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BEFORE THE ARIZONA CORPORATION COMMISSION

02

RECEIVED

COMMISSIONERS

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

2008 JAN -4 P 4: 51

AZ CORP COMMISSION
DOCKET CONTROL

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IN THE MATTER OF THE APPLICATION OF GLOBAL WATER - **SANTA CRUZ WATER COMPANY** FOR A WAIVER UNDER A.A.C. R14-2-806 RELATING TO THE ACQUISITION OF BALTERRA SEWER CORP. BY GLOBAL WATER, INC. OR IN THE ALTERNATIVE NOTICE OF INTENT BY GLOBAL WATER - SANTA CRUZ COMPANY UNDER A.A.C. R14-2-803 FOR THE ACQUISITION OF BALTERRA SEWER CORP. BY GLOBAL WATER, INC.

Docket No. W-20446A-07-0596
Docket No. W-03576A-07-0596

IN THE MATTER OF THE APPLICATION OF GLOBAL WATER - **PALO VERDE UTILITIES COMPANY** FOR A WAIVER UNDER A.A.C. R14-2-806 RELATING TO THE ACQUISITION OF BALTERRA SEWER CORP. BY GLOBAL WATER, INC. OR IN THE ALTERNATIVE NOTICE OF INTENT BY GLOBAL WATER - SANTA CRUZ COMPANY UNDER A.A.C. R14-2-803 FOR THE ACQUISITION OF BALTERRA SEWER CORP. BY GLOBAL WATER, INC.

Docket No. SW-03575A-07-0596

IN THE MATTER OF THE APPLICATION OF GLOBAL WATER - **HASSAYAMPA UTILITY COMPANY, INC.** FOR A WAIVER UNDER A.A.C. R14-2-806 RELATING TO THE ACQUISITION OF BALTERRA SEWER CORP. BY GLOBAL WATER, INC. OR IN THE ALTERNATIVE NOTICE OF INTENT BY GLOBAL WATER - SANTA CRUZ COMPANY UNDER A.A.C. R14-2-803 FOR THE ACQUISITION OF BALTERRA SEWER CORP. BY GLOBAL WATER, INC.

Docket No. SW-20422A-07-0596

Arizona Corporation Commission
DOCKETED

JAN _ 4 2008

DOCKETED BY

ROSHKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
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IN THE MATTER OF THE APPLICATION OF GLOBAL WATER – **PICACHO COVE WATER COMPANY, INC.** and **PICACHO COVE UTILITIES COMPANY** FOR A WAIVER UNDER A.A.C. R14-2-806 RELATING TO THE ACQUISITION OF BALTERRA SEWER CORP. BY GLOBAL WATER, INC. OR IN THE ALTERNATIVE NOTICE OF INTENT BY GLOBAL WATER – SANTA CRUZ COMPANY UNDER A.A.C. R14-2-803 FOR THE ACQUISITION OF BALTERRA SEWER CORP. BY GLOBAL WATER, INC.

Docket No. W-03528A-07-0596
SW-03709A-07-0596

IN THE MATTER OF THE APPLICATION OF GLOBAL WATER – **CP WATER COMPANY, INC.** and **FRANCISCO GRANDE WATER COMPANY** FOR A WAIVER UNDER A.A.C. R14-2-806 RELATING TO THE ACQUISITION OF BALTERRA SEWER CORP. BY GLOBAL WATER, INC. OR IN THE ALTERNATIVE NOTICE OF INTENT BY GLOBAL WATER – SANTA CRUZ COMPANY UNDER A.A.C. R14-2-803 FOR THE ACQUISITION OF BALTERRA SEWER CORP. BY GLOBAL WATER, INC.

Docket No. WS-01775A-07-0595 *LC*
Docket No. W-02442A-07-0595 *LC*
Docket No. SW-03575A-07-0595 *LC*
Docket No. W-03576A-07-0595 *LC*

IN THE MATTER OF THE APPLICATION OF GLOBAL WATER – **WILLOW VALLEY WATER COMPANY, INC.** FOR A WAIVER UNDER A.A.C. R14-2-806 RELATING TO THE ACQUISITION OF BALTERRA SEWER CORP. BY GLOBAL WATER, INC. OR IN THE ALTERNATIVE NOTICE OF INTENT BY GLOBAL WATER – SANTA CRUZ COMPANY UNDER A.A.C. R14-2-803 FOR THE ACQUISITION OF BALTERRA SEWER CORP. BY GLOBAL WATER, INC.

Docket No. W-01732A-07-0596

IN THE MATTER OF THE APPLICATION OF GLOBAL WATER – **WATER UTILITY OF NORTHERN SCOTTSDALE, INC.** FOR A WAIVER UNDER A.A.C. R14-2-806 RELATING TO THE ACQUISITION OF BALTERRA SEWER CORP. BY GLOBAL WATER, INC. OR IN THE ALTERNATIVE NOTICE OF INTENT BY GLOBAL WATER – SANTA CRUZ COMPANY UNDER A.A.C. R14-2-803 FOR THE ACQUISITION OF BALTERRA SEWER CORP. BY GLOBAL WATER, INC.

Docket No. W-03720A-07-0596

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TELEPHONE NO 602-256-6100
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1 IN THE MATTER OF THE APPLICATION
2 OF GLOBAL WATER – **VALENCIA**
3 **WATER COMPANY** FOR A WAIVER
4 UNDER A.A.C. R14-2-806 RELATING TO
5 THE ACQUISITION OF BALTERRA SEWER
6 CORP. BY GLOBAL WATER, INC. OR IN
7 THE ALTERNATIVE NOTICE OF INTENT
8 BY GLOBAL WATER – SANTA CRUZ
9 COMPANY UNDER A.A.C. R14-2-803 FOR
10 THE ACQUISITION OF BALTERRA SEWER
11 CORP. BY GLOBAL WATER, INC.

Docket No. W-01212A-07-0596

12 IN THE MATTER OF THE APPLICATION
13 OF GLOBAL WATER – **WATER UTILITY**
14 **OF GREATER BUCKEYE, INC.** FOR A
15 WAIVER UNDER A.A.C. R14-2-806
16 RELATING TO THE ACQUISITION OF
17 BALTERRA SEWER CORP. BY GLOBAL
18 WATER, INC. OR IN THE ALTERNATIVE
19 NOTICE OF INTENT BY GLOBAL WATER
20 – SANTA CRUZ COMPANY UNDER A.A.C.
21 R14-2-803 FOR THE ACQUISITION OF
22 BALTERRA SEWER CORP. BY GLOBAL
23 WATER, INC.

Docket No. W-02451A-07-0596

24 IN THE MATTER OF THE APPLICATION
25 OF GLOBAL WATER – **WATER UTILITY**
26 **OF GREATER TONOPAH, INC.** FOR A
27 WAIVER UNDER A.A.C. R14-2-806
RELATING TO THE ACQUISITION OF
BALTERRA SEWER CORP. BY GLOBAL
WATER, INC. OR IN THE ALTERNATIVE
NOTICE OF INTENT BY GLOBAL WATER
– SANTA CRUZ COMPANY UNDER A.A.C.
R14-2-803 FOR THE ACQUISITION OF
BALTERRA SEWER CORP. BY GLOBAL
WATER, INC.

Docket No. W-02450A-07-0596

**JOINT AMENDED AND VERIFIED
APPLICATION AND ALTERNATIVE
NOTICE OF INTENT**

20 This Joint Amended and Verified Application is intended to address the issues raised by
21 the Commission’s procedural order dated December 12, 2007. The Joint Amended and Verified
22 Application is the same as the original application, except that (1) additional applicants have been
23 added; (2) a verification is added; and (3) the request for automatic approval after 30 days is
24 withdrawn. Global Water – Santa Cruz Water Company (“Santa Cruz”), Global Water – Palo
25 Verde Utilities Company (“Santa Cruz”), Hassayampa Utility Company, Inc., Global Water –
26 Picacho Cove Water Company, Global Water – Picacho Cove Utilities Company, CP Water

27

1 Company, Francisco Grande Utility Company, Willow Valley Water Company, Inc., Water Utility
2 of Northern Scottsdale, Inc., Valencia Water Company, Inc., Water Utility of Greater Buckeye,
3 Inc., Water Utility of Greater Tonopah, Inc. (collectively, the "Utility Applicants") and Global
4 Water Resources, LLC, Global Water, Inc., and West Maricopa Combine, Inc. (the "Holding
5 Company Applicants", and together with the Utility Applicants, the "Applicants") request a waiver
6 under A.A.C. R14-2-806 for the acquisition of Balterra Sewer Corp. ("Balterra") by Global Water,
7 Inc. ("Global Inc."). If the waiver is not granted, in the alternative, the Applicants submit this
8 Notice of Intent under A.A.C. R14-2-803 for the acquisition of Balterra Sewer Corp. by Global
9 Inc.

10 **I. Overview of Transaction.**

11 1. Under the proposed transaction, Global Inc. will acquire all of the issued and
12 outstanding shares of Balterra. Thus, Santa Cruz and Balterra will become sister companies and
13 will share the same parent, Global Inc.

14 2. Global Inc. and Balterra's Shareholder entered into a Stock Purchase Agreement on
15 October 3, 2007. Under the Stock Purchase Agreement, the sale of shares to Global Inc. will not
16 close until the Commission grants a waiver or approves the transaction.

17 3. Global Inc. is also the ultimate parent company of Water Utility of Greater Tonopah
18 ("Tonopah"). Tonopah holds a CC&N for some of the area that will be served by Balterra, and
19 Tonopah has a pending application to extend its CC&N to the remainder of the area that will be
20 served by Balterra. Thus, if the Commission allows the transaction to proceed, Tonopah and
21 Balterra will be able to offer integrated water, wastewater, and recycled water services to this area.

22 **II. Description of Global Inc.**

23 4. Global Inc. is a Delaware corporation. A copy of Global Inc.'s Certificate of Good
24 Standing is attached as Exhibit 1.

1 5. Global Inc. is a “Public Utility Holding Company” as defined in A.A.C. R14-2-
2 801.4. Global Inc. owns the stock of a number of Arizona public service corporations, including
3 Santa Cruz. Global Inc.’s regulated subsidiaries serve more than 30,000 customers in Arizona.

4 6. Global Inc.’s stock is owned by Global Water Resources, LLC (“Global Parent”).

5 7. A chart showing the current organization of Global Parent, Global Inc. and Global
6 Inc.’s subsidiaries is attached as Exhibit 2. A chart showing the organization after the acquisition
7 is attached as Exhibit 3.

8 8. Global Inc. has successfully acquired a number of Arizona utilities in recent years.
9 For example, in 2006 Global Inc. acquired the stock of West Maricopa Combine (“WMC”).
10 WMC owns the stock of five Arizona public service corporations. Many of the WMC companies
11 were small and their systems were in poor shape. Following the WMC transaction, Global Inc. has
12 made substantial improvements to the WMC systems, a process which is still on-going.

13 9. In December 2006, Global Inc. acquired the stock of Francisco Grande Utility
14 Company and CP Water Company. Those utilities are located in the vicinity of the current and
15 planned future service areas of Santa Cruz and Palo Verde Utilities Company. An application is
16 currently pending to transfer the CC&Ns of Francisco Grande and CP to Santa Cruz and Palo
17 Verde.

18 10. The WMC, Francisco Grande and CP acquisitions occurred before Santa Cruz
19 became a Class A utility. Now that Santa Cruz is a Class A utility, the Commission has greater
20 oversight of such transactions under the Commission’s Public Utility Holding Companies and
21 Affiliated Interests Rules, A.A.C. R14-2-801 et seq.

22 **III. Description of Santa Cruz.**

23 11. Santa Cruz is an Arizona corporation. Santa Cruz’s Certificate of Good Standing is
24 attached as Exhibit 4.

25 12. Santa Cruz is a public service corporation regulated by this Commission. Santa
26 Cruz is also considered a “Class A” utility as defined in A.A.C. R14-2-103. Santa Cruz is not
27

1 directly involved in this transaction. However, as a “Class A” Utility, Santa Cruz is subject to the
2 Commission’s Public Utility Holding Companies and Affiliated Interests Rules, A.A.C. R14-2-
3 801 et seq.

4 13. Santa Cruz, or its predecessors, received Certificates of Convenience and Necessity
5 (“CC&N”) from the Commission in Decision No. 61943 (September 17, 1999); Decision No.
6 66394 (October 6, 2003); Decision No. 67240 (September 23, 2004); Decision No. 67830 (May 5,
7 2005); and Decision No. 68448 (February 2, 2006) and also received an Order Preliminary for the
8 “387 District” areas in Decision No. 68498 (February 23, 2006).¹ In Decision No. 69920
9 (September 27, 2007), the Commission approved the transfer of these CC&Ns to Santa Cruz.

10 14. Santa Cruz’s CC&N areas are located in and near the City of Maricopa in Pinal
11 County, Arizona. A map of Santa Cruz’s CC&N area is attached as Exhibit 5.

12 15. Santa Cruz presently serves approximately 15,700 customers.

13 16. Copies of Santa Cruz’s 2006 income statement and balance sheet are attached as
14 Exhibit 6.

15
16 17. The management contact for the Applicants is

17 Mr. Graham Symmonds
18 Senior Vice President
19 Global Water Management, LLC
20 21410 North 19th Avenue, Suite 201
21 Phoenix, Arizona 85027.
22 (623) 580-9600.

23
24
25
26 ¹ For information regarding the current status of the Order Preliminary, see Docket No. SW-
27 0357A-07-0305.

1 And the Applicants' attorneys are:

2 Michael W. Patten
3 Timothy J. Sabo
4 Roshka DeWulf & Patten, PLC
5 One Arizona Center
6 400 East Van Buren Street, Suite 800
7 Phoenix, Arizona 85004
8
9 (602) 256-6100

10 All data requests or other requests for information should be directed to:

11 Michael W. Patten
12 Timothy J. Sabo
13 Roshka DeWulf & Patten, PLC
14 One Arizona Center
15 400 East Van Buren Street, Suite 800
16 Phoenix, Arizona 85004

17 With a copy to:

18 Mr. Graham Symmonds
19 Senior Vice President
20 Global Water Management, LLC
21 21410 North 19th Avenue, Suite 201
22 Phoenix, Arizona 85027

23 **IV. Description of Balterra.**

24 18. Balterra is an Arizona corporation. Balterra's Certificate of Good Standing is
25 attached as Exhibit 7.

26 19. Balterra is a public service corporation regulated by this Commission. Balterra
27 received its CC&N from the Commission in Decision No. 68742 (June 5, 2006). Balterra's
CC&N is for wastewater and recycled water service.

28 20. Balterra's CC&N area is located in western Maricopa County. A map of Balterra's
29 CC&N area is attached as Exhibit 8.² This map also shows Tonopah's CC&N area and pending
30 extensions.

31 _____
32 ² The Balterra CC&N area is the area shown in black stripes.

- 1 21. Balterra currently serves no customers.
2 22. Copies of Balterra's 2006 income statement and balance sheet are attached as
3 Exhibit 9.
4 23. The transaction will not change Balterra's existing rates.
5

6 **V. Public Interest Analysis.**

7 24. Groundwater supplies in western Maricopa County have limits. As this area
8 develops, it will be increasingly important to not rely exclusively on groundwater. Other sources
9 of water, such as recycled water, will be critical for serving this area.

10 25. Where possible, Global Parent pursues an "integrated" service approach, under
11 which water, wastewater and recycled water services are provided by utilities under common
12 ownership and management. The Commission has noted the benefits of integrated utilities in past
13 cases. If the Commission allows this transaction to proceed, Tonopah and Balterra will become
14 integrated utilities.

15 26. Where possible, Global Parent also pursues its "triad of conservation" strategy.
16 This strategy rejects the traditional "groundwater only" strategy of many utilities, and instead
17 pursues (1) use of recycled water for non-potable uses; (2) recharging the aquifer with recycled
18 water or other water supplies for later use; (3) use of surface water where available and feasible.
19 Using this strategy, Santa Cruz has been able to substantially reduce residential use of
20 groundwater, as compared to traditional utilities. If the Commission allows this transaction to
21 proceed, Tonopah and Balterra will be able to pursue the triad of conservation strategy.

22 27. Balterra was created by a developer. In contrast, Global Inc. focuses on owning
23 regulated utilities.

24 28. Arizona has hundreds of water companies. Consolidation of these companies into
25 holding companies or combined utilities is in the public interest for many reasons. For example,
26 consolidation allows utilities to achieve economies of scale and economies of scope.
27

1 Consolidation can also enhance financial stability because the utility does not have to rely
2 exclusively on its own resources. In addition, many small utilities lack managerial and technical
3 expertise. Larger, consolidated utilities typically have much greater managerial and technical
4 skills. Allowing this transaction to proceed will be another step forward in consolidation.

5 **VI. Relief requested.**

6 29. The Applicants request that the Commission issue an order granting the waiver.

7 30. If the Commission does not affirmatively grant the waiver, then in the alternative,
8 the Applicants request that the Commission approve the transaction under A.A.C. R14-2-803
9 (Rule 803). Pursuant to this alternative request under Rule 803, the Applicants provide below the
10 required "Notice of Intent" information specified by Rule 803.

11 **VII. Notice of Intent Information.**

12 31. *The names and business addresses of the proposed officers and directors of the*
13 *holding company.* Global Inc.'s officers are President, Trevor Hill, and secretary, Cindy Liles.
14 Global Inc.'s directors are Trevor Hill and Cindy Liles. Their business address is 21410 North 19th
15 Avenue, Suite 201, Phoenix, Arizona 85027.

16 32. *The business purposes for establishing or reorganizing the holding company.* See
17 Paragraphs 4-10 and 23-27 above.

18 33. *The proposed method of financing the holding company and the resultant capital*
19 *structure.* No changes in the holding company's financing or capital structure are anticipated as a
20 result of this transaction.

21 34. *The resultant effect on the capital structure of the utility.* The capital structures of
22 Santa Cruz, Tonopah and Balterra will not be changed as a result of this transaction.

23 35. *An organizational chart of the holding company that identifies all affiliates and*
24 *their relationships within the holding company.* See Exhibits 2 and 3.

25 36. *The proposed method of allocating federal and state income taxes to the*
26 *subsidiaries of the holding company.* Global Inc. will continue to use its current allocation
27

1 method. For ratemaking purposes, federal and state income taxes will continue to be calculated on
2 a stand-alone basis for each regulated utility.

3 37. *The anticipated changes in the utility's cost of service and the cost of capital*
4 *attributable to the reorganization.* Economies of scale and scope may be achieved. No other
5 changes are anticipated.

6 38. *A description of diversification plans of affiliates of the holding company.* Global
7 Inc.'s business model is to own regulated public service corporations, and that will not change as a
8 result of this transaction.

9 39. *Copies of all relevant documents and filings with the United States Securities and*
10 *Exchange Commission and other federal or state agencies.* None.

11 40. *The contemplated annual and cumulative investment in each affiliate for the next*
12 *five years, in dollars and as a percentage of projected net utility plant, and an explanation of the*
13 *reasons supporting the level of investment and the reasons that this level will not increase the risks*
14 *of investment in the public utility.* Global Inc. does not plan investments in non-utility affiliates as
15 contemplated by this question.

16 41. *An explanation of the manner in which the utility can assure that adequate capital*
17 *will be available for the construction of new utility plant and for improvements in existing utility*
18 *plant at no greater cost than if the utility or its affiliate did not organize or reorganize a public*
19 *utility holding company.* As noted above, this application does not involve forming a new public
20 utility holding company, but rather involves an existing holding company acquiring the stock of an
21 additional regulated utility. Global Inc. has an excellent record of providing adequate capital to all
22 of the utilities it owns. For example, Global Inc. provided more \$49.9 million in capital to fund
23 the capital expenditures for its regulated utilities in 2006.

24 **VIII. Conclusion.**

25 Global Inc. already owns a number of Arizona utilities, and this transaction will add
26 Balterra to that list. The transaction will allow Balterra to become an integrated utility and to
27

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1 deploy the "triad of conservation" strategy. Moreover, this transaction will be another step
2 forward in the much-needed consolidation of water and wastewater utilities in Arizona.
3 Accordingly, the Applicants request a waiver under A.A.C. R14-2-806 solely for the purpose of
4 allowing Global Inc. to purchase the stock of Balterra Sewer Corp.

5 WHEREFORE, the Applicants respectfully:

- 6 1. Request that Commission issue an order granting the waiver described herein.
7 2. If the Commission does not issue an order approving the waiver, the Applicants
8 request that the Commission issue an order approving the transaction under Rule
9 803.

10
11 RESPECTFULLY SUBMITTED this 4th day of January 2008.

12 ROSHKA DEWULF & PATTEN, PLC

13
14 By Timothy J. Sabo
15 Michael W. Patten
16 Timothy J. Sabo
17 One Arizona Center
18 400 East Van Buren Street, Suite 800
19 Phoenix, Arizona 85004

20
21
22 Original + 41 copies of the foregoing
23 filed this 4th day of January 2008, with:

24 Docket Control
25 ARIZONA CORPORATION COMMISSION
26 1200 West Washington
27 Phoenix, Arizona 85007

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Copies of the foregoing hand-delivered/mailed
this 4th day of January 2008, to:

Lyn A. Farmer, Esq.
Chief Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Christopher C. Kempsey, Esq.
Chief Counsel, Legal Division
Arizona Corporation Commission
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Ernest G. Johnson, Esq.
Director, Utilities Division
Arizona Corporation Commission
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STATE OF ARIZONA
COUNTY OF MARICOPA

VERIFICATION

Cindy Liles, being duly sworn, deposes and says as follows:

1. I am a resident of Maricopa County, Arizona and I am over 18 years of age.
2. I am Senior Vice President and Chief Financial Officer of Global Water Management, LLC and Secretary of each Utility owned by Global Water Resources, LLC
3. I have read the foregoing amended application, and the facts stated therein are true according to the best of my knowledge, information, and belief.

Further affiant sayeth not.

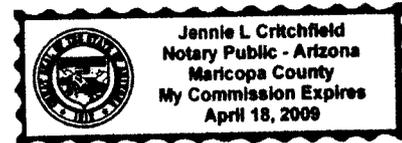
Cindy Liles

 Cindy Liles

Subscribed and sworn before me this 4th day of January, 2008

Jennie L. Critchfield

 Notary Public



My commission expires: 4/18/09

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INDEX TO EXHIBITS

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| Exhibit | Description |
|----------------|---|
| 1 | Certificate of Good Standing: Global Water, Inc. |
| 2 | Organizational Chart – before acquisition |
| 3 | Organizational Chart – after acquisition |
| 4 | Certificate of Good Standing: Global Water – Santa Cruz Water Company |
| 5 | Santa Cruz CC&N Map |
| 6. | Santa Cruz 2006 income statement and balance sheet |
| 7 | Certificate of Good Standing: Balterra Sewer Corp. |
| 8 | Balterra CC&N Map |
| 9 | Balterra 2006 income statement and balance sheet |

EXHIBIT

"1"

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****GLOBAL WATER, INC.*****

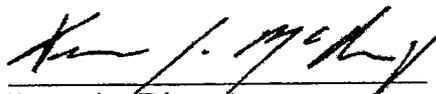
a foreign corporation organized under the laws of Delaware did obtain authority to transact business in the State of Arizona on the 12th day of May 2006.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 12th Day of October, 2007, A. D.




Executive Director

Order Number: 181064

EXHIBIT

"2"



GLOBAL WATER

Corporate Structure Before Balterra Sewer Corp. Acquisition

- Bill Levine (42.44%)
- Dan Cracchiolo (6.13%)
- Andrew Cohn (12.5%)
- Trevor Hill (23.29%)
- Leo Commandeur (11.65%)
- Graham Symmonds (2.5%)
- Cindy Liles (1.5%)

Global Water Management LLC,
Delaware LLC (100%)

GWM, LLC provides management services to Opscs under following headings all at industry standard charge-out rates:

- Management
- Operations
- Billing Services
- Customer Service
- Engineering Services

Global Water Resources LLC,
(Delaware LLC) Parent (100%)

Santa Cruz Water Company, LLC
(Arizona LLC)

Global Water, Inc.
(Delaware "C" Corp)
(holdco) (100%)

Palo Verde Utilities Company, LLC
(Arizona LLC)

Global Water - Santa Cruz Water Company
(Arizona "C" Corp)

Global Water - Palo Verde Utilities Company
(Arizona "C" Corp)

Cave Creek Water Company, Inc.
(Arizona "C" Corp)

Pacer Equities, Inc.
(Arizona "C" Corp)

Hassayampa Utility Company, Inc.
(Arizona "C" Corp)

Global Water - Picacho Cove Water Company
(Arizona "C" Corp)

Global Water - Picacho Cove Utilities Company
(Arizona "C" Corp)

CP Water Company
(Arizona "C" Corp)

Franisco Grande Utilities Company
(Arizona "C" Corp)

West Maricopa Combine, Inc
(Arizona "C" Corp)

Willow Valley Water Company, Inc.
(Arizona "C" Corp)

Water Utility of Northern Scottsdale, Inc
(Arizona "C" Corp)

Valencia Water Company, Inc.
(Arizona "C" Corp)

Water Utility of Greater Buckeye, Inc.
(Arizona "C" Corp)

Water Utility of Greater Tonopah, Inc.
(Arizona "C" Corp)

Water Utility Administrative Services, Inc.
(Arizona "C" Corp)

EXHIBIT

"3"



GLOBAL WATER

Corporate Structure Including Balterra Sewer Corp. Acquisition

- Bill Levine (42.44%)
- Dan Cracchio (6.13%)
- Andrew Cohn (12.5%)
- Trevor Hill (23.29%)
- Leo Commandeur (11.65%)
- Graham Symmonds (2.5%)
- Cindy Liles (1.5%)

Global Water Management LLC,
Delaware LLC (100%)

GWM, LLC provides management services to Opscs under following headings all at industry standard charge-out rates:

- Management
- Operations
- Billing Services
- Customer Service
- Engineering Services

Global Water Resources LLC,
(Delaware LLC) Parent (100%)

Santa Cruz Water Company, LLC
(Arizona LLC)

Global Water, Inc.
(Delaware "C" Corp)
(holder) (100%)

Palo Verde Utilities Company, LLC
(Arizona LLC)

Global Water - Santa Cruz Water Company
(Arizona "C" Corp)

Global Water - Palo Verde Utilities Company
(Arizona "C" Corp)

Cave Creek Water Company, Inc.
(Arizona "C" Corp)

Pacer Equities, Inc.
(Arizona "C" Corp)

Hassayampa Utility Company, Inc.
(Arizona "C" Corp)

Global Water - Picacho Cove Water Company
(Arizona "C" Corp)

Global Water - Picacho Cove Utilities Company
(Arizona "C" Corp)

CP Water Company
(Arizona "C" Corp)

Francisco Grande Utilities Company
(Arizona "C" Corp)

Balterra Sewer Corp.
(Arizona "C" Corp)

West Maricopa Combine, Inc
(Arizona "C" Corp)

Willow Valley Water Company, Inc.
(Arizona "C" Corp)

Water Utility of Northern Scottsdale, Inc
(Arizona "C" Corp)

Valencia Water Company, Inc.
(Arizona "C" Corp)

Water Utility of Greater Buckeye, Inc.
(Arizona "C" Corp)

Water Utility of Greater Tonopah, Inc.
(Arizona "C" Corp)

Water Utility Administrative Services, Inc.
(Arizona "C" Corp)

EXHIBIT

"4"

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****GLOBAL WATER - SANTA CRUZ WATER COMPANY*****

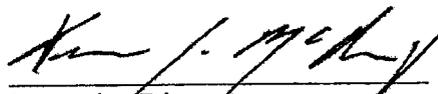
a domestic corporation organized under the laws of the State of Arizona, did incorporate on December 7, 2005.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 12th Day of October, 2007, A. D.




Executive Director

Order Number: 181067

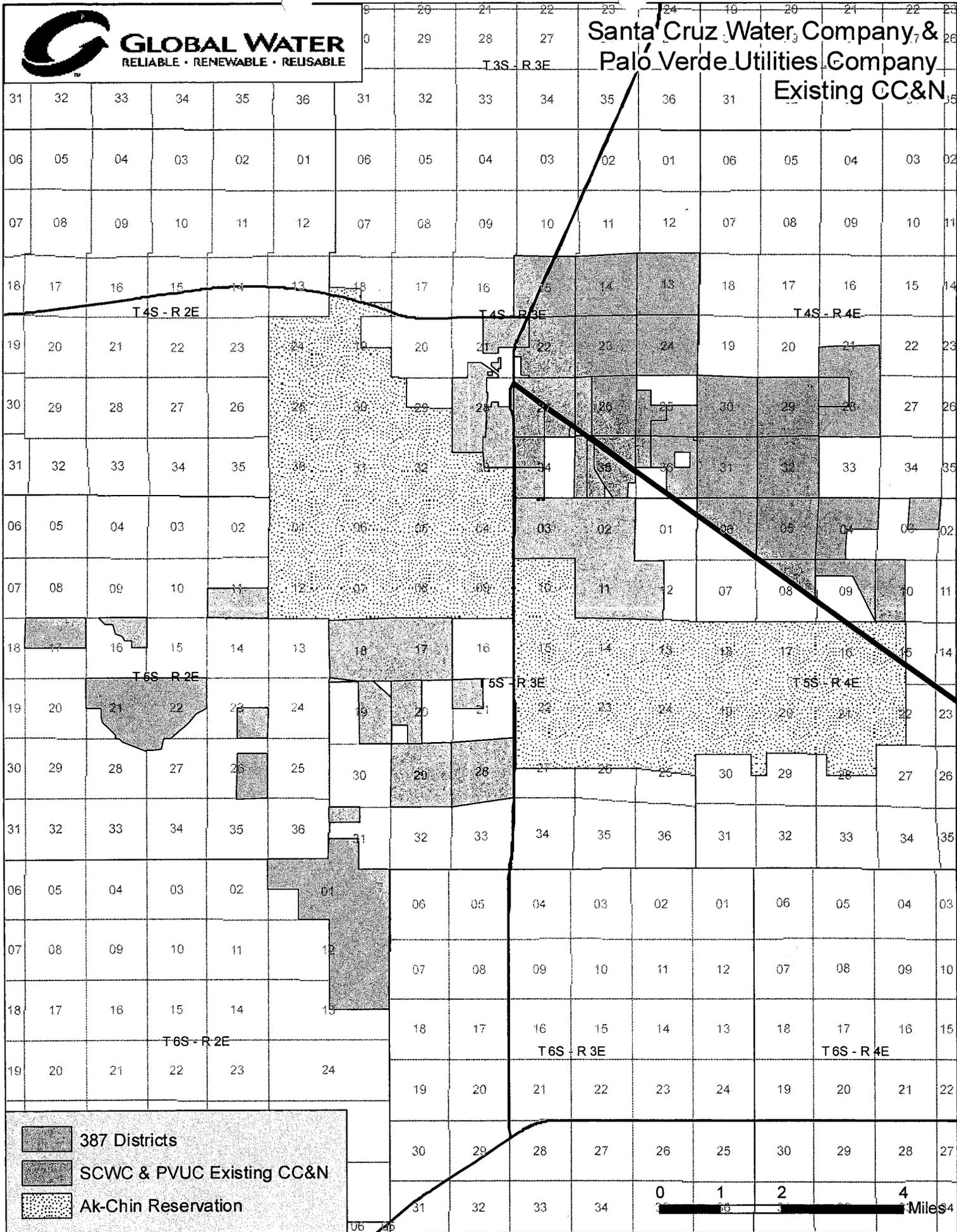
EXHIBIT

"5"



GLOBAL WATER
RELIABLE • RENEWABLE • RELIABLE

Santa Cruz Water Company &
Palo Verde Utilities Company
Existing CC&N



EXHIBIT

"6"

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-03576A
Santa Cruz Water Company
21410 N. 19th Ave., Ste. 201
Phoenix, AZ 85027

ANNUAL REPORT

FOR YEAR ENDING

| | | |
|----|----|------|
| 12 | 31 | 2006 |
|----|----|------|

FOR COMMISSION USE

| | |
|--------|----|
| ANN 04 | 06 |
|--------|----|

PROCESSED BY:

SCANNED

COMPANY INFORMATION

| | | |
|---|-----------------------------|------------------------------------|
| Company Name (Business Name) <u>Santa Cruz Water Company</u> | | |
| Mailing Address <u>21410 N. 19th Ave</u> | | |
| <u>Phoenix</u> | <u>Az</u> | <u>85027</u> |
| (City) | (State) | (Zip) |
| <u>623-580-9600</u> | <u>623-580-9659</u> | |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) |
| Email Address <u>graham.symmonds@gwresources.com</u> | | |
| Local Office Mailing Address <u>SAME</u> | | |
| | | |
| (City) | (State) | (Zip) |
| <u></u> | <u></u> | <u></u> |
| Local Office Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) |
| Email Address _____ | | |

MANAGEMENT INFORMATION

| | | | |
|---|-----------------------------|--|---------|
| Management Contact: <u>Graham Symmonds</u> | | <u>SVP Operations & Compliance</u> | |
| | (Name) | | (Title) |
| <u>21410 N. 19th Ave, Phoenix AZ 85027</u> | | | |
| (Street) | (City) | (State) | (Zip) |
| <u>623-580-9600</u> | <u>623-580-9659</u> | | |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) | |
| Email Address <u>graham.symmonds@gwresources.com</u> | | | |
| On Site Manager: <u>SAME</u> | | | |
| | (Name) | | |
| (Street) | (City) | (State) | (Zip) |
| <u></u> | <u></u> | <u></u> | <u></u> |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Include Area Code) | |
| Email Address _____ | | | |

Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Andy Abraham, Burch & Cracchiolo PLC
(Name)

702 East Osborn, Suite 200 Phoenix, Arizona 85014
(Street) (City) (State) (Zip)

(602) 274-7611 (602) 234-0341
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Tim Sabo, Roshka, deWulf, Patten
(Name)

400 East Van Buren, Suite 800 Phoenix, Arizona 85004
(Street) (City) (State) (Zip)

602-256-6100 602-256-6800
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|---|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input checked="" type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME: SANTA CRUZ WATER COMPANY

UTILITY PLANT IN SERVICE

| Acct. No. | DESCRIPTION | Original Cost (OC) | Accumulated Depreciation (AD) | O.C.L.D. (OC less AD) |
|-----------|--|--------------------|-------------------------------|-----------------------|
| 301 | Organization | - | - | - |
| 302 | Franchises | - | - | - |
| 303 | Land and Land Rights | 46,711 | - | 46,711 |
| 304 | Structures and Improvements | 414,774 | (60,256) | 354,518 |
| 305 | Collection/Impounding Reservoirs | - | - | - |
| 307 | Wells and Springs | 1,952,158 | (100,318) | 1,851,840 |
| 309 | Supply Mains | 1,991,453 | (75,340) | 1,916,113 |
| 310 | Power Generation Equipment | 948 | (24) | 924 |
| 311 | Pumping Equipment | 3,086,372 | (383,226) | 2,703,146 |
| 320 | Water Treatment Equipment | 9,593 | (1,929) | 7,664 |
| 330 | Distribution Reservoirs and Standpipes | 1,367,063 | (111,883) | 1,255,180 |
| 331 | Transmission and Distribution Mains | 16,788,850 | (738,297) | 16,050,553 |
| 333 | Services | 1,565,507 | (92,760) | 1,472,747 |
| 334 | Meters and Meter Installations | 2,605,488 | (260,076) | 2,345,412 |
| 335 | Hydrants | 1,727,228 | (76,242) | 1,650,986 |
| 336 | Backflow Prevention Devices | 24,547 | (3,872) | 20,675 |
| 339 | Other Plant and Misc. Equipment | 103,440 | (9,177) | 94,263 |
| 340 | Office Furniture and Equipment | 199,657 | (74,665) | 124,992 |
| 341 | Transportation Equipment | 302,361 | (61,777) | 240,584 |
| 342 | Stores Equipment | - | - | - |
| 343 | Tools, Shop and Garage Equipment | 30,774 | (2,381) | 28,393 |
| 344 | Laboratory Equipment | 5,964 | (1,002) | 4,962 |
| 345 | Power Operated Equipment | - | - | - |
| 346 | Communication Equipment | 46,576 | (12,655) | 33,921 |
| 347 | Miscellaneous Equipment | 1,146 | (65) | 1,081 |
| 348 | Other Tangible Plant | 1,194,752 | (94,914) | 1,099,838 |
| | TOTALS | 33,465,362 | (2,160,859) | 31,304,503 |

This amount goes on the Balance Sheet Acct. No. 108 

COMPANY NAME: SANTA CRUZ WATER COMPANY

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

| Acct. No. | DESCRIPTION | Original Cost (1) | Depreciation Percentage (2) | Depreciation Expense (1x2) |
|-----------|---|-------------------|-----------------------------|----------------------------|
| 301 | Organization | - | - | - |
| 302 | Franchises | - | - | - |
| 303 | Land and Land Rights | 46,711 | - | - |
| 304 | Structures and Improvements | 414,774 | 3.33% | 14,071 |
| 305 | Collection/Impounding Reservoirs | - | - | - |
| 307 | Wells and Springs | 1,952,158 | 3.33% | 45,197 |
| 309 | Supply Mains | 1,991,453 | 2.00% | 32,297 |
| 310 | Power Generation Equipment | 948 | 5.00% | 24 |
| 311 | Pumping Equipment | 3,086,372 | 12.50% | 288,223 |
| 320 | Water Treatment Equipment | 9,593 | 3.33% or 20.00% | 301 |
| 330 | Distribution Reservoirs and Standpipes | 1,367,063 | 2.22% or 5.00% | 33,675 |
| 331 | Transmission and Distribution Mains | 16,788,850 | 2.00% | 264,049 |
| 333 | Services | 1,565,507 | 3.33% | 38,789 |
| 334 | Meters and Meter Installations | 2,605,488 | 8.33% | 196,613 |
| 335 | Hydrants | 1,727,228 | 2.00% | 27,240 |
| 336 | Backflow Prevention Devices | 24,547 | 6.67% | 1,689 |
| 339 | Other Plant and Misc. Equipment | 103,440 | 10.00% | 4,828 |
| 340 | Office Furniture and Equipment | 199,657 | 6.67% | 44,031 |
| 341 | Transportation Equipment | 302,361 | 20.00% | 44,144 |
| 342 | Stores Equipment | - | - | - |
| 343 | Tools, Shop and Garage Equipment | 30,774 | 5.00% | 1,297 |
| 344 | Laboratory Equipment | 5,964 | 10.00% | 502 |
| 345 | Power Operated Equipment | - | - | - |
| 346 | Communication Equipment | 46,576 | 10.00% | 8,241 |
| 347 | Miscellaneous Equipment | 1,146 | 10.00% | 57 |
| 348 | Other Tangible Plant | 1,194,752 | 10.00% | 77,332 |
| | Plus Depreciation on Non-Utility Assets | | | 67,050 |
| | Less: CIAC amortization | | | - |
| | TOTALS | 33,465,362 | - | 1,189,650 |

This amount goes on the Comparative Statement of Income and Expense Acct. No. 403.

COMPANY NAME: SANTA CRUZ WATER COMPANY

BALANCE SHEET

| Acct No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|-------------|---|------------------------------------|------------------------------|
| | ASSETS | | |
| | CURRENT AND ACCRUED ASSETS | | |
| 131 | Cash | \$ 750 | \$740 |
| 134 | Working Funds | 0 | 0 |
| 135 | Temporary Cash Investments | 0 | 0 |
| 141 | Customer Accounts Receivable | 655,662 | 693,653 |
| 146 | Notes/Receivables from Associated Companies | 0 | 0 |
| 151 | Plant Material and Supplies | 0 | 0 |
| 162 | Prepayments | 27,570 | 27,211 |
| 173 | Accrued Utility Revenue | 0 | 156,985 |
| 174 | Miscellaneous Current and Accrued Assets | 61,264 | 0 |
| | TOTAL CURRENT AND ACCRUED ASSETS | \$ 745,246 | \$878,589 |
| | FIXED ASSETS | | |
| 101 | Utility Plant in Service | \$ 18,678,398 | \$ 33,465,362 |
| 103 | Property Held for Future Use | 0 | 0 |
| 105 | Construction Work in Progress | 7,465,918 | 23,369,592 |
| 108 | Accumulated Depreciation – Utility Plant | (1,072,511) | (2,160,859) |
| 121 | Non-Utility Property | 316,541 | 367,091 |
| 122 | Accumulated Depreciation – Non Utility | 0 | (97,268) |
| | TOTAL FIXED ASSETS | \$ 25,390,602 | \$ 54,943,918 |
| | TOTAL ASSETS | \$ 26,135,851 | \$55,822,507 |

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME: SANTA CRUZ WATER COMPANY

BALANCE SHEET (CONTINUED)

| Acct. No. | | BALANCE AT BEGINNING OF YEAR | BALANCE AT END OF YEAR |
|-----------|---|------------------------------|------------------------|
| | LIABILITIES | | |
| | CURRENT LIABILITIES | | |
| 231 | Accounts Payable | \$ 1,108,614 | \$2,029,055 |
| 232 | Notes Payable (Current Portion) | 0 | 0 |
| 234 | Notes/Accounts Payable to Associated Companies | 0 | 0 |
| 235 | Customer Deposits | 983,712 | 711,020 |
| 236 | Accrued Taxes | 35,041 | 113,256 |
| 237 | Accrued Interest | 7,083 | 16,495 |
| 241 | Miscellaneous Current and Accrued Liabilities | 386,725 | 1,966,572 |
| | TOTAL CURRENT LIABILITIES | \$ 2,521,175 | \$4,836,398 |
| | LONG-TERM DEBT (Over 12 Months) | | |
| 224 | Long-Term Notes and Bonds | \$0 | \$0 |
| | DEFERRED CREDITS | | |
| 251 | Unamortized Premium on Debt | \$0 | \$0 |
| 252 | Advances in Aid of Construction | 7,889,438 | 14,043,997 |
| 255 | Accumulated Deferred Investment Tax Credits | 0 | 0 |
| 271 | Contributions in Aid of Construction | 0 | 0 |
| 272 | Less: Amortization of Contributions | 0 | 0 |
| 281 | Accumulated Deferred Income Tax | 0 | 0 |
| | TOTAL DEFERRED CREDITS | \$ 7,889,438 | \$14,043,997 |
| | TOTAL LIABILITIES | \$ 10,410,613 | \$18,880,395 |
| | CAPITAL ACCOUNTS | | |
| 201 | Common Stock Issued | \$ 10,605,321 | \$27,017,896 |
| 211 | Paid in Capital in Excess of Par Value | 0 | 0 |
| 215 | Retained Earnings | 5,127,362 | 9,924,216 |
| 218 | Proprietary Capital (Sole Props and Partnerships) | 0 | 0 |
| | TOTAL CAPITAL | \$ 15,732,683 | \$36,942,112 |
| | TOTAL LIABILITIES AND CAPITAL | \$ 26,135,851 | \$55,822,507 |

COMPANY NAME: SANTA CRUZ WATER COMPANY

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

| Acct. No. | OPERATING REVENUES | PRIOR YEAR | CURRENT YEAR |
|-----------|--|--------------|--------------|
| 461 | Metered Water Revenue | \$ 3,797,565 | \$6,649,383 |
| 460 | Unmetered Water Revenue | | |
| 474 | Other Water Revenues | 1,309,504 | 1,252,845 |
| | TOTAL REVENUES | \$ 5,107,069 | \$7,902,228 |
| | OPERATING EXPENSES | | |
| 601 | Salaries and Wages | \$0 | \$0 |
| 610 | Purchased Water | 49,020 | 31,200 |
| 615 | Purchased Power | 206,786 | 360,697 |
| 616 | Fuel for Power Production | 0 | 3,110 |
| 618 | Chemicals | 14,882 | 43,291 |
| 620 | Repairs and Maintenance | 31,321 | 37,324 |
| 621 | Office Supplies and Expense | 3,975 | 0 |
| 630 | Outside Services | 677,793 | 1,193,484 |
| 635 | Water Testing | 11,503 | 27,685 |
| 641 | Rents | 29,992 | 3,355 |
| 650 | Transportation Expenses | 1,574 | 0 |
| 657 | Insurance -- General Liability | 62,926 | 0 |
| 659 | Insurance - Health and Life | 0 | 0 |
| 666 | Regulatory Commission Expense | 6,850 | 0 |
| 675 | Miscellaneous Expense | 82,545 | 47,685 |
| 403 | Depreciation Expense | 549,585 | 1,189,650 |
| 408 | Taxes Other Than Income | 15,636 | 19,746 |
| 408.11 | Property Taxes | 59,392 | 106,204 |
| 409 | Income Tax | 0 | 0 |
| | TOTAL OPERATING EXPENSES | \$ 1,803,780 | \$ 3,063,431 |
| | OPERATING INCOME/(LOSS) | \$3,303,289 | \$ 4,838,797 |
| | OTHER INCOME/(EXPENSE) | | |
| 414 | Gain (Loss) from Disposing of Utility Assets | \$ 0 | \$ (15,651) |
| 419 | Interest and Dividend Income | 6,519 | 0 |
| 421 | Non-Utility Income | 0 | 0 |
| 426 | Miscellaneous Non-Utility Expenses | 0 | 0 |
| 427 | Interest Expense | 0 | (22,364) |
| | TOTAL OTHER INCOME/(EXPENSE) | \$ 6,519 | \$ (38,015) |
| | NET INCOME/(LOSS) | \$ 3,309,808 | \$ 4,800,782 |

COMPANY NAME: SANTA CRUZ WATER COMPANY

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

| | LOAN #1 | LOAN #2 | LOAN #3 | LOAN #4 |
|------------------------|----------------|----------------|----------------|----------------|
| Date Issued | | | | |
| Source of Loan | | | | |
| ACC Decision No. | | | | |
| Reason for Loan | | | | |
| Dollar Amount Issued | \$ | \$ | \$ | \$ |
| Amount Outstanding | \$ | \$ | \$ | \$ |
| Date of Maturity | | | | |
| Interest Rate | % | % | % | % |
| Current Year Interest | \$ | \$ | \$ | \$ |
| Current Year Principle | \$ | \$ | \$ | \$ |

Meter Deposit Balance at Test Year End \$ _____

Meter Deposits Refunded During the Test Year \$ _____

| | |
|---|---|
| COMPANY NAME: SANTA CRUZ WATER COMPANY | |
| Name of System | ADEQ Public Water System Number (if applicable) 11-131 |

WATER COMPANY PLANT DESCRIPTION

WELLS

| ADWR ID Number* | Pump Horsepower | Pump Yield (GPM) | Casing Depth (Feet) | Casing Diameter (Inches) | Meter Size (Inches) | Year Drilled |
|-----------------------------------|-----------------|------------------|---------------------|--------------------------|---------------------|--------------|
| 55-612737 – Smith | 100 | 1070 | 1000 | 20 | 8 | 1972 |
| 55-617336 – Vance | 250 | 1965 | 800 | 20 | 10 | 1973 |
| 55-621410 – Porter@ | 100 | 1000 | 400 | 20 | 10 | 1955 |
| 55-621408 – Neely East** | 350 | 2000 | 1000 | 12 | 10 | 1955 |
| 55-621407 – Neely West | 350 | 1980 | 700 | 12 | 10 | 1955 |
| 55-621406 – Neely North | 400 | 2000 | 1000 | 12 | 10 | 1955 |
| 55-801069 – Cobblestone@ | 200 | 1280 | 660 | 12 | 10 | 1957 |
| 55-624037 – Glennwilde** | N/A | 1380 | 1992 | 18 | N/A | 1965 |
| 55-509941 – Rancho Mirage** | 400 | 2800 | 1100 | 16 | N/A | 1985 |
| 55-622132 – Maricopa Meadows@ | UNK | 1400 | 600 | 20 | 4 | UNK |
| 55-612741 – Maricopa Groves# | N/A | 1200 | 1675 | 20 | N/A | UNK |
| 55-612247 – Amarillo Creek East** | 300 | 1800 | 1000 | 18 | 10 | 1973 |
| 55-612250 – Sunset Canyon** | 300 | 1500 | 1200 | 16 | 10 | 1978 |

** Well undergoing rehabilitation.
Not operational
@ construction/irrigation use only

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

| Name or Description | Capacity (gpm) | Gallons Purchased or Obtained (in thousands) |
|---------------------|----------------|--|
| | | |

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|---------------|----------|-------------------|----------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| 150 HP | 4 | 740 | 0 |
| 40 HP | 4 | | |
| 75 HP | 4 | | |
| 50 HP | 4 | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|---------------|----------|----------------|----------|
| Capacity | Quantity | Capacity | Quantity |
| 500,000 | 2 | 5,000 | 4 |
| 1,500,000 | 2 | | |

Note: If you are filing for more than one system, please provide separate sheets for each system.

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only**

VERIFICATION

**STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE**

| | |
|--|--------------------------------|
| COUNTY OF (COUNTY NAME) Pinal County <i>MARICOPA</i> | |
| NAME (OWNER OR OFFICIAL) <i>Cindy Liles</i> | TITLE <i>CFO/SVP of Growth</i> |
| COMPANY NAME <i>Global Water - Santa Cruz Water Company</i> | |

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING**

| | | |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12 | 31 | 2006 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

| |
|--|
| ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>3,511,245.81</u>** |
|--|

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 301,967.14**
IN SALES TAXES BILLED, OR COLLECTED)

**Excludes unregulated revenue of \$ 1,519,192.31 and taxes of \$ 130,650.54

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**

Cindy Liles
SIGNATURE OF OWNER OR OFFICIAL

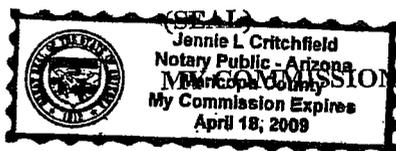
623-580-9600
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS *16th* DAY OF

| | |
|---|---------------|
| NOTARY PUBLIC NAME <i>Jennie L. Critchfield</i> | |
| COUNTY NAME <i>Maricopa</i> | |
| MONTH <i>April</i> | .20 <i>07</i> |



COMMISSION EXPIRES *4/18/09*

Jennie L. Critchfield
SIGNATURE OF NOTARY PUBLIC

EXHIBIT

"7"

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****BALTERRA SEWER CORP*****

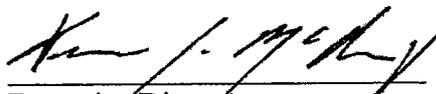
a domestic corporation organized under the laws of the State of Arizona, did incorporate on June 15, 2005.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 12th Day of October, 2007, A. D.




Executive Director

Order Number: 181072

EXHIBIT

"8"

COMPANY NAME: SANTA CRUZ WATER COMPANY

Name of System **ADEQ Public Water System Number (if applicable) 11-131**

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

| Size (in inches) | Material | Length (in feet) |
|------------------|----------|------------------|
| 2 | PVC | 11,340 |
| 3 | PVC | 220 |
| 6 | PVC | 26,696 |
| 8 | PVC | 262,739 |
| 10 | PVC | 13,231 |
| 12 | PVC | 69,983 |
| 16 | PVC | 70,322 |
| 20 | PVC | 10,200 |
| | | |
| 6 | DIP | 177 |
| 8 | DIP | 720 |
| 12 | DIP | 2,233 |
| 16 | DIP | 38,107 |
| 24 | DIP | 4 |

CUSTOMER METERS

| Size (in inches) | Quantity |
|------------------|----------|
| 5/8 X 3/4 | 1,827 |
| 3/4 | 10,690 |
| 1 | 85 |
| 1 1/2 | 41 |
| 2 | 94 |
| Comp. 3 | 1 |
| Turbo 3 | 3 |
| Comp. 4 | 1 |
| Turbo 4 | 2 |
| Comp. 6 | 0 |
| Turbo 6 | 0 |
| Hydrant | 45 |
| | |
| | |

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

Chlorine Injection System at Main Water Distribution Center and at Groves WDC and Meadows WDC.

STRUCTURES:

Mobile Mini Trailer
Masonry Brick Walls (Vance Well, WTP, WDCs)
Office Trailer (@ Maricopa Meadows)
Office/Customer Service Center

OTHER:

SCADA Communications System & Video Monitoring System
ITRON 2.0 Radio AMR System (endpoints, MVRS mobile read system, handhelds)
ITRON Fixed Network 2.5 AMR System (CCUs, endpoints)
Trailer Mounted Emergency Generator
Switchgear for Distribution System & Well Sites
1 x 600 kW Emergency D/G
2 x Chevrolet Trailblazer
10 x Silverado Utility Vehicles
3 x Colorado Utility Vehicles
3 x Service Body Vehicles
1 x Econoline Van

Note: If you are filing for more than one system, please provide separate sheets for each system.

EXHIBIT

"9"

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



SW-20403A
Balterra Sewer Corp.
c/o Jay Shapiro
3003 N. Central Ave. Suite 2600
Phoenix, Arizona 85012

ANNUAL REPORT

FOR YEAR ENDING

| | | |
|----|----|------|
| 12 | 31 | 2006 |
|----|----|------|

FOR COMMISSION USE

| | |
|-------|----|
| ANN05 | 06 |
|-------|----|

COMPANY INFORMATION

Company Name (Business Name) Balterra Sewer Corp.

Mailing Address 6720 North Scottsdale Road, Suite #250

(Street)

Scottsdale

(City)

Arizona

(State)

85253

(Zip)

480-422-6900

Telephone No. (Include Area Code)

480-422-6920

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address 6720 North Scottsdale Road, Suite #250

(Street)

Scottsdale

(City)

Arizona

(State)

85253

(Zip)

480-422-6900

Local Office Telephone No. (Include Area Code)

480-422-6920

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Joel H. Farkas President

(Name)

(Title)

6720 North Scottsdale Road, Suite #250 Scottsdale Arizona 85253

(Street)

(City)

(State)

(Zip)

480-422-6900

Telephone No. (Include Area Code)

480-422-6920

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: None at this time

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: R. Neil Irwin, Esq. of Bryan Cave LLP
(Name)

2 North Central Avenue, Suite #2200 Phoenix Arizona 85004
(Street) (City) (State) (Zip)

602-364-7000 602-364-7070
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Jay Shapiro of Fenemore Craig, P.C.
(Name)

3003 North Central Avenue, Suite #2600 Phoenix Arizona 85012
(Street) (City) (State) (Zip)

602-916-5000 602-916-5999
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Please mark this box if the above address(es) have changed or are updated since the last filing.
OWNERSHIP INFORMATION

Check the following box that applies to your company:

- Sole Proprietor (S)
- C Corporation (C) (Other than Association/Co-op)
- Partnership (P)
- Subchapter S Corporation (Z)
- Bankruptcy (B)
- Association/Co-op (A)
- Receivership (R)
- Limited Liability Company
- Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- APACHE
- COCHISE
- COCONINO
- GILA
- GRAHAM
- GREENLEE
- LA PAZ
- MARICOPA
- MOHAVE
- NAVAJO
- PIMA
- PINAL
- SANTA CRUZ
- YAVAPAI
- YUMA
- STATEWIDE

COMPANY NAME **Balterra Sewer Corp.**

UTILITY PLANT IN SERVICE

| Acct. No. | DESCRIPTION | Original Cost (OC) | Accumulated Depreciation (AD) | O.C.L.D. (OC less AD) |
|-----------|---------------------------------|--------------------|-------------------------------|-----------------------|
| 351 | Organization | | | |
| 352 | Franchises | | | |
| 353 | Land and Land Rights | | | |
| 354 | Structures and Improvements | | | |
| 355 | Power Generation Equipment | | | |
| 360 | Collection Sewers – Force | | | |
| 361 | Collection Sewers – Gravity | | | |
| 362 | Special Collecting Structures | | | |
| 363 | Services to Customers | | | |
| 364 | Flow Measuring Devices | | | |
| 365 | Flow Measuring Installations | | | |
| 370 | Receiving Wells | | | |
| 380 | Treatment and Disposal Equip. | | | |
| 381 | Plant Sewers | | | |
| 382 | Outfall Sewer Lines | | | |
| 389 | Other Plant and Misc. Equipment | | | |
| 390 | Office Furniture and Equipment | | | |
| 391 | Transportation Equipment | | | |
| 393 | Tools, Shop and Garage Equip. | | | |
| 394 | Laboratory Equipment | | | |
| 395 | Power Operated Equipment | | | |
| 398 | Other Tangible Plant | | | |
| | TOTALS | 0 | 0 | 0 |

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME **Balterra Sewer Corp.**

CALCULATION OF DEPRECIATION EXPENSE

| Acct. No. | DESCRIPTION | Original Cost (1) | Depreciation Percentage (2) | Depreciation Expense (1x2) |
|-----------|---------------------------------|-------------------|-----------------------------|----------------------------|
| 351 | Organization | | | |
| 352 | Franchises | | | |
| 353 | Land and Land Rights | | | |
| 354 | Structures and Improvements | | | |
| 355 | Power Generation Equipment | | | |
| 360 | Collection Sewers – Force | | | |
| 361 | Collection Sewers – Gravity | | | |
| 362 | Special Collecting Structures | | | |
| 363 | Services to Customers | | | |
| 364 | Flow Measuring Devices | | | |
| 365 | Flow Measuring Installations | | | |
| 370 | Receiving Wells | | | |
| 380 | Treatment and Disposal Equip. | | | |
| 381 | Plant Sewers | | | |
| 382 | Outfall Sewer Lines | | | |
| 389 | Other Plant and Misc. Equipment | | | |
| 390 | Office Furniture and Equipment | | | |
| 391 | Transportation Equipment | | | |
| 393 | Tools, Shop and Garage Equip. | | | |
| 394 | Laboratory Equipment | | | |
| 395 | Power Operated Equipment | | | |
| 398 | Other Tangible Plant | | | |
| | TOTALS | 0 | | 0 |

This amount goes on the Comparative Statement of Income and Expense Acct. 403 

COMPANY NAME **Balterra Sewer Corp.**

BALANCE SHEET

| Acct No. | ASSETS | BALANCE AT BEGINNING OF TEST YEAR | BALANCE AT END OF YEAR |
|-------------|---|---|------------------------------|
| | CURRENT AND ACCRUED ASSETS | | |
| 131 | Cash | \$ 0 | \$ (9,493) |
| 132 | Special Deposits | | |
| 135 | Temporary Cash Investments | | |
| 141 | Customer Accounts Receivable | | |
| 146 | Notes/Receivables from Associated Companies | | |
| 151 | Plant Material and Supplies | | |
| 162 | Prepayments | | |
| 174 | Miscellaneous Current and Accrued Assets | | |
| | TOTAL CURRENT AND ACCRUED ASSETS | \$ 0 | \$ (9,493) |
| | FIXED ASSETS | | |
| 101 | Utility Plant in Service | \$ 0 | |
| 103 | Property Held for Future Use | | |
| 105 | Construction Work in Progress | | 1,584,746 |
| 108 | Accumulated Depreciation – Utility Plant | | |
| 121 | Non-Utility Property | | |
| 122 | Accumulated Depreciation – Non Utility | | |
| | TOTAL FIXED ASSETS | \$ 0 | \$ 1,584,746 |
| | TOTAL ASSETS | \$ 0 | \$ 1,575,253 |

NOTE: Total Assets on this page should equal **Total Liabilities and Capital** on the following page.

COMPANY NAME **Balterra Sewer Corp.**

BALANCE SHEET (CONTINUED)

| Acct · No. | LIABILITIES | BALANCE AT BEGINNING OF TEST YEAR | BALANCE AT END OF YEAR |
|------------------|---|---|------------------------------|
| | CURRENT LIABILITES | | |
| 231 | Accounts Payable | \$ 0 | \$ 0 |
| 232 | Notes Payable (Current Portion) | | |
| 234 | Notes/Accounts Payable to Associated Companies | | |
| 235 | Customer Deposits | | |
| 236 | Accrued Taxes | | |
| 237 | Accrued Interest | | |
| 241 | Miscellaneous Current and Accrued Liabilities | | |
| | TOTAL CURRENT LIABILITIES | \$ 0 | \$ 0 |
| | | | |
| | LONG-TERM DEBT (Over 12 Months) | | |
| 224 | Long-Term Notes and Bonds | \$ 0 | \$ 0 |
| | | | |
| | DEFERRED CREDITS | | |
| 252 | Advances in Aid of Construction | \$ 0 | \$ 0 |
| 253 | Other Deferred Credits | | |
| 255 | Accumulated Deferred Investment Tax Credits | | |
| 271 | Contributions in Aid of Construction | | |
| 272 | Less: Amortization of Contributions | | |
| 281 | Accumulated Deferred Income Tax | | |
| | TOTAL DEFERRED CREDITS | \$ 0 | \$ 0 |
| | | | |
| | TOTAL LIABILITIES | \$ 0 | \$ 0 |
| | | | |
| | CAPITAL ACCOUNTS | | |
| 201 | Common Stock Issued | \$ 0 | \$ 1,575,313 |
| 211 | Other Paid in Capital | | |
| 215 | Retained Earnings | | (60) |
| 218 | Proprietary Capital (Sole Props and Partnerships) | | |
| | TOTAL CAPITAL | \$ 0 | \$ 1,575,253 |
| | | | |
| | TOTAL LIABILITIES AND CAPITAL | \$ 0 | \$ 1,575,253 |

COMPANY NAME Balterra Sewer Corp.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

| Acct. No. | OPERATING REVENUES | PRIOR YEAR | CURRENT YEAR |
|-----------|-------------------------------------|------------|--------------|
| 521 | Flat Rate Revenues | \$ 0 | \$ 0 |
| 522 | Measured Revenues | | |
| 536 | Other Wastewater Revenues | | |
| | TOTAL REVENUES | \$ 0 | \$ 0 |
| | OPERATING EXPENSES | | |
| 701 | Salaries and Wages | \$ 0 | \$ 0 |
| 710 | Purchased Wastewater Treatment | | |
| 711 | Sludge Removal Expense | | |
| 715 | Purchased Power | | |
| 716 | Fuel for Power Production | | |
| 718 | Chemicals | | |
| 720 | Materials and Supplies | | |
| 731 | Contractual Services – Professional | | 60 |
| 735 | Contractual Services – Testing | | |
| 736 | Contractual Services – Other | | |
| 740 | Rents | | |
| 750 | Transportation Expense | | |
| 755 | Insurance Expense | | |
| 765 | Regulatory Commission Expense | | |
| 775 | Miscellaneous Expense | | |
| 403 | Depreciation Expense | | |
| 408 | Taxes Other Than Income | | |
| 408.11 | Property Taxes | | |
| 409 | Income Taxes | | |
| | TOTAL OPERATING EXPENSES | \$ 0 | \$ 60 |
| | OTHER INCOME/EXPENSE | | |
| 419 | Interest and Dividend Income | \$ 0 | \$ 0 |
| 421 | Non-Utility Income | | |
| 426 | Miscellaneous Non-Utility Expenses | | |
| 427 | Interest Expense | | |
| | TOTAL OTHER INCOME/EXPENSE | \$ 0 | \$ 0 |
| | NET INCOME/(LOSS) | \$ 0 | \$ (60) |

COMPANY NAME Balterra Sewer Corp.

NO LONG-TERM DEBT

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

| | LOAN #1 | LOAN #2 | LOAN #3 | LOAN #4 |
|------------------------|----------------|----------------|----------------|----------------|
| Date Issued | N/A | N/A | N/A | N/A |
| Source of Loan | | | | |
| ACC Decision No. | | | | |
| Reason for Loan | | | | |
| Dollar Amount Issued | \$ | \$ | \$ | \$ |
| Amount Outstanding | \$ | \$ | \$ | \$ |
| Date of Maturity | | | | |
| Interest Rate | % | % | % | % |
| Current Year Interest | \$ | \$ | \$ | \$ |
| Current Year Principle | \$ | \$ | \$ | \$ |

COMPANY NAME **Balterra Sewer Corp.**

INTENTIONALLY LEFT BLANK

WASTEWATER COMPANY PLANT DESCRIPTION

TREATMENT FACILITY

| | |
|---|--|
| TYPE OF TREATMENT (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.) | |
| DESIGN CAPACITY OF PLANT (Gallons Per Day) | |

LIFT STATION FACILITIES

| Location | Quantity of Pumps | Horsepower Per Pump | Capacity Per Pump (GPM) | Wet Well Capacity (gals) |
|----------|-------------------|---------------------|-------------------------|--------------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

FORCE MAINS

| Size | Material | Length (Feet) |
|--------|----------|---------------|
| 4-inch | | |
| 6-inch | | |
| | | |
| | | |

MANHOLES

| Type | Quantity |
|----------|----------|
| Standard | |
| Drop | |
| | |

CLEANOUTS

| Quantity |
|----------|
| |
| |
| |

COMPANY NAME: SANTA CRUZ WATER COMPANY

Name of System ADEQ Public Water System Number (if applicable) 11-131

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

| MONTH/YEAR | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) | GALLONS PUMPED (Thousands) | GALLONS PURCHASED (Thousands) |
|-----------------|---------------------|--------------------------|----------------------------|-------------------------------|
| JANUARY | 9887 | 94,370 | 106,541 | |
| FEBRUARY | 10172 | 104,725 | 100,339 | |
| MARCH | 10680 | 80,784 | 83,219 | |
| APRIL | 10896 | 121,471 | 119,800 | |
| MAY | 11138 | 295,226 | 160,026 | |
| JUNE | 11319 | 133,812 | 186,297 | |
| JULY | 11593 | 151,352 | 214,110 | |
| AUGUST | 11793 | 220,895 | 211,360 | |
| SEPTEMBER | 11971 | 167,459 | 189,362 | |
| OCTOBER | 12424 | 135,442 | 194,666 | |
| NOVEMBER | 12577 | 138,754 | 177,599 | |
| DECEMBER | 12744 | 157,651 | 177,061 | |
| TOTALS → | | 1,801,948 | 1,920,379 | 0 |

*Includes all active customers in database: residential, builder, commercial, HOA/Irrigation, Construction Water. Also includes all 387 DWID customers.

What is the level of arsenic for each well on your system? See below mg/l
(If more than one well, please list each separately.)

| ADWR # | Name | Average As, mg/L |
|-----------|------------------|---|
| 55-612737 | Smith | 0.0084 mg/L |
| 55-617336 | Vance | 0.0075 mg/L |
| 55-621410 | Porter | Not used for potable supply |
| 55-801069 | Cobblestone | Not used for potable supply |
| 55-621407 | Neely West | 0.0069 mg/L |
| 55-621408 | Neely East | Undergoing further rehabilitation (re-lining) in 2007 |
| 55-621406 | Neely North | 0.0087 mg/L |
| 55-624037 | Glennwilde | 0.0054 mg/L |
| 55-509941 | Rancho Mirage | 0.004 mg/L |
| 55-622132 | Maricopa Meadows | Construction/Irrigation use only |
| 55-612741 | Maricopa Groves | Not Operational |

If system has fire hydrants, what is the fire flow requirement? 1,000 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

Yes

No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

Yes

No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

Yes

No

If yes, provide the GPCPD amount: 125

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME SANTA CRUZ WATER COMPANY YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: **\$82,215.14**

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

VERIFICATION

STATE OF ARIZONA
I, THE UNDERSIGNED
OF THE

| |
|--|
| COUNTY OF (COUNTY NAME) <u>MARICOPA</u> |
| NAME (OWNER OR OFFICIAL) TITLE <u>LINDY LILES, SUP Growth + CFO</u> |
| COMPANY NAME <u>SANTA CRUZ WATER COMPANY</u> |

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| | | |
|-----------|-----------|-------------|
| MONTH | DAY | YEAR |
| <u>12</u> | <u>31</u> | <u>2006</u> |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Cindy Liles
SIGNATURE OF OWNER OR OFFICIAL
623-580-9600
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

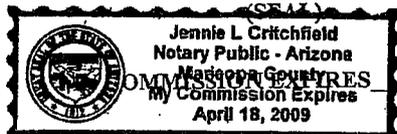
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

16

DAY OF

| | |
|-------------|----------------------------|
| COUNTY NAME | <u>Maricopa</u> |
| MONTH | <u>April</u> <u>2007</u> |



4/18/09

Jennie Critchfield
SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Santa Cruz Water Co., LLC YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported

Tax return has been extended. This page will be amended and resubmitted when tax return has been filed.

Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported

Tax return has been extended. This page will be amended and resubmitted when tax return has been filed.

Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____

0

Amount of Gross-Up Tax Collected _____

0

Total Grossed-Up Contributions/Advances _____

0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Cindy M. Liles

SIGNATURE

April 16, 2007

DATE

Cindy M. Liles

PRINTED NAME

SVP-CFO

TITLE

COMPANY NAME **Balterra Sewer Corp.**

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WASTEWATER COMPANY PLANT DESCRIPTION (CONTINUED)

COLLECTION MAINS

SERVICES

| Size (in inches) | Material | Length (in feet) |
|---------------------|----------|---------------------|
| 4 | | |
| 6 | | |
| 8 | | |
| 10 | | |
| 12 | | |
| 15 | | |
| 18 | | |
| 21 | | |
| 24 | | |
| 30 | | |
| | | |

| Size (in inches) | Material | Quantity |
|---------------------|----------|----------|
| 4 | | |
| 6 | | |
| 8 | | |
| 12 | | |
| 15 | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY

| | |
|--|--|
| SOLIDS PROCESSING AND HANDLING FACILITIES | |
| DISINFECTION EQUIPMENT (Chlorinator, Ultra-Violet, Etc.) | |
| FILTRATION EQUIPMENT (Rapid Sand, Slow Sand, Activated Carbon, Etc.) | |
| STRUCTURES (Buildings, Fences, Etc.) | |
| OTHER (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.) | |

COMPANY NAME Balterra Sewer Corp.

WASTEWATER FLOWS

| MONTH/YEAR (Most Recent 12 Months) | NUMBER OF SERVICES | TOTAL MONTHLY SEWAGE FLOW | SEWAGE FLOW ON PEAK DAY |
|---|-------------------------------|--------------------------------------|------------------------------------|
| Jan 2006 | 0 | 0 | 0 |
| Feb | 0 | 0 | 0 |
| Mar | 0 | 0 | 0 |
| Apr | 0 | 0 | 0 |
| May | 0 | 0 | 0 |
| Jun | 0 | 0 | 0 |
| Jul | 0 | 0 | 0 |
| Aug | 0 | 0 | 0 |
| Sep | 0 | 0 | 0 |
| Oct | 0 | 0 | 0 |
| Nov | 0 | 0 | 0 |
| Dec | 0 | 0 | 0 |

PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE

| | |
|---|--|
| Method of Effluent Disposal (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.) | |
| Wastewater Inventory Number (all wastewater systems are assigned an inventory number) | |
| Groundwater Permit Number | |
| ADEQ Aquifer Protection Permit Number | |
| ADEQ Reuse Permit Number | |
| EPA NPDES Permit Number | |

STATISTICAL INFORMATION

Total number of customers 0

Total number of gallons treated 0 gallons

COMPANY NAME Balterra Sewer Corp.

YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 0
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 0
Estimated or Actual State Tax Liability 0

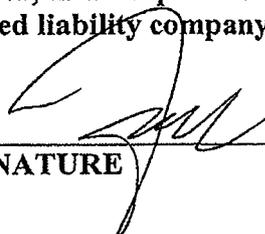
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

4/13/07
DATE

JOEL H. FARIKAS
PRINTED NAME

President
TITLE

COMPANY NAME Balterra Sewer Corp. YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 0

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. Sewer operations have not started.

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED
OF THE

| |
|---|
| COUNTY OF (COUNTY NAME) Pinal County <i>MARICOPA</i> |
| NAME (OWNER OR OFFICIAL) TITLE Cindy Liles, CFO/SVP of Growth Mgmt |
| COMPANY NAME <i>Global Water- Santa Cruz Water Company</i> |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| MONTH | DAY | YEAR |
|-------|-----|------|
| 12 | 31 | 2006 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

| |
|--|
| Arizona Intrastate Gross Operating Revenues Only (\$) \$ <u>5,919,222.67*</u> |
|--|

*Excludes unregulated revenues of \$ 2,387,297.15 and tax of \$ 205,307.55

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 404,291.82*
IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

Cindy Liles

SIGNATURE OF OWNER OR OFFICIAL

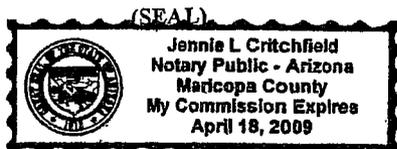
623-580-9600

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 10th DAY OF

| |
|----------------------------------|
| COUNTY NAME <i>Maricopa</i> |
| MONTH <i>April</i> .20 <u>07</u> |



Jennie L. Critchfield

SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

| |
|---------------------------------------|
| COUNTY OF <u>Maricopa</u> |
| NAME <u>Joel H. Farkas, President</u> |
| <u>Balterra Sewer Corp</u> |

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| MONTH | DAY | YEAR |
|-------|-----|------|
| 12 | 31 | 2006 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Joel H. Farkas

 SIGNATURE OF OWNER OR OFFICIAL

 480-422-6900

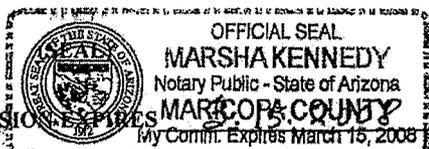
 TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 13th DAY OF April

| |
|----------------------------------|
| COUNTY NAME <u>Maricopa</u> |
| MONTH <u>April</u> . <u>2007</u> |



Marsha Kennedy

 SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES MARICOPA COUNTY
 My Comm. Expires March 15, 2008

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF Arizona

COUNTY OF Maricopa

I, THE UNDERSIGNED
OF THE

NAME Joel H. Farkas, President

Balterra Sewer Corp

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| MONTH | DAY | YEAR |
|-------|-----|------|
| 12 | 31 | 2006 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

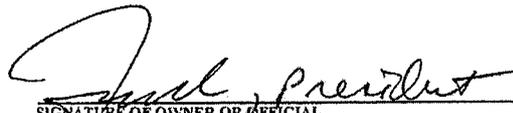
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

| |
|---|
| Arizona Intrastate Gross Operating Revenues Only (\$) \$ _____ |
|---|

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ _____
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**


 SIGNATURE OF OWNER OR OFFICIAL

 480-422-6900
 TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

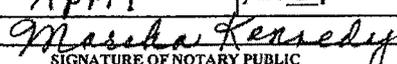
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 13th DAY OF

| | |
|-------------|----------------------------|
| COUNTY NAME | <u>Maricopa</u> |
| MONTH | <u>April</u> , <u>2007</u> |

MY COMMISSION




 SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

COUNTY OF Maricopa

STATE OF Arizona

NAME Joel H. Farkas, President

I, THE UNDERSIGNED
OF THE

Balterra Sewer Corp

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

| MONTH | DAY | YEAR |
|-------|-----|------|
| 12 | 31 | 2006 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

| |
|---|
| ARIZONA INTRASTATE GROSS OPERATING REVENUES |
| \$ _____ |

(THE AMOUNT IN BOX AT LEFT INCLUDES \$ _____ IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED.

X Joel H. Farkas
SIGNATURE OF OWNER OR OFFICIAL
480-422-6900
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 13th DAY OF

| | |
|--------------------|----------------------------|
| NOTARY PUBLIC NAME | <u>MARSHA Kennedy</u> |
| COUNTY NAME | <u>Maricopa</u> |
| MONTH | <u>April</u> . <u>2007</u> |

OFFICIAL SEAL
MARSHA KENNEDY
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires March 15, 2008

X Marsha Kennedy
SIGNATURE OF NOTARY PUBLIC