



COMMISSIONERS

- Mike Gleason, Chairman
- William A. Mundell
- Jeff Hatch-Miller
- Kristin K. Mayes
- Gary Pierce

RECEIVED

2007 AUG -9 P 3: 29

AZ CORP COMMISSION  
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

ARIZONA WATER COMPANY, an Arizona corporation,

Complainant,

vs.

GLOBAL WATER RESOURCES, LLC, a foreign limited liability company; GLOBAL WATER RESOURCES, INC., a Delaware corporation; GLOBAL WATER MANAGEMENT, LLC, a foreign limited liability company; SANTA CRUZ WATER COMPANY, LLC, an Arizona limited liability corporation; PALO VERDE UTILITIES COMPANY, LLC, an Arizona limited liability corporation; GLOBAL WATER - SANTA CRUZ WATER COMPANY, an Arizona corporation; GLOBAL WATER - PALO VERDE UTILITIES COMPANY, an Arizona corporation; JOHN AND JANE DOES 1-20; ABC ENTITIES I - XX,

Respondents.

DOCKET NOS.

W-01445A-06-0200

SW-20445A-06-0200

W-20446A-06-0200

W-03576A-06-0200

SW-03575A-06-0200

ARIZONA WATER COMPANY'S  
REPLY IN SUPPORT OF ITS  
MOTION TO COMPEL AND  
RESPONSE TO CROSS-MOTIONS  
TO COMPEL AND FOR A  
PROTECTIVE ORDER

Arizona Corporation Commission

DOCKETED

AUG -9 2007

DOCKETED BY	ne
-------------	----

Arizona Water Company hereby submits this reply in support of its motion to compel the Global Respondents (collectively, "Global") to respond completely to data requests and deposition questions. Arizona Water Company also hereby responds in opposition to

Bryan Cave LLP  
Two North Central Avenue, Suite 2200  
Phoenix, Arizona 85004-4406  
(602) 364-7000

1 Global's cross-motion to compel and cross-motion for a protective order dated July 26,  
2 2007. These discovery issues are scheduled to be addressed at a Procedural Conference set  
3 for August 14, 2007 at 10 a.m.

4 Arizona Water Company previously filed a companion motion in Docket No. W-  
5 01445A-06-0199, now pending before Judge Yvette Kinsey, and Administrative Law Judge  
6 Dwight Nodes in this proceeding has been provided with the full briefing in that motion.<sup>1</sup>  
7 Arizona Water Company has also provided Administrative Law Judge Nodes in this  
8 proceeding with the deposition transcripts of Global representatives Trevor Hill (taken on  
9 June 18, 2007) and Cindy Liles (taken on June 26, 2007). As discussed in the conference  
10 call with Administrative Law Judge Nodes on August 3, 2007, these discovery issues have  
11 been addressed in the prior briefing. Arizona Water Company incorporates those briefs as if  
12 set forth in this reply and response. In this memorandum, Arizona Water Company rebuts  
13 certain arguments made in Global's Response and Cross-Motions filed on July 26, 2007 that  
14 have not been previously addressed directly. Arizona Water Company also incorporates the  
15 direct testimony of William Garfield and Joseph Harris, and the Global deposition  
16 designations that Arizona Water Company filed in this docket on August 3, 2007.

17 First, Global has still failed to provide full and complete information about its  
18 Infrastructure Coordination and Finance Agreements ("ICFAs"). As previously explained,  
19 Global disclosed a list of apparently as many as 210 ICFAs in October 2006 and contended  
20 that Arizona Water Company could go retrieve copies of all the ICFAs from various county  
21 recorders itself. But apart from being unduly burdensome, Global's contention was flatly  
22 untrue because Global never gave Arizona Water Company sufficient information to allow  
23 it to retrieve any of the ICFAs. In May 2007, Global disclosed a CD of allegedly "all"  
24 ICFAs containing copies of 129 ICFAs. Arizona Water Company informed Global that it  
25 knew of ICFAs in addition to those contained on the CD. Then, in her deposition on June  
26

27 \_\_\_\_\_  
28 <sup>1</sup> By agreement of the parties, discovery in the two dockets can be used in each docket.

1 26, 2007, Cindy Liles admitted that not all ICFAs had been recorded, including numerous  
2 ICFAs that infringed on Arizona Water Company's Stanfield CCN area. Liles Dep. at 27-  
3 33. On July 23, 2007, Global provided a new list of allegedly "all" ICFAs, which seemed to  
4 list as many as 151 ICFAs. Combining the three sources and eliminating duplications,  
5 Arizona Water Company can estimate that there could be approximately 196 ICFAs. At this  
6 point, Arizona Water Company still has no certainty as to basic facts, such as the true  
7 number of ICFAs – 196, 210, or some other number. Moreover, Global has so far failed to  
8 provide copies of all ICFAs, particularly (so far as Arizona Water Company can identify)  
9 any of the ICFAs that infringe on Arizona Water Company's Stanfield CCN area -- which  
10 Ms. Liles testified were never recorded. Obtaining copies of these executed ICFA  
11 agreements with landowners within Arizona Water Company's existing CCN areas is  
12 critical to the presentation of Arizona Water Company's case.

13  
14 Global's other assertions of compliance with its discovery obligations are equally  
15 unsupported. For example, Global asserts that it allowed an inspection of the journal entries  
16 of Santa Cruz Water Company ("SCWC"). However, Global failed to allow a similar  
17 inspection of the records of its other affiliates, particularly SCWC's parent, Global Water  
18 Resources, LLC ("GWR"). Thus, Arizona Water Company still has little information about  
19 how GWR collects and accounts for ICFA funds, or how it uses those funds to provide  
20 capital to SCWC and its other affiliates.

21 Global's arguments concerning the numerous objections and refusals to answer  
22 during the depositions of Trevor Hill and Cindy Liles also lack merit. For example, Global  
23 contends that there were only three instances in which the witness did not answer a  
24 deposition question. Global's Response at 3 n.10. A cursory review of the deposition  
25 transcripts reveals numerous times at which the witness failed to answer, hid behind  
26 counsel's objections or repeatedly asked that a simple, straightforward question that was  
27 entirely proper as to form be rephrased or clarified. Moreover, each time the witness  
28 refused to answer, that refusal shut down an entire line of questioning, not merely a single,

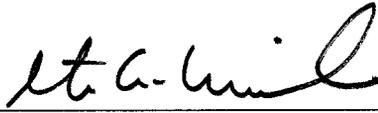
1 isolated question. To avoid page after page of repetitive instructions not to answer, Global's  
2 lawyer made a standing instruction to its witness not to answer all questions Arizona Water  
3 Company would ask the Global witness concerning the entire category of information  
4 sought. Thus, the specific instructions not to answer are tantamount to hundreds of  
5 repetitive instructions not to answer, all on issues that are critical to Arizona Water  
6 Company's ability to make its case on the alter ego, ICFA and public service corporation  
7 issues in this case.

8 Global also contends that "[t]here is no need to rule" on Global's numerous  
9 objections "until and unless AWC offers the deposition transcripts into evidence." Global's  
10 Response at 3 & n.11. Arizona Water Company filed the transcripts as direct evidence on  
11 August 3, 2007. These transcripts directly relate to Arizona Water Company's motion to  
12 compel because these transcripts show clearly that Global's lawyers and witnesses  
13 systematically evaded their obligation to provide information and evidence that Arizona  
14 Water Company requires to prepare and present its case and that the Commission itself  
15 needs to fully investigate and carefully scrutinize all of Global's activities and practices  
16 which are at issue in this case. Thus, the time is ripe for the Commission to grant the  
17 Motion to Compel and overrule Global's repeated objections and refusals to answer Arizona  
18 Water Company's questions, as those transcripts clearly show.

19 In conclusion, Global should not be allowed to rush this matter to hearing and argue  
20 that Arizona Water Company cannot meet its burden of proof, while also having exclusive  
21 control of the evidence the Commission needs to consider, and refusing to disclose that  
22 evidence. Global must be ordered to disclose the evidence necessary to allow the  
23 Commission to consider the range of issues set forth in Arizona Water Company's Formal  
24 Complaint, and Arizona Water Company must be allowed to supplement its direct case once  
25 this evidence is disclosed and reviewed.  
26  
27  
28

1 RESPECTFULLY SUBMITTED this 9th day of August, 2007.

2  
3 BRYAN CAVE LLP

4  
5 By 

6 Steven A. Hirsch, #006360  
7 Rodney W. Ott, #016686  
8 Two N. Central Avenue, Suite 2200  
9 Phoenix, AZ 85004-4406  
10 Attorneys for Arizona Water Company

11 **ORIGINAL and 13 COPIES** of the foregoing  
12 filed this 9th day of August, 2007 with:

13 Docket Control Division  
14 Arizona Corporation Commission  
15 1200 W. Washington  
16 Phoenix, AZ 85007

17 **COPY** of the foregoing hand-delivered/  
18 mailed this 9th day of August, 2007 to:

19 Dwight D. Nodes [hand-delivered]  
20 Administrative Law Judge  
21 Hearing Division  
22 Arizona Corporation Commission  
23 1200 W. Washington  
24 Phoenix, AZ 85007

25 Christopher Kempley, Esq. [hand-delivered]  
26 Chief Counsel, Legal Division  
27 Arizona Corporation Commission  
28 1200 W. Washington  
Phoenix, AZ 85007

1 Ernest G. Johnson [hand-delivered]  
2 Director, Utilities Division  
3 Arizona Corporation Commission  
4 1200 W. Washington  
5 Phoenix, AZ 85007

6 Michael W. Patten, Esq.  
7 Timothy J. Sabo, Esq.  
8 Roshka DeWulf & Patten, PLC  
9 One Arizona Center  
10 400 E. Van Buren St., Suite 800  
11 Phoenix, AZ 85004  
12 Attorneys for Applicants  
13 Santa Cruz Water Company, L.L.C.  
14 and Palo Verde Utilities Company, L.L.C.

15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  


Bryan Cave LLP  
Two North Central Avenue, Suite 2200  
Phoenix, Arizona 85004-4406  
(602) 364-7000