Company.

RESPONSE: AWC may inspect the journal entries of Santa Cruz Water Company by appointment.

RESPONDENT: Cindy Liles

**SANTA CRUZ WATER COMPANY
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March 16, 2007

AWC 4.8 Please provide any and all work papers of Cindy Liles (electronic and hard copies) for the calculations contained in her direct testimony, including without limitation, the table on page 17 and calculations of ratios that make up the NRRI Z-score calculations.

RESPONSE: Attached

RESPONDENT: Cindy Liles

**SANTA CRUZ WATER COMPANY
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March 16, 2007

AWC 4.9 Please provide all documents supporting or relating to the cost/benefit analysis mentioned on page 6 of the Rebuttal Testimony of Trevor Hills.

RESPONSE: The reference to cost-benefit analysis on page 6 is as follows: "This is done without cost-benefit analysis – in fact the Safe Drinking Water Act specifically prohibits the EPA from conducting cost-benefit analysis for this program." This statement applies to the listing of contaminants for consideration required by the Safe Drinking Water Act. This provision is Safe Drinking Water Act § 1412, 42 U.S.C. § 300g-1(2006).

RESPONDENT: Counsel for Santa Cruz and Palo Verde

**SANTA CRUZ WATER COMPANY
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March 16, 2007**

AWC 4.10 Please provide all documents related to any analysis performed or commissioned by Global concerning the cost per home for dual systems making residential use of potable and reclaimed water.

RESPONSE: Global did not have this information at hand. However, to be responsive, we have begun gathering and preparing this data for AWC. This information is forthcoming.

RESPONDENT: Robin Bain, P.E. for Graham Symmonds

**SANTA CRUZ WATER COMPANY
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March 16, 2007

AWC 4.11 Please provide all documents supporting or relating in any way to the assertion on page 6 of the Rebuttal Testimony of Trevor Hill that offsetting cost savings will result from the residential use of reclaimed water.

RESPONSE: Global did not have this information at hand. However, to be responsive, we have begun gathering and preparing this data for AWC. This information is forthcoming. .

RESPONDENT: Trevor T. Hill

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March 16, 2007**

AWC 4.12 Please provide all documents related to the examples of direct reuse of reclaimed water in New Mexico, Colorado, or Australia or elsewhere as discussed on page 8 of Trevor Hill's Rebuttal Testimony.

RESPONSE: See attached

RESPONDENT: Trevor T. Hill

**SANTA CRUZ WATER COMPANY
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FOURTH SET OF DATA REQUESTS
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March 16, 2007**

AWC 4.13 Please provide copies of any approved or pending application for assured water supply designations, or any modifications thereto, filed by any of the Global entities for areas within Pinal County.

RESPONSE: Santa Cruz's most recent designation of assured water supply is AWS No. 2006-001, Decision and Order, No. 26-401667.0000, issued by the Department of Water Resources, dated May 4, 2006. A copy is attached. This order supersedes any prior designations. A modification is pending as DWR No. 26-402008.0000. This is the only modification in progress in Pinal County. A copy of the most recent correspondence regarding this modification is attached. Additional information regarding this modification may be reviewed by appointment.

RESPONDENT: Robin Bain, P.E., DEE for Graham Symmonds

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AWC 4.14 Identify all utility plant that is not “used and useful” as described on page 20 of the Rebuttal Testimony of Cindy Liles, and provide the source of the funds used to construct such plant.

RESPONSE: A determination that plant is not “used and useful” can only be made in a rate case. That’s why I said that “the Commission would have to decide whether that infrastructure was ‘used and useful’. No such determination has yet been made by the Commission.

RESPONDENT: Cindy Liles

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March 16, 2007**

AWC 4.15 Provide copies of all journal entries which record the utility plant mentioned in AWC data request 4.14 above.

RESPONSE: See response to AWC 4.14.

RESPONDENT: Cindy Liles

**SANTA CRUZ WATER COMPANY
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March 16, 2007

AWC 4.16 Identify and provide the total acreage of each lake used for the storage of reclaimed water within the certificated area of any water utility owned by Global.

RESPONSE: Acreages are approximate and to the best of our knowledge:

COBBLESTONE FARMS - 1 acre

VILLAGES - 1 acre

PROVINCES - 22 acres

GLENNWILDE - 2 acres

MARICOPA LAKES - 10 acres

HOMESTEAD VILLAGES - 1 acre

SORRENTO LAKE - 1 acre

MARICOPA MEADOWS - 1 acre

RESPONDENT: Cindy Liles

**SANTA CRUZ WATER COMPANY
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March 16, 2007

AWC 4.17 Provide a copy of any and all agreements between any Global entity and the Ak-Chin Community as described on pages 14-15 of the Rebuttal Testimony of Trevor Hill, and drafts of any such agreement.

RESPONSE: A copy of the agreement is attached. Drafts are not relevant as they have been superseded by the actual agreement.

RESPONDENT: Trevor T. Hill

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AWC 4.18 Provide copies of all correspondence, drafts and negotiations related to any agreements between any Global entity and the Ak-Chin Community.

RESPONSE: See response to AWC 4.17. The "correspondence, drafts and negotiations" are not relevant.

RESPONDENT: Legal Counsel for Santa Cruz and Palo Verde

**SANTA CRUZ WATER COMPANY
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March 16, 2007**

AWC 4.19 Provide any and all copies of any calculation made by Global of the total proceeds expected from ICFAs in Global's planned expansion area.

RESPONSE: Global did not have this information at hand. However, to be responsive, we have begun gathering and preparing this data for AWC. This information is forthcoming.

RESPONDENT: Cindy Liles

**SANTA CRUZ WATER COMPANY
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FOURTH SET OF DATA REQUESTS**

Docket No. W-01445A-06-0199

March 16, 2007

AWC 4.20 Provide any and all documentation related to the advertising, community events, presentations, public speaking and meetings discussed on page 3 of the Rebuttal Testimony of Cindy Liles.

RESPONSE: Global Water Resources ("Global Water") receives public relations, marketing, and advertising support from two firms: Husk Partners, Inc. [formerly Jamieson & Gutierrez] and Park&Co. It is extremely important to note that Global Water bears the costs of these efforts, not the regulated utilities owned by Global Water or the customers of those utilities.

Husk Partners conducts regular outreach and communications with government officials at the city, county, state, tribal, and federal levels on our behalf. Husk Partners informs us that they have conducted and participated in well over 100 such meetings, conferences, and communications with officials at those levels. Husk Partners explains the mission and focus of Global Water and educates and encourages opinion leaders and government officials to evaluate issues before them with a solid understanding of Global Water's perspective and mission.

Park&Co develops advertising materials that reflect Global Water's emphasis on reclamation and reuse. To date, Global Water has purchased 89 ads in local papers, placed banner ads on 2 websites, and mailed 5 bill inserts to our customers. [Copies of each are attached] Global Water spent \$90,345 on media buys for our educational advertising in 2006.

Under the terms of the Public-Private Partnerships Global Water has entered into with the Cities of Casa Grande and Maricopa, Global Water representatives meet regularly with the Cities regarding implementation of the P3's [Paragraph 2, P3]. Furthermore, Global Water provides each city with a Monthly Report. [A copy of the most recent monthly report is attached. The other reports are available for inspection at Global Water's offices upon appointment] Paragraph 13 of the P3s also requires Global Water to "fund and conduct extensive water conservation programs and outreach education programs to promote water conservation in the community, schools, and public facilities." Global Water has joined the Water - Use it Wisely campaign and our website contains a prominent link to that website. Membership dues total \$8,000 for the past two years since joining. Paragraph 13 of the P3s also requires Global to participate in "all major municipal functions and events" and Global has participated in the following:

- Sheriff's Santa (checks to Maricopa Optimists or International Optimists) - working with Sheriff Vasquez, organized, donated to and participated in 1st annual Golf tourney to raise funds to send Pinal County less-privileged children on a holiday shopping trip accompanied by a Pinal Sheriff's Deputy - we raised \$15,000 and sent 20 kids with \$750 Wal-Mart gift cards on December 9, 2006, Global Water's hard cash donation: \$2,000 plus in-kind labor,
- Founder's Day (checks to Maricopa Parks and Recreation) - 2005 and 2006 \$2500 each year, Global Water's hard cash donation: \$5000 plus in-kind labor and giveaways totaling another \$2,000,

**SANTA CRUZ WATER COMPANY
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- Casa Grande Halloween Carnival 06(check to CG), Global Water's hard cash donation: \$3,000 plus in-kind labor, bottled water and giveaways totaling another \$2,000,
 - Seeds of Change Gala years 2006 and 2007 – checks to Against Abuse Inc – raises funds to build a shelter in Maricopa for victims of domestic abuse, Global Water's hard cash donation: \$10,000 plus in-kind labor and bottled water totaling another \$5,000
 - Salsa Festival (Maricopa Parks and Recreation) – giveaways and in kind labor and bottled water totaling another \$1,000
 - Arizona Water Pollution Control Association – fundraisers for scholarships - \$2,000 plus in-kind labor and giveaways totaling another \$4,000,
 - Water for People - fundraisers - \$2,000,
 - Arizona Public Works Association (AWWA) fundraisers for scholarships - \$2,000 plus in-kind labor and giveaways totaling another \$4,000,
 - Walmart golf tourney in Jan 07 – fundraiser for Phoenix Children's Hospital - \$600,
 - Central Arizona College donations, golf tourneys - \$2,000 golf tourneys plus \$5,000 in donations. In addition, Global is partnering with CAC, the local and sole college in Pinal County, for CAC to become accredited for the water and wastewater certification courses required of Global employees.
-
- Ak-Chin Earth Day 2007 – \$1,000
 - Emma's Run 2006 & 2007 – Merchandise for Bags
 - Southwestern College Golf Tournament – \$2,200
 - Maricopa Rotary Club (Stage Coach Days Golf Tournament) - \$450
 - Maricopa Unified School District "Duel in the Desert" 2007 Golf Tournament - \$3,000
 - Maricopa Unified School District Basketball Tournament 2006 – bottled water totaling \$300
 - Maricopa Unified School District Baseball and Softball Tournament 2006 – bottled water totaling \$300

Global Water has participated in numerous public speaking opportunities – and presented the attached "Power of Reclamation", or a version of it, at the following: University of Arizona, Grad Program, Water Studies; Arizona Water Institute's "Brown Bag Lunch" program; IOWUA's Water Summit; and the Arizona Water Pollution Control Association.

A list of Trevor Hill's scheduled speaking engagements from August 2006 through September 2007 is attached.

RESPONDENT: Trevor T. Hill

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AWC 4.21 Have any of the Global entities engaged in any initial discussions concerning public offerings of Global's stock or shares? If so, provide any and all documents related to such initial discussions.

RESPONSE: There have been formal meetings, although Global has had very preliminary discussions about an initial public offering, as one of the many options to consider in the future.

RESPONDENT: Trevor T. Hill

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AWC 4.22 Provide complete data on any recharge activities by any Global entity, including without limitation the West Maricopa Combine, including the amount recharged.

RESPONSE: Attached. A total of 185 acre-feet has been recharged since March 8, 2007.

8 Mar 1430, 13 cfs (start date/time, flow rate, initial totalizer read at 7 acre ft)
9 Mar, 13 cfs
10 Mar, 13 cfs
11 Mar, 13 cfs
12 Mar, 1400, 28 cfs
13 Mar, 1500, 13 cfs
13 Mar, 1800, 7 cfs
14 Mar, 1220, 0 cfs, then 8 cfs by 1300
15 Mar, 8 cfs
16 Mar, 5.5 cfs at 7:30am

Approximate discharge since 8 Mar = 200 acre-ft As of 7:30am, 5.5 cfs and a total of 192 acre feet recharged. The totalizer reads 192 acre-ft; subtracting the start read of 7 acre-ft...total recharged since 1430 8 Mar 07 = 185 acre-ft.

RESPONDENT: Robin Bain, P.E., DEE for Graham Symmonds

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General

Data Request No. Global 1.1

Please provide a copy of all Arizona Water Company ("AWC") data requests or other requests for information (whether formal or informal) to any other party, including Staff regarding this docket.

Response to Data Request Global No 1.1

None.

Responder(s): William M. Garfield

Data Request No. Global 1.2

Please provide a copy of all of AWC's responses to data requests or other requests for information (whether formal or informal) sent from any other party, including Staff, in this docket.

Response to Data Request Global No 1.2

See Attached.

Responder(s): William M. Garfield

Data Request Global No. 1.3

Please list each "affiliate" and "holding company" of AWC, as those terms are defined in A.A.C. R14-2-801.

Response to Data Request Global No 1.3

San Gabriel Valley Water Company, Utility Investment Company, Rosemead Properties, Inc., United Resources, Inc.

Responder(s): Ralph J. Kennedy

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Data Request No. Global 1.4

Please list the names of the shareholders or owners of each entity listed in response to Data Request No Global 1.3. For each of these shareholder(s) or owner(s), indicate what percentage of the affiliate or holding company they own, or indicate the number and class of shares that they own.

Response to Data Request Global No 1.4

San Gabriel Valley Water Company is 100% owned by Utility Investment Company which is 100% owned by United Resources, Inc., as is Rosemead Properties, Inc. Arizona Water Company does not have knowledge regarding the ownership of United Resources, Inc.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.5

Please list all witnesses AWC intends to call at the hearing in this case. For each such witness, provide a description of the subject matter of their testimony and their qualifications.

Response to Data Request Global No 1.5

William M. Garfield, President; Ralph J. Kennedy, Vice President and Treasurer, Michael J. Whitehead, Vice President Engineering.

At this time, it is anticipated that each of these witnesses may be called to testify concerning the facts for which they are listed as responders in Arizona Water Company's Responses to Global's First and Second Data Requests. Arizona Water Company is preparing its case presentation and, if requested, will supplement this response as to more specific subjects that each witness may address following review of the Staff Report to be issued in this matter.

Responder(s): William M. Garfield

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Data Request No. Global 1.6

Please list all civil litigation that AWC has been a party to in the last ten (10) years. The list should include the case name, case number, court, and a brief description of the case.

Response to Data Request Global No 1.6

Arizona Water Company objects to this data request on the grounds that it seeks information which is not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s): William M. Garfield

Data Request No. Global 1.7

Please provide a copy of all pleadings, motions and documents filed with the courts in any cases between AWC and the Arizona Department of Water Resources ("ADWR") (or the Director thereof).

Response to Data Request Global No 1.7

Arizona Water Company objects to this data request on the grounds that it seeks ID which are not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s): William M. Garfield

Data Request No. Global 1.8

Please provide a copy of all pleadings, motions and documents filed with the courts in any cases between AWC and the City of Casa Grande, Arizona (or the City's Mayor, Council or and/or officers, or any special district formed by or under the City's authority)

Response to Data Request Global No 1.8

Arizona Water Company objects to this data request on the grounds that it seeks documents which are not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s): William M. Garfield

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Data Request No. Global 1.9

Please provide a copy of all of AWC's responses to data requests or other requests for information (whether formal or informal) sent from any other party, including Staff, regarding ACC Docket No. W-04264A-04-0438 et al.

Response to Data Request Global No 1.9

Arizona Water Company objects to this data request on the grounds that it seeks documents which are not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s): William M. Garfield

Data Request No. Global 1.10

Please provide a copy of copy of all pleadings, motions and documents filed with the courts in AWC's appeal (or request for judicial review) of the Commission's Decision in ACC Docket No. W-04264A-04-0438 et al.

Response to Data Request Global No 1.10

Arizona Water Company objects to this data request on the grounds that it seeks documents which are not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s): William M. Garfield

Data Request No. Global 1.11

Please provide a copy of all communications between AWC and the ADWR regarding the extension area requested by AWC in this case.

Response to Data Request Global No 1.11

No written communications exist.

Responder(s): William M. Garfield

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Data Request No. Global 1.12

Please describe, in general, any communications between AWC and landowners who signed Infrastructure Coordination and Financing Agreements.

Response to Data Request Global No 1.12

As AWC does not know which landowners have signed such Agreements, it has had no such communications.

Responder(s): William M. Garfield

Data Request No Global 1.13

Please describe, in general, any communications between AWC and the landowners in AWC's proposed extension area.

Response to Data Request Global No 1.13

On September 22, 2006, AWC mailed notices to all of the landowners within the expansion area to notify them of the hearing on the proposed CC&N extension.

AWC has also received several requests for service from property owners within the proposed extension area.

Responder(s): Michael J. Whitehead

Data Request No. Global 1.14

Please provide a copy of all communications between AWC and Southwest Water Company after November 18, 2002.

Response to Data Request Global No 1.14

See attached.

Responder(s): William M. Garfield

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Response to Data Request Global No 1.17

Such facilities plans will be part of Arizona Water Company's "Water Resource Master Plan" for its Pinal Valley Service Area being prepared in cooperation with the City of Casa Grande, the City of Coolidge and the Arizona City Sanitary District. The Water Resource Master Plan has not been completed.

Responder(s): William M. Garfield

Data Request No. Global 1.18

For each of AWC's systems, please provide a copy of the amount of reclaimed water sold by AWC for each of the last five years. For comparison, also provide the total amount of water sold for each system for each of the last five years.

Response to Data Request Global No 1.18

A schedule listing the reclaimed water sold and total water sold per system for the years 2001, 2002, 2003, 2004 and 2005 is attached.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.19

Please provide a narrative history of AWC's experience, efforts and achievements in providing reclaimed water service.

Response to Data Request Global No 1.19

AWC objects to this request as improper because it is not required to generate narrative histories.

Responder(s): William M. Garfield

Data Request No. Global 1.20

Do you agree that AWC's Certificate of Convenience and Necessity does not cover reclaimed water? If you disagree, then please provide a complete explanation, and provide citation to ACC decisions or certificates that support your answer. Also, if you disagree in response to the first sentence, then please explain how your answer is consistent with Judge Albrecht's ruling that "Water as the term is used in the CCN does not include effluent water" (Minute Entry filed April 1, 2002 at page 5 in Arizona Water Company v. City of Casa Grande, Maricopa County Superior Court, Case No. CV2000-

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022448 as affirmed by Memorandum Decision dated October 14, 2003 in Arizona Water Company v. City of Casa Grande, Arizona Court of Appeals, Division One, Case No. 1 CA-CV 02-0671 and 1 CA-CV 02-0724).

Response to Data Request Global No 1.20

Arizona Water Company objects to this request because it improperly calls for legal analyses and conclusions.

Responder(s): William M. Garfield

Data Request No. Global 1.21

Does the ACC approved tariff for AWC's Casa Grande system include rates for reclaimed water? If yes, specifically identify the tariff provision that sets the rate for reclaimed water and authorizes its sale.

Response to Data Request Global No 1.21

Arizona Water Company does not currently have a specific tariff for reclaimed water service for its Casa Grande system.

Responder(s): William M. Garfield

Data Request No. Global 1.22

Has AWC ever sought to modify its tariff for its Casa Grande system to include reclaimed water? If yes, please identify the relevant Commission docket number and describe the Commission's disposition of the case.

Response to Data Request Global No 1.22

Arizona Water Company filed an application for a company-wide "Treated Effluent" tariff with the Arizona Corporation Commission ("ACC") in 2000 but subsequently withdrew such application.

Responder(s): William M. Garfield

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Recharge

Data Request No. Global 1.23

Please provide a copy of all of AWC's plans for deploying recharge wells or related facilities in AWC's proposed extension area.

Response to Data Request Global No 1.23

See Arizona Water Company's response to Global Data Request 1.17.

Responder(s): William M. Garfield

Data Request No. Global 1.24

For each of AWC's systems, please provide a copy of the amount of water recharged by AWC through recharge wells for each of the last five years. To the extent that the answer is greater than zero, specify the source and nature of the water recharged; i.e. was it groundwater, surface water from the CAP; surface water from non-CAP sources; or reclaimed water.

Response to Data Request Global No 1.24

Arizona Water Company has not recharged water through recharge wells.

Responder(s): William M. Garfield

Data Request No. Global 1.25

Please provide a narrative history of AWC's experience, efforts and achievements in using or developing recharge wells.

Response to Data Request Global No 1.25

AWC objects to this request as improper because it is not required to generate narrative histories.

Responder(s): William M. Garfield

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Surface Water

Data Request No. Global 1.26

Please provide a copy of all of AWC's plans for deploying surface water facilities in AWC's proposed extension area.

Response to Data Request Global No 1.26

See Arizona Water Company's response to Global Data Request 1.17, Arizona Corporation Commission Decision No. 68302, and Michael J. Whitehead Direct Testimony, Rebuttal Testimony and Rejoinder Testimony in Docket No. W-01445A-04-0650.

Responder(s): William M. Garfield

Data Request No. Global 1.27

For each of AWC's systems, please provide a copy of the amount of surface water sold by AWC for each of the last five years. For comparison, also provide the total amount of water sold for each system for each of the last five years.

Response to Data Request Global No 1.27

A schedule listing the surface water sold and total water sold per system for the years 2001, 2002, 2003, 2004 and 2005 is attached.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.28

Please provide a narrative history of AWC's experience, efforts and achievements in providing surface water service.

Response to Data Request Global No 1.28

Arizona Water Company objects to this request because it improperly calls for legal analyses and conclusions. Without waiving such objection, see Arizona Water Company's responses to Global Data Requests No. 1.17 and 1.27. In addition, Arizona Water Company operated a surface water treatment facility in Superior, Arizona; has operated a large surface water treatment facility in Yuma, Arizona (now owned by the City of Yuma); has participated with the City of Mesa on a 72 million gallon per day

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Central Arizona Project ("CAP") surface water treatment facility (operated by the City of Mesa) in Mesa, Arizona; and expects to participate with Arizona-American Water Company on a CAP surface water treatment plant in the White Tank area.

Responder(s): William M. Garfield

Data Request No. Global 1.29

Please provide the amount of surface water sold to residential customers in AWC's Casa Grande system for each of the last five years. For comparison, also provide the total amount of water sold to residential customers in AWC's Casa Grande system for each of the last five years.

Response to Data Request Global No 1.29

No direct sales of surface water have been made to residential customers in Arizona Water Company's Casa Grande system within the last five years. The total amount of water sold to residential customers is on file with the ACC.

Responder(s): William M. Garfield

Data Request No. Global 1.30

Please provide a copy of AWC's tariff to sell untreated surface water in its Casa Grande system.

Response to Data Request Global No 1.30

See the attached.

Responder(s): William M. Garfield

Data Request No. Global 1.31

For each of AWC's systems where surface water was sold in the last five years, how much of the surface water was CAP water. Identify and describe each source of non-CAP surface water.

Response to Data Request Global No 1.31

All surface water sales were of CAP water.

Responder(s): Ralph J. Kennedy

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Groundwater

Data Request No. Global 1.32

Please provide a copy of AWC's plans to reduce the usage of groundwater in each of its systems.

Response to Data Request Global No 1.32

The Company plans to reduce its usage of groundwater in each of its systems through: 1) its use of surface water supplies where such supplies are available; 2) the use of reclaimed water for those uses which can use such a resource; 3) the use of appropriately treated effluent or reclaimed water for groundwater recharge; and 4) conservation, such as the best management practices conservation plan that Arizona Water Company and other active stakeholders have helped the Arizona Department of Water Resources draft over the past three years.

Responder(s): William M. Garfield

Data Request No. Global 1.33

For each of AWC's systems, provide the total amount of groundwater pumped for each of the last five years.

Response to Data Request Global No 1.33

The amount of groundwater pumped for each of AWC's systems is on file with the ACC.

Responder(s): Richard W. Henderson

Data Request No. Global 1.34

For each of AWC's systems, provide the total amount of groundwater sold for each of the last five years.

Response to Data Request Global No 1.34

The amount of groundwater sales for each of AWC's systems is on file with the ACC.

Responder(s): Richard W. Henderson

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Data Request No. Global 1.35

For each of AWC's systems, provide the amount of groundwater pumped per customer for each of the last five years.

Response to Data Request Global No 1.35

The amount of groundwater pumped and customer counts for each of AWC's systems is on file with the ACC.

Responder(s): Richard W. Henderson

Data Request No. Global 1.36

For each of AWC's systems, provide the amount of groundwater sold per customer for each of the last five years.

Response to Data Request Global No 1.36

Groundwater sold and customer counts for each of AWC's systems is on file with the ACC.

Responder(s): Richard W. Henderson

Data Request No. Global 1.37

For each of AWC's systems, provide the amount of groundwater pumped per capita for each of the last five years.

Response to Data Request Global No 1.37

Arizona Water Company objects to this data request because it cannot provide the calculation requested.

Responder(s): Richard W. Henderson

Data Request No. Global 1.38

For each of AWC's systems, provide the amount of groundwater sold per capita for each of the last five years.

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Response to Data Request Global No 1.38

Arizona Water Company objects to this data request because it cannot provide the calculation requested.

Responder(s): Richard W. Henderson

Data Request No. Global 1.39

For each well in AWC's Casa Grande system, provide a copy of all well data for the last five years, including the pumping rate, the amount pumped, and the level of water in the well.

Response to Data Request Global No 1.39

Data on each of Casa Grande's wells is on file with ADWR. Pump capacity and proposed annual volume of water pumped are included in the Well Drilling Application, while the amount pumped and water levels are updated annually.

Responder(s): Richard W. Henderson

Data Request No. Global 1.40

Please provide a copy of all hydrology reports or hydrologic information in AWC's possession concerning AWC's requested extension area.

Response to Data Request Global No 1.40

None of Arizona Water Company's previous hydrology studies include the extension area. A new hydrology study, which will include the extension area is in progress.

Responder(s): William M. Garfield

Data Request No. Global 1.41

Does AWC dispute or disagree with any findings contained in the Pinal Active Management Area Groundwater User's Advisory Committee's "Assured Water Supply Modifications Concepts" draft report dated December 29, 2005? If yes, please indicate the finding AWC disagrees with or disputes and the reason(s) AWC disputes or disagrees with the finding. Also, please provide any subsequent versions to this report that are in AWC's possession.

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Response to Data Request Global No 1.41

Arizona Water Company's President, William M. Garfield, is Chairman of the Water Management Subcommittee of the Pinal Active Management Area ("AMA") Groundwater Users Advisory Council ("GUAC"), a group comprised of developers, municipalities, water providers, county government, the Pinal AMA GUAC, irrigation districts, farmers, landowners and other water interests. Arizona Water Company supports the community based consensus water management goals included in the above-referenced draft report which was approved by the Pinal AMA GUAC and which is the subject of a rulemaking effort by the ADWR. Arizona Water Company does not possess any subsequent version of the report.

Responder(s): William M. Garfield

Data Request No. Global 1.42

Please describe the participation of any of AWC's officers or employees in the preparation of the report described in Global 1.41.

Response to Data Request Global No 1.42

See Arizona Water Company's response to Global Data Request 1.41.

Responder(s): William M. Garfield

Water Use Data

Data Request No. Global 1.43

Please provide all projection(s) in AWC's possession regarding likely water usage in AWC's requested extension area. Explain the source of all data used in the projection(s), and identify all assumptions used in developing the projection(s).

Response to Data Request Global No 1.43

See AWC's response to Questions 1 and 2 in Response to Staff's Insufficiency Letter, and "Design Report" attached thereto. The water usage information contained in that report is based on current water use data for the Casa Grande System. A copy was served on Global on July 7, 2006.

Responder(s): Michael J. Whitehead

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Data Request No. Global 1.44

For each of AWC's systems, provide the total amount of water sold for each of the last five years.

Response to Data Request Global No 1.44

Groundwater sales for each of Arizona Water Company's systems are on file with the ACC.

Responder(s): Richard W. Henderson

Data Request No. Global 1.45

For each of AWC's systems, provide the "gallons per capita per day" data (calculated according to ADWR methods) for each of the last five years.

Response to Data Request Global No 1.45

Arizona Water Company objects to this data request because it cannot provide the calculation requested.

Responder(s): Richard W. Henderson

Data Request No. Global 1.46

Has AWC ever proposed a rate design intended to reduce water usage? If yes, please describe.

Response to Data Request Global No 1.46

No.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.47

Please provide a "water use data sheet" (in the format typically used by Staff) for AWC's Casa Grande system showing the most recent 12 months for which data is available.

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Response to Data Request Global No 1.47

See attached.

Responder(s): Michael J. Whitehead

Assured Water Supply

Data Request No. Global 1.48

Please provide any Physical Availability Determination, or Assured Water Supply documents (analysis, certificate or designation) concerning AWC's requested extension area.

Response to Data Request Global No 1.48

None has been made nor was any such applications been filed.

Responder(s): William M. Garfield

Data Request No. Global 1.49

Does AWC plan on obtaining a Designation of Assured Water Supply applicable to the AWC's requested extension area?

Response to Data Request Global No 1.49

No.

Responder(s): William M. Garfield

Data Request No. Global 1.50

If the answer to Global 1.49 is no, explain how AWC will obtain Certificates of Assured Water Supply applicable to the AWC's requested extension area.

Response to Data Request Global No 1.50

Developers obtain such certificates, not Arizona Water Company.

Responder(s): William M. Garfield

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Engineering

Data Request No. Global 1.51

Please provide all engineering designs, plans, reports and other such documents for AWC's proposed extension area that are in AWC's possession.

Response to Data Request Global No 1.51

See AWC Response to Staff's Insufficiency Report. Questions 1 and 2.

Responder(s): Michael J. Whitehead

Financial

Data Request No. Global 1.52

Please provide AWC's financial statements for each of the last three years.

Response to Data Request Global No 1.52

The financial statements for the years ending 2003, 2004 and 2005 are attached.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.53

Please provide the financial statements for each of AWC's affiliates and holding companies for each of the last five years. For the purposes of this question, "affiliate" and "holding company" have the meanings given them in A.A.C. R14-2-801.

Response to Data Request Global No 1.53

Arizona Water Company objects to this data request on the grounds that it seeks information which is not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s): Ralph J. Kennedy

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Data Request No. Global 1.54

For each of the last three years, please provide the reports provided by AWC under A.A.C.R.14-2-805.

Response to Data Request Global No 1.54

Arizona Water Company objects to this Data Request on the grounds that it seeks reports and information that are confidential, and the Affiliated Interest Report required under R14-2-802 is not Public Information and, accordingly, the reports are not available for inspection.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.55

Please indicate the sources of equity available to AWC.

Response to Data Request Global No 1.55

The available sources of equity are retained earnings and paid-in-capital.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.56

Please provide a schedule showing all equity provided to AWC by shareholders in the last five years.

Response to Data Request Global No 1.56

A schedule showing shareholder provider equity over the last five years is attached.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.57

Are the shareholders of AWC's ultimate parent company willing to pledge their personal credit for the benefit of AWC?

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Response to Data Request Global No 1.57

Shareholders of a corporation, such as Arizona Water Company's ultimate parent, bear no legal responsibility for the debts of Arizona Water Company, which is in sound financial condition and sufficiently creditworthy and able to attract capital.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.58

In recent rate cases (Docket Nos. W0 1445A-04-0650 and W-0 1445A-02- 0619), AWC Treasurer Ralph Kennedy testified about the difficulty AWC had in finding buyers for its bonds. Was this testimony correct? If not, please provide correct information.

Response to Data Request Global No 1.58

Yes.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.59

Has AWC ever had difficulty in placing (i.e. selling) its bonds? If yes, please describe the circumstances and difficulties encountered.

Response to Data Request Global No 1.59

Yes. See testimony referred to in Global No 1.58.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.60

Is AWC currently seeking to sell a new series of bonds? If yes, please describe the ease or difficulty in obtaining buyers.

Response to Data Request Global No 1.60

No.

Responder(s): Ralph J. Kennedy

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Data Request No. Global 1.61.

If the answer to Global 1.60 is yes, please describe the pricing (interest rate) of the bonds, as well as details of any applicable covenants or indentures.

Response to Data Request Global No 1.61

See response to Request No. 1.60 above.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.62

Please provide details about AWC's current letter of credit, including interest rate, lender, and amount that can be borrowed. In addition, provide the amount owed by AWC under the letter of credit for each of the last twelve (12) months.

Response to Data Request Global No 1.62

Arizona Water Company has a \$28,000,000 line of credit with Bank of America. The interest rate is at the Bank's Reference Rate minus one-quarter (0.25) of a percentage point, the Fixed Rate or the LIBOR Rate plus 1.0 percentage point. The maximum balance borrowed for each of the twelve months from September 2005 to August 2006 is listed below.

September 2005	\$ 2,750,000
October 2005	\$ 4,900,000
November 2005	\$ 5,600,000
December 2005	\$ 9,850,000
January 2006	\$ 9,850,000
February 2006	\$ 8,250,000
March 2006	\$ 9,700,000
April 2006	\$ 13,800,000
May 2006	\$ 14,800,000
June 2006	\$ 14,200,000
July 2006	\$ 13,700,000
August 2006	\$ 16,050,000

Responder(s): Ralph J. Kennedy

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Data Request No. Global 1.63

Does AWC have any sources of debt financing other than those described in response to Global 1.60 and Global 1.62? If yes, please provide details, including interest rate, lender, and amount that can be borrowed.

Response to Data Request Global No 1.63

Yes. The Company borrows from Utility Investment Company at the Bank of America's Reference Rate minus one-quarter (0.25) of a percentage point, the Fixed Rate or the LIBOR Rate plus 1.0 percentage point. Aggregate annual borrowings outstanding are limited to the amount specified in the annual loan agreement approved by the ACC.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.64.

Why has AWC not made any "Arsenic Cost Recovery Mechanism" filings for its Casa Grande system?

Response to Data Request Global No 1.64

Final construction costs for the Casa Grande arsenic treatment facilities are yet to be determined.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.65

Please indicate whether AWC's earnings for its Casa Grande system are too high to satisfy the "earnings test" imposed as part of the approved Arsenic Cost Recovery Mechanism for the Casa Grande system.

Response to Data Request Global No 1.65

The earnings test cannot be calculated until the final arsenic treatment facilities' costs are known.

Responder(s): Ralph J. Kennedy

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Data Request No. Global 1.66

For each of the last three years, please provide the federal income tax returns of AWC and each of its affiliates and holding companies. For the purposes of this question, "affiliate" and "holding company" have the meanings given them in A.A.C. R14-2-801.

Response to Data Request Global No 1.66

Arizona Water Company objects to this data request on the grounds that it seeks documents which are not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.67

For each of the last three years, please provide the state income tax returns of AWC and each of its affiliates and holding companies. For the purposes of this question, "affiliate" and "holding company" have the meanings given them in A.A.C. R14-2-801.

Response to Data Request Global No 1.67

Arizona Water Company objects to this data request on the grounds that it seeks documents which are not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.68

For each of the last three years, please provide AWC's property tax statements of AWC and each of its affiliates and holding companies. For the purposes of this question, "affiliate" and "holding company" have the meanings given them in A.A.C. R14-2-801.

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Response to Data Request Global No 1.68

Attached are the 2003, 2004, and 2005 property tax statements for Arizona Water Company. The property tax statements are part of the annual report filed with the ACC Utilities Division. As to affiliates and holding companies, Arizona Water Company objects to this data request on the grounds that it seeks documents which are not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s): Ralph J. Kennedy

Data Request No. Global 1.69

Please provide information about all performance bonds relating to AWC.

Response to Data Request Global No 1.69

No such bonds exist.

Responder(s): Richard W. Henderson

Data Request No. Global 1.70

Please provide information about all insurance policies relating to AWC.

Response to Data Request Global No 1.70

Arizona Water Company objects to this data request on the grounds that it seeks information which is not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence.

Responder(s): Richard W. Henderson

Data Request No. Global 1.71

Please provide a list of all transactions or inter-company charges between AWC and its affiliates and holding companies for the last twelve months. For the purposes of this question, "affiliate" and "holding company" have the meanings given them in A.A.C. R14-2-801.

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Response to Data Request Global No 1.71

Arizona Water Company objects to this Data Request on the grounds that it seeks reports and information that are confidential, and the Affiliated Interest Report required under R14-2-802 is not Public Information and, accordingly, the reports are not available for inspection.

Responder(s): Ralph J. Kennedy

Necessity

Data Request No. Global 1.72

Please provide the estimated number of customers in AWC's requested extension area for each of the first five years of operations. Please explain the basis of the estimates.

Response to Data Request Global No 1.72

See AWC's response to Questions 1 and 2 in Response to Staff's Insufficiency Letter, "Design Report", attached thereto.

Responder(s): Michael J. Whitehead

Data Request No. Global 1.73

Please provide the estimated number of customers in AWC's requested extension area at build-out. Please explain the basis of the estimates.

Response to Data Request Global No 1.73

See AWC's response Questions 1 and 2 in Response to Staff's Insufficiency Letter, "Design Report", attached thereto.

Responder(s): Michael J. Whitehead

Data Request No. Global 1.74

Please provide the estimated build-out date when all of AWC's requested extension area will be built-out. Please explain the basis of the estimate.

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Response to Data Request Global No 1.74

AWC lacks sufficient information to answer this request.

Responder(s): Michael J. Whitehead

Data Request No. Global 1.75

Based on your answer to Global 1.72, please provide the estimated density of customers per square mile after the first five years of operations in AWC's requested extension area.

Response to Data Request Global No 1.75

AWC lacks sufficient information to answer this request.

Responder(s): Michael J. Whitehead

Data Request No. Global 1.76

Please provide the estimated water usage per customer in AWC's requested extension area, after the first five years of operations. Please provide the basis of the estimate.

Response to Data Request Global No 1.76

Such estimates do not exist, however the average per customer usage for Arizona Water Company's Casa Grande system, including residential, commercial, and industrial customers for Test Year 2003 was 19,829 gallons per customer per month.

Responder(s): Richard W. Henderson

Data Request No. Global 1.77

Please provide the estimated amount of groundwater pumped per customer in AWC's requested extension area, after the first five years of operations. Please provide the basis of the estimate.

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Response to Data Request Global No 1.77

Such estimates do not exist, however, the estimated average groundwater pumped per customer for Arizona Water Company's Casa Grande service area, including residential, commercial and industrial customers as reported to the Arizona Department of Water Resources in the 2005 annual report is 229,556 gallons per customer per year.

Responder(s): Richard W. Henderson

Data Request No. Global 1.78

For each section of land in AWC's requested extension area, indicate whether the section is expected to be developed or undeveloped by December 31, 2011. For the purposes of this question, the term "developed" means that there will be a minimum of 500 customers in the section. Please provide the basis for any estimates used to provide this answer.

Response to Data Request Global No 1.78

Arizona Water Company objects to this data request on the grounds that it seeks information which is not relevant to the subject matter of this proceeding and is not reasonably calculated to lead to the discovery of admissible evidence, is burdensome and oppressive and overbroad.

Responder(s): Michael J. Whitehead

Data Request No. Global 1.79

Please provide the estimated water usage per customer in AWC's proposed extension area, at build-out. Please provide the basis for the estimate.

Response to Data Request Global No 1.79

See response to Global No. 1.76.

Responder(s): Michael J. Whitehead

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Data Request No. Global 1.80

Please provide the estimated amount of groundwater pumped per customer in AWC's requested extension area at build-out. Please provide the basis of the estimate.

Response to Data Request Global No 1.80

See Response to Global No. 1.77.

Responder(s): Michael J. Whitehead

Data Request No. Global 1.81

Please provide the number of acres in AWC's requested extension area.

Response to Data Request Global No 1.81

Approximately 70,494 acres.

Responder(s): Michael J. Whitehead

Data Request No. Global 1.82

Please provide the number of acres in AWC's requested extension area covered by requests for service specifically addressed to AWC. List any requests for service not included in AWC's Application, and provide a copy of any requests not included in AWC's Application.

Response to Data Request Global No 1.82

The requests for service specifically addressed to Arizona Water Company total approximately 175 acres; however, public necessity is demonstrated in part by requests for service within the extension area requested by Global which is approximately 19,373 acres.

Responder(s): Michael J. Whitehead

Data Request No. Global 1.83

For each section of land included in AWC's requested extension area, please provide a narrative description of why AWC believes that there is a "necessity" for service in that section.

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Response to Data Request Global No 1.83

See Response to Staff Data Request No. 3.1.

Responder(s): William M. Garfield

Managerial and Technical Qualifications

Data Request No. Global 1.84

Please provide the names of each of AWC's officers, and a brief description of their education and experience.

Response to Data Request Global No 1.84

See answer to 1.5 and 1.85; also see attached for Richard W. Henderson; Arizona Water Company's other officer is Robert W. Geake, Vice President and General Counsel; B.S., West Liberty State College in 1975; J.D., West Virginia University, 1978; employed as Staff Attorney at Public Service Commission of West Virginia until being employed at Arizona Water Company (in current position since March, 1984); member of State Bars of West Virginia and Arizona since 1978 and 1984, respectively, and has been a director of Arizona Water Company since December, 1989.

Responder(s): William M. Garfield

Data Request No. Global 1.85

Please provide the names of each member of AWC's board of directors, and a brief description of their education and experience.

Response to Data Request Global No 1.85

William M. Garfield, Robert W. Geake (see Responses to Data Requests 1.5 and 1.84); **R.E. Polenske**, Retired (1993) Former President of Arizona Water Company (see attached).

Robert H. Nicholson, Jr., Chairman of the Board and Chief Executive Officer of Arizona Water Company and San Gabriel Valley Water Company. Mr. Nicholson graduated from UCLA in 1959 with a Bachelor of Science degree in Business Administration. He joined San Gabriel Valley Water Company that year as Vice President, became President in 1969, and Chairman of the Board in 1983. Since 1978 he has been Chairman of the Board and a director of Arizona Water Company. Mr.

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Nicholson was Secretary/Treasurer and a director of the Upper San Gabriel Valley Municipal Water District from 1987 to 1990 and a director of Fontana Union Water Company from 1972 to 1987. He was also a member of the Main San Gabriel Basin Watermaster from 1977 to 1986 and served as its Vice Chairman. In addition, he is a life member of the American Water Works Association.

Michael L. Whitehead, Assistant Secretary of Arizona Water Company and President and Chief Operating Officer of San Gabriel Valley Water Company. Mr. Whitehead has a Bachelors degree from California State University, Northridge, and a Juris Doctorate from the University of West Los Angeles, School of Law. He was admitted to the California State Bar in 1977. He joined San Gabriel Valley Water Company in 1979 as Vice President and General Counsel. In 1985, Mr. Whitehead was promoted to Executive Vice President and General Counsel and was elected to the Board of Directors. In 1989, he was elected President of San Gabriel Valley Water Company. Mr. Whitehead has served as a member of the Main San Gabriel Basin and the Chino Basin Watermasters. He is also Vice President and a director of Fontana Union Water Company, a director and Assistant Secretary of Arizona Water Company a board member of the San Gabriel Basin Water Quality Authority, a director of the National Association of Water Companies, a director of the California Water Association, and a member of the American Water Works Association.

Frank A. LoGuidice, Vice President of Engineering and Operations of San Gabriel Valley Water Company. Mr. LoGuidice received a Bachelor of Science degree from California State Polytechnic University, Pomona, in 1975. Mr. LoGuidice is a registered civil engineer in California. He became a director of Arizona Water Company, he is also Vice President and a director of Fontana Union Water Company and a member of the American Water Works Association. Mr. LoGuidice has been employed by San Gabriel Valley Water Company since 1965 in a number of capacities, including Chief Engineer, Manager of Engineering and Planning, Vice President-Engineering. In 1994 he was elected Vice President-Engineering and Operations.

Robert W. Nicholson, Vice President and a director of San Gabriel Valley Water Company. Mr. Nicholson received a Bachelor of Arts degree from the University of California at Berkley in 1989. Mr. Nicholson has been employed by San Gabriel Valley Water Company since February 1990 and has held the positions of Property Manager and Personnel Manager. In 1994, he was elected to his current position of Vice President. In August 1993, he became a Director of Arizona Water Company. He is also a member of the Main San Gabriel Basin Watermaster.

Responder(s): William M. Garfield

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Data Request No. Global 1.86

Please describe the experience, if any, of AWC's management in providing reclaimed water services.

Response to Data Request Global No 1.86

See Arizona Water Company's responses to Global Data Requests Nos. 1.17 and 1.18.

Responder(s): William M. Garfield

Data Request No. Global 1.87

Please describe the experience, if any, of AWC's management in providing wastewater services.

Response to Data Request Global No 1.87

Until 1990, Arizona Water Company operated wastewater systems in its Lakeside and Overgaard service areas.

Responder(s): William M. Garfield

Data Request No. Global 1.88

Please provide a list of all engineers employed by AWC, and a brief description of their education and experience. Include whether the engineer holds an Arizona "professional engineer" registration, the registration type and number.

Response to Data Request Global No 1.88

William M. Garfield, President; has a BS from Southern Illinois University with honors in Thermal and Environmental Engineering; extensive experience with Arizona Water Company since 1984 in water system planning and design, member of numerous professional associations and groups.

Michael J. Whitehead, Vice President, Engineering; B.S. degree in Mechanical Engineering, Arizona State University, 1980 received P.E. License, 1984; 26 years with Arizona Water Company.

James Thomas Wilson, B.S. in Mechanical Engineering, Arizona State University, 1998. Received P.E. License, June 2004 (#41046), eight (8) years with Arizona Water Company.

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Michael Loggins, B.S. in Mechanical Engineering, University of Evansville, 2001 and five (5) plus years of experience in the water industry with Arizona Water Company.

Responder(s): Michael J. Whitehead

Data Request No. Global 1.89

Please list all certified operators employed by AWC who are certified in wastewater treatment or operations.

Response to Data Request Global No 1.89

Kim Boucher, Jerry Dixel, Wade Goodall, Dan Hernandez, Lee Hetrick, Bill Odom, Freddy Rios, Lynn Schroyer, Jacquie Smith, Bill Staples.

Responder(s): Richard W. Henderson

Data Request No. Global 1.90

Please list all certified operators employed by AWC who are certified in wastewater collection.

Response to Data Request Global No 1.90

Kim Boucher, Jerry Dixel, Dan Hernandez, Lee Hetrick, Freddy Rios, Lynn Schroyer, Jacquie Smith, Bill Staples.

Responder(s): Richard W. Henderson

Integration

Data Request No. Global 1.91

Does AWC dispute the proposition that integrated water, wastewater, and reclaimed water services can be more efficient through the use of common facilities and employees? If yes, please provide a complete explanation, including a copy of all studies supporting AWC's position.

Response to Data Request Global No 1.91

Arizona Water Company disputes that benefits are necessarily achieved in every case or in cases where the two services are provided by separate entities owned by a holding

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Response to Data Request Global No 1.94

See Arizona Water Company's response to Staff Data Request LJ 1.5.

Responder(s): William M. Garfield

Data Request No. Global 1.95

Please provide a copy of all communications between AWC and any other person or entity concerning the provision of wastewater service to AWC's proposed extension area.

Response to Data Request Global No 1.95

See Arizona Water Company's response to Global Data Request No. 1.94.

Responder(s): William M. Garfield

Data Request No. Global 1.96

Under its current rate structure, does AWC have a financial incentive to sell more water, or less water?

Response to Data Request Global No 1.96

There is no incentive to do either.

Responder(s): Ralph J. Kennedy

EXHIBIT C

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Data Request No. Global 2.1

Have the shareholders of AWC's ultimate parent company pledged their personal credit for the benefit of AWC in the past five years? If yes, please describe the circumstances, including the date and length of the pledge, the purpose of the pledge, and the amount of the pledge.

Response to Data Request Global No 2.1

No.

Responder(s): Ralph J. Kennedy

Data Request No. Global 2.2

Please provide copies of all of AWC's letters of credit for the last five years. If the terms and conditions are not fully set forth in the letters of credit you provide, please also provide any additional, supplemental, or ancillary agreements or documents relating to the letters of credit.

Response to Data Request Global No 2.2

A copy of Arizona Water Company's 2002 Bank Loan Agreement and the various Amendments thereto are attached.

Responder(s): Ralph J. Kennedy

Data Request Global No. 2.3

Please provide copies of all of AWC's performance bonds for the last five years. If the terms and conditions are not fully set forth in the performance bonds you provide, please also provide any additional, supplemental, or ancillary agreements or documents relating to the performance bond.

Response to Data Request Global No 2.3

No such bonds exist.

Responder(s): Richard W. Henderson

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Data Request No. Global 2.4

Please provide a copy of any financial analysis performed by AWC (or consultants or agents on AWC's behalf) with respect to serving AWC's requested extension area. If the analysis is an "Excel" document, provide an electronic copy with all formulas intact. Also, please describe any assumptions relating to the analysis.

Response to Data Request Global No 2.4

A financial analysis was not prepared.

Responder(s): Ralph J. Kennedy

Data Request No. Global 2.5

Please provide the estimated cost per equivalent dwelling unit ("EDU") of AWC's facilities in AWC's requested extension area.

Response to Data Request Global No 2.5

No such cost estimate was made.

Responder(s): William M. Garfield

Data Request No. Global 2.6

Please provide the total estimated capital expenditure needed for AWC to serve AWC's requested extension area. Please describe the basis for the estimate.

Response to Data Request Global No 2.6

See Design Report for proposed CCN extension, Attachment A to AWC's Response to Staff's Insufficiency letter.

Responder(s): Michael J. Whitehead, William M. Garfield

Data Request No. Global 2.7

Please provide a timeline for the proposed capital expenditures needed for AWC to serve AWC's requested extension area. Please describe the basis for the estimate.

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Response to Data Request Global No 2.7

See response to Global No. 2.6.

Responder(s): Michael J. Whitehead, William M. Garfield

Data Request No. Global 2.8

Please provide the estimated capital expenditure planned by AWC for reclaimed water facilities in AWC's requested extension area. Please describe the basis for the estimate.

Response to Data Request Global No 2.8

Arizona Water Company's "Water Resource Master Plan" referred to in response to Global Data Request 1.17, which will include planning for reclaimed water facilities, has not been completed and, as a result, capital expenditure information is not yet available.

Responder(s): William M. Garfield

Data Request No. Global 2.9

Please provide the estimated capital expenditure planned by AWC for surface water facilities in AWC's requested extension area. Please describe the basis for the estimate.

Response to Data Request Global No 2.9

See response to Global Data Request 2.6. In addition, Arizona Water Company estimated a capital cost of \$1.30 per gallon per day surface water treatment plant capacity for CAP and other surface water supplies. Phase I of such surface water treatment facilities was estimated to include an additional cost of \$8 million due to initial installation of facilities to be used for all phases of such plants, such as bridges, roadway access, raw water conveyance facilities, etc.

Responder(s): Michael J. Whitehead, William M. Garfield

Data Request No. Global 2.10

Please provide the estimated capital expenditure planned by AWC for recharge wells in AWC's requested extension area. Please describe the basis for the estimate.

Response to Data Request Global No 2.10

No such estimate was made.

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Responder(s): William M. Garfield

Data Request No. Global 2.11

Please describe the sources of the capital that AWC will use to pay for the construction of the facilities necessary to serve AWC's requested extension area. For the purposes of this question, "capital" includes debt, equity, advances-in-aid-of construction, and contributions-in-aid-of-construction.

Response to Data Request Global No 2.11

Company-financed infrastructure facilities will utilize bank loans, bond sales and retained earnings. Other development specific facilities will be financed with advances for construction and contributions-in-aid-of-construction.

Responder(s): Ralph J. Kennedy

Data Request No. Global 2.12

Please describe the experience of AWC or any of its affiliates in operating integrated water, wastewater, and reclaimed water utilities. For the purposes of this question, "affiliate" has the meaning given it in A.A.C. R14-2-801.

Response to Data Request Global No 2.12

Arizona Water Company does not currently provide wastewater service, however, Arizona Water Company will work with Southwest Water Company, the City of Casa Grande and other wastewater service providers in the extension area to coordinate the use of reclaimed water and other related wastewater service matters with such wastewater service providers. Arizona Water Company's affiliate, San Gabriel Valley Water Company, does not provide wastewater service and Arizona Water Company has no knowledge of its affiliates' interactions with wastewater providers or reclaimed water facilities.

Responder(s): William M. Garfield

Data Request No Global 2.13

Please describe the experience of AWC's affiliates in operating surface water treatment facilities. For the purposes of this question, "affiliate" has the meaning given it in A.A.C. R14-2-801.

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Response to Data Request Global No 2.13

The Company has no knowledge of its affiliates' experience in operating such facilities.

Responder(s): William M. Garfield

Data Request No. Global 2.14

Please describe the experience of AWC's affiliates in operating reclaimed water facilities. For the purposes of this question, "affiliate" has the meaning given it in A.A.C. R14-2-801.

Response to Data Request Global No 2.14

AWC's Superstition System has been providing reclaimed water service since 1989. Arizona Water Company has no knowledge of its affiliates' experience in operating such facilities.

Responder(s): William M. Garfield

Data Request No. Global 2.15

Please describe the experience of AWC's affiliates in operating recharge wells. For the purposes of this question, "affiliate" has the meaning given it in A.A.C. R14-2-801.

Response to Data Request Global No 2.15

Arizona Water Company does not have knowledge of its affiliates' experience in operating recharge wells.

Responder(s): William M. Garfield

Data Request No. Global 2.16

What is AWC's CAP allocation for its Casa Grande system? How long has AWC held this allocation? For each of the last five years, indicate how much of this allocation AWC used to serve customers in its Casa Grande system. In addition, please indicate how much of this allocation AWC used to serve residential customers in its Casa Grande system.

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Response to Data Request Global No. 2.16

See responses to Global 1.27 and 1.29.

Responder(s): William M. Garfield

Data Request No. Global 2.17

What is AWC's CAP allocation for its Stanfield system? How long has AWC held this allocation? For each of the last five years, indicate how much of this allocation AWC used to serve customers in its Stanfield system. In addition, please indicate how much of this allocation AWC used to serve residential customers in its Stanfield system.

Response to Data Request Global No 2.17

Arizona Water Company has no separate CAP allocation for Stanfield.

Responder(s): William M. Garfield

Data Request No. Global 2.18

Has AWC ever used CAP water to serve any of its residential customers in its Casa Grande or Stanfield system?

Response to Data Request Global No 2.18

See AWC Response to Global 1.29.

Responder(s): William M. Garfield

**Palo Verde's and Santa Cruz's
Third Set of Data Requests to Arizona Water Company
February 28, 2007**

Global 3.1 Please provide the audited financial statements, if any, of Arizona Water Company for the last three years. Also, provide the most recent 3 quarterly financial statements of Arizona Water Company (audited or unaudited).

Response to Data Request Global 3.1:

Arizona Water Company's audited financial statements for 2003, 2004 and 2005 are attached. The quarterly financial statements of Arizona Water Company for March 2006, June 2006 and September 2006 are also attached.

Responder(s): Ralph J. Kennedy

Global 3.2 Please provide the audited financial statements of each entity listed in response to Global 1.3 for the last three years. If audited financial statements are not available, then provide un-audited financial statements for those years.

Response to Data Request Global 3.2:

Arizona Water Company objects to this data request on the grounds that it seeks information which is not relevant to the subject matter of this proceeding, and not reasonably calculated to lead to the discovery of admissible evidence. Arizona Water Company follows regulatory procedures established by the Arizona Corporation Commission and Arizona law, and does not engage in the improper and non-traditional financing schemes that are being investigated by the Commission and other parties. It is only the Global entities' conduct that is subject to inquiry, not Arizona Water Company's.

Responder(s): Ralph J. Kennedy

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Global 3.3 Please describe each transaction between Arizona Water Company and Rosemead Properties, Inc. for the last five years. Provide copies of the journal entries relating to such transactions.

Response to Data Request Global 3.3:

Journal entries for all transaction between Arizona Water Company and Rosemead Properties, Inc. for 2002, 2003, 2004, 2005 and 2006 are attached.

Responder(s): Ralph J. Kennedy

Global 3.4 Please provide a copy of each contract currently in effect between Arizona Water Company and Rosemead Properties, Inc.

Response to Data Request Global 3.4:

Please see the attached leases. Rosemead Properties, Inc. is the successor to the original landlord in the office lease for the Lakeside Division office.

Responder(s): William M. Garfield

Global 3.5 Please list each utility (assets or stock), or interest in a utility, acquired by Arizona Water Company or any entity listed in response to Global 1.3, in the last five years. For each such acquisition, provide the purchase price and a copy of any acquisition agreements or documents.

Response to Data Request Global 3.5:

None.

Responder(s): William M. Garfield

Global 3.6 Please list each court case or administrative proceeding in which Mr. Keith R. Larson has previously testified.

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Response to Data Request Global 3.6:

Sun City Taxpayer's Association vs. Recreation Centers of Sun City,
Maricopa County Superior Court Case No. CV2001-006415.
ACC Docket No. W-01656A-98-0577
ACC Docket No. SW-02334-98-0577

Responder(s): Keith R. Larson

Global 3.7 Please list all articles written by Mr. Keith R. Larson.

Response to Data Request Global 3.7:

Dziegielewski,B.;W.R. Mee Jr. and K.R. Larson. 1992. Developing a
Long-Term Drought Plan for Phoenix, Journal AWWA 84(10):46-51.

Responder(s): Keith R. Larson

Global 3.8 Please provide a copy of the "Water Resource Master Plan" mentioned
in response to Global 1.17.

Response to Data Request Global 3.8:

As responded in Global 1.17, and as of this date, the Water Resource
Master Plan has not been completed.

Responder(s): William M. Garfield

Global 3.9 Admit that United Resources, Inc. is a public service corporation. If you
deny, provide a detailed statement explaining your denial.

Response to Data Request Global 3.9:

Deny. United Resources, Inc. has never furnished water or any other
service listed in Art. XV, §2, Arizona Constitution, for public purposes,
nor has it acted as alter ego for any public service corporation,

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“coordinated” water utility services, marketed ICFAs, or similar conduct engaged in by the Global entities.

Responder(s): William M. Garfield

Global 3.10 Admit that Utility Investment Company is a public service corporation. If you deny, provide a detailed statement explaining your denial.

Response to Data Request Global 3.10:

Deny. Utility Investment Company has never furnished water or any other service listed in Art. XV, §2, Arizona Constitution, for public purposes nor has it acted as alter ego for any public service corporation, “coordinated” water utility services, marketed ICFAs, or similar conduct engaged in by the Global entities.

Responder(s): William M. Garfield

Global 3.11 Admit that Rosemead Properties is a public service corporation. If you deny, provide a detailed statement explaining your denial.

Response to Data Request Global 3.11:

Deny. Rosemead Properties has never furnished water or any other service listed in Art. XV, §2, Arizona Constitution, for public purposes nor has it acted as alter ego for any public service corporation, “coordinated” water utility services, marketed ICFAs, or similar conduct engaged in by the Global entities.

Responder(s): William M. Garfield

Global 3.12 Describe each transaction between Arizona Water Company and any affiliates (including any entity listed in response to Global 1.3) for the last five years. Provide copies of the journal entries relating to such transactions.

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Response to Data Request Global 3.12:

Journal entries for all transactions between Arizona Water Company and Utility Investment Company for 2002, 2003, 2004, 2005, and 2006 are attached. Please see response to Global 3.3 for Rosemead Properties Inc. transactions. Arizona Water Company has not engaged in transactions with any other affiliate or entity listed in response to Global 1.3.

Responder(s): Ralph J. Kennedy

Global 3.13 Provide an accounting of funds received by Arizona Water Company from any affiliates (including any entity listed in response to global 1.3) for the last five years.

Response to Data Request Global 3.13:

Journal entries accounting for funds received by Arizona Water Company from an affiliate for 2002, 2003, 2004, 2005, and 2006 are included in the responses to Global 3.3 and Global 3.12.

Responder(s): Ralph J. Kennedy

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Global 3.14 Please provide any and all supporting documentation that justifies Mr. Kennedy's assertion that Arizona Water Company has 70% equity in its capital structure (See Kennedy Rebuttal at 7:5). If Mr. Kennedy still believes that a "simple visual inspection" leads to the conclusion that Arizona Water Company has 70% equity in its capital structure describe his justification for making that conclusion.

Response to Data Request Global 3.14:

**Arizona Water Company
Statement Of Capitalization
December 31, 2005**

<u>Description</u>	<u>Amount</u>	<u>Percent</u>
Short-Term Debt	\$9,850,000	9.86%
Long-Term Debt	21,000,000	21.02%
Common Stock Equity	69,050,659	69.12%
Total	<u>\$99,900,659</u>	<u>100.00%</u>

Responder(s): Ralph J. Kennedy

Global 3.15 Provide a schedule calculating Arizona Water Company's capital structure that ties to the financial statements provided in response to Global 3.1.

Response to Data Request Global 3.15:

See response to 3.14.

Responder(s): Ralph J. Kennedy