



Transcript Exhibit(s)

Arizona Corporation Commission

DOCKETED

OCT 11 2007

Docket #(s): W-03576A-07-0305

SW-03575A-07-0305

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2007 OCT 11 P 4:09
AZ CORP COMMISSION
DOCKET CONTROL

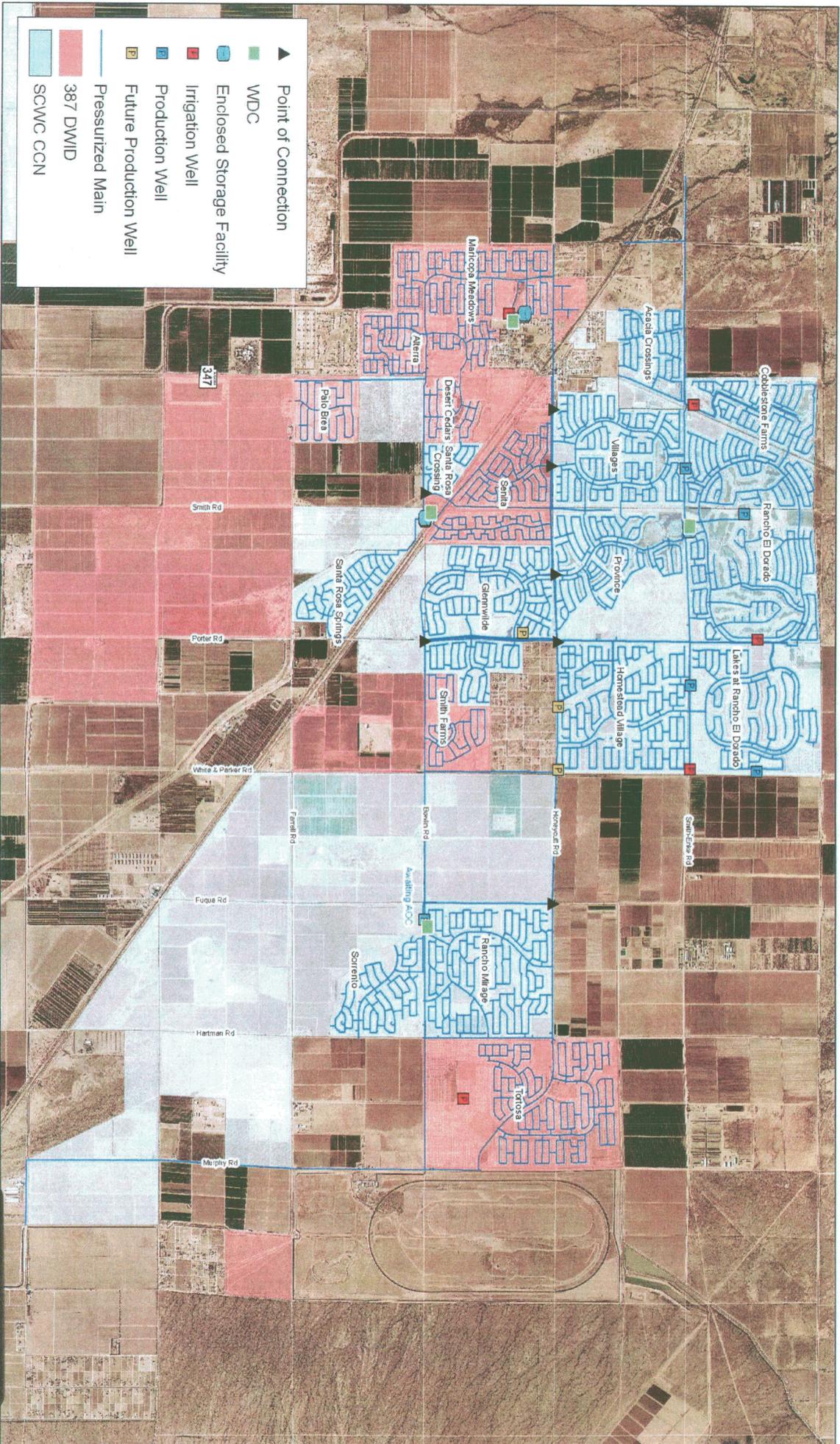
Exhibit #: A¹, A², A³, A⁴, A⁵, A⁶, A⁷, A⁸, A⁹, A¹⁰

A¹¹, S¹



Santa Cruz Water Company & 387 DWID

September 24, 2007



- ▲ Point of Connection
- WDC
- Enclosed Storage Facility
- Irrigation Well
- Production Well
- Future Production Well
- Pressurized Main
- 387 DWID
- SCWC CCN



ORIGINAL NEW APPLICATION

BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission
DOCKETED

2007 MAY 21 P 4: 16

MAY 21 2007

COMMISSIONERS

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

AZ CORP COMMISSION
DOCKET CONTROL

DOCKETED BY	<i>ML</i>
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W-03576A-07-0305
SW-03575A-07-0305

IN THE MATTER OF THE APPLICATION OF
SANTA CRUZ WATER COMPANY AND PALO
VERDE UTILITIES COMPANY TO AMEND
DECISION NO. 68498 PURSUANT TO A.R.S.
SECTION 40-252.

Docket No. SW-03575A-07-_____

Docket No. W-03576A-07-_____

APPLICATION TO AMEND
DECISION NO. 68498

Santa Cruz Water Company and Palo Verde Utilities Company (collectively, "Global Utilities") respectfully request that the Arizona Corporation Commission ("Commission") amend Decision No. 68498 (Feb. 23, 2006)(the "Order Preliminary") to change certain compliance requirements. In particular, the Global Utilities request that the requirements regarding filing of Approvals of Construction ("AOC") from the Arizona Department of Environmental Quality ("ADEQ") be eliminated. In support of this Application, the Global Utilities state:

I. Background.

1. The Order Preliminary involves areas served by the 387 Domestic Water Improvement District and the 387 Wastewater Improvement District (collectively, the "387 Districts"). Many parts of northern Pinal County faced extraordinary growth over the last few years. Unfortunately, the 387 Districts were not able to cope with this growth. This inability created a crisis situation.¹ At the request of state and local officials, the Global Utilities resolved this crisis by interconnecting their systems to the systems of the 387 Districts.

¹ See Order Preliminary at Finding of Fact No. 37.

EXHIBIT	
tabler	<i>A-2</i> <i>Admitted</i>

1 2. The Commission found that “the Companies have been placed in a unique situation
2 because they were asked to intercede in an emergency situation to continue water and wastewater
3 services to customers in the extension area....”²

4 3. The Commission also stated that as “a result of the emergency situation, Palo Verde
5 and Santa Cruz interconnected their systems with the 387 Districts in order to continue water and
6 wastewater service to the customers in the proposed extension area.”³ Although these
7 interconnections were made with the knowledge and approval of the Arizona Department of
8 Environmental Quality (“ADEQ”) and in accordance with good engineering and operations
9 practice, due to the emergency nature of the work, approval permits were not obtained. Therefore,
10 the Commission ordered the Global Utilities to file ADEQ Approvals of Construction (“AOC”) for
11 the water and wastewater interconnections.

12 4. On January 2, 2007, the Global Utilities filed a motion for extension of time
13 concerning the AOCs. Staff then verbally advised the Global Utilities that Staff believes that
14 motion for extensions of time are not permitted for Orders Preliminary. Staff recommended that
15 the Global Utilities file an application under A.R.S. § 40-252 to modify the deadlines in the Order
16 Preliminary. The Global Utilities agreed to do so. Subsequently, the Global Utilities received
17 ATC/AOC approval for the sewer interconnect from ADEQ and notification from ADEQ that
18 AOC for the water interconnect was not required. Accordingly, in this Application, the Global
19 Utilities ask that the AOC deadlines be eliminated.

20 5. ADEQ has advised the Global Utilities that no AOC was needed for the water
21 interconnection. ADEQ confirmed this in an email dated March 6, 2006 (attached as Exhibit 1).
22 Thereafter, ADEQ issued the AOC for the wastewater interconnection (attached as Exhibit 2).
23 Because no AOC is needed for the water interconnection, and because the AOC for the wastewater
24
25

26 _____
² Order Preliminary at Finding of Fact No. 42.

27 ³ Order Preliminary at Finding of Fact No. 37.

1 interconnection has already been issued, the Global Utilities request that the Order Preliminary be
2 amended to eliminate the AOC requirements.

3 6. The Commission found that "issuance of an Order Preliminary brings the extension
4 areas under Commission jurisdiction which will allow for continued oversight by the Commission
5 that all requirements are met prior to the issuance of a final Order."⁴ Amending the Order
6 Preliminary to eliminate the AOC requirements will allow the Commission to preserve these
7 benefits.

8 7. If the AOC requirements are eliminated, the last requirement before a final CC&N
9 will be the dissolution of the 387 Districts by Pinal County.⁵ There is no deadline relating to this
10 requirement. Pinal County has stated that it will not dissolve the 387 Districts until certain
11 litigation involving the 387 Districts is resolved. That litigation remains ongoing, and Pinal
12 County has not provided an estimate of when the litigation will be resolved.

13 **II. Description of Applicants.**

14 8. The Global Utilities are Arizona public service corporations authorized to provide
15 service within portions of Pinal County, Arizona. The Global Utilities received their CC&Ns from
16 the Commission in Decision No. 61943 (September 17, 1999); Decision No. 66394 (October 6,
17 2003); Decision No. 67240 (September 23, 2004); Decision No. 67830 (May 5, 2005); and
18 Decision No. 68448 (February 2, 2006).

19 9. As of 1 May 2007, Santa Cruz serves approximately 13,600 water customers.

20 10. As of 1 May 2007, Palo Verde serves approximately 13,450 wastewater customers.

21 11. The ultimate parent company of the Global Utilities is Global Water Resources,
22 LLC ("Global Parent"). Overall, Global Parent's regulated utilities have over 33,000 customers in
23 Arizona.

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⁴ Order Preliminary at page 11.

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⁵ Order Preliminary at page 13.

1 **III. Specific Amendments Requested.**

2 12. The Global Utilities request the following amendments to the Order Preliminary:

- 3 (A) Page 7, Line 6 after "are reasonable" add "except that we will not
4 require the ADEQ AOC.";
- 5 (B) Page 9, Line 3, after "are reasonable" add "except that we will not
6 require the ADEQ AOC.";
- 7 (C) Page 13, line 1, after "described above" add "except for the
8 proposed ADEQ AOC requirements";
- 9 (D) Page 14, lines 1-3, delete ordering paragraph; and
- 10 (E) Page 15, lines 1-3, delete ordering paragraph

11
12 WHEREFORE, the Global Utilities respectfully request that the Commission:

13 A. Schedule a hearing on this Application as soon as possible (either before an
14 Administrative Law Judge, or directly before the Commission at an open meeting);

15 B. Take official notice of the record in the Order Preliminary Docket (Docket No. SW-
16 03575A-05-0470 and W-03576A-05-0470); and

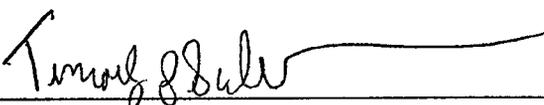
17 C. Issue a final order:

- 18 1. Granting this Application;
- 19 2. Finding that it is in the public interest eliminate the AOC requirements as
20 set forth herein;
- 21 3. Amending the Order Preliminary as set forth herein;
- 22 4. Granting such other and further relief as may be appropriate under the
23 circumstances herein.
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RESPECTFULLY SUBMITTED this 21st day of May 2007.

ROSKA DEWULF & PATTEN, PLC

By 
Michael W. Patten
Timothy J. Sabo
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

ROSKA DEWULF & PATTEN, PLC
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PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 Original + 15 copies of the foregoing
2 filed this 21st day of May 2007, with:

3 Docket Control
4 ARIZONA CORPORATION COMMISSION
5 1200 West Washington
6 Phoenix, Arizona 85007

7 Copies of the foregoing hand-delivered/mailed
8 this 21st day of May 2007, to:

9 Lyn A. Farmer, Esq.
10 Chief Administrative Law Judge
11 Hearing Division
12 Arizona Corporation Commission
13 1200 West Washington
14 Phoenix, Arizona 85007

15 Christopher C. Kempley, Esq.
16 Chief Counsel, Legal Division
17 Arizona Corporation Commission
18 1200 West Washington
19 Phoenix, Arizona 85007

20 Ernest G. Johnson, Esq.
21 Director, Utilities Division
22 Arizona Corporation Commission
23 1200 West Washington
24 Phoenix, Arizona 85007

25
26
27

By Abbie Amiel

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Index to Exhibits

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Exhibit	Description
1.	Email dated March 6, 2007 from Janak Desai, Manager, Engineering Review Unit, Water Quality Division, ADEQ to Scott Lee of Global Water.
2.	AOC for wastewater interconnection

EXHIBIT 1

Tim Sabo

From: Graham Symmonds [Graham.Symmonds@gwresources.com]
Sent: Tuesday, March 06, 2007 12:58 PM
To: Tim Sabo
Subject: FW: Global Water and 387 District - Water Interconnects
Follow Up Flag: Follow up
Flag Status: Yellow

tim - can this suffice for the water? Still awaiting the WWID version.

From: Scott Lee
Sent: Tuesday, March 06, 2007 12:53 PM
To: Graham Symmonds
Subject: FW: Global Water and 387 District - Water Interconnects

From: Janak K. Desai [mailto:Desai.Janak@azdeq.gov]
Sent: Tuesday, March 06, 2007 12:50 PM
To: Scott Lee
Cc: Kwame A. Agyare
Subject: RE: Global Water and 387 District - Water Interconnects

Mr. Lee,

An "Approval to Construct" is not required for the construction work of water interconnections between 387 DWID and Global - Santa Cruz Water Company because the total project cost was less than \$50,000, the plans were prepared under the supervision of a State registered professional engineer (P.E.), the construction was supervised by a P.E., and the construction was not for a subdivision. This is pursuant to Arizona Administrative Code (A.A.C.) R18-5-505.B.3. It follows that an AOC ("Approval of Construction") is also not required. Please contact me if you have any questions.

Sincerely,

Janak Desai, Manager
Engineering Review Unit
Water Quality Division
602-771-4671 (p)
602-771-4505 (f)

From: Scott Lee [mailto:scott.lee@gwresources.com]
Sent: Tuesday, March 06, 2007 9:23 AM
To: Janak K. Desai
Cc: Kwame A. Agyare
Subject: RE: Global Water and 387 District - Water Interconnects

Hi Janak,

Have you had a chance to review the letter, etc? I'd appreciate any update. Thanks

Scott

5/14/2007

EXHIBIT 2



CONSTRUCTION AUTHORIZATION
 FOR A SEWAGE COLLECTION SYSTEM
 TYPE 4.01 GENERAL PERMIT

Applicant Information:		County: Pinal	
Name	Graham Symmonds Global Water - Palo Verde Utilities, LLC	ADEQ File No.	20070233
Address	22601 North 19 th Avenue, Suite 210 Phoenix, AZ 85027	Project Name:	387 Improvement District Connection to Palo Verde Utilities
		LTF #:	43834
Project Type(s)	Project Location: This project is located along Bowlin Road alignment.		
<input checked="" type="checkbox"/> Gravity	Project Description: Install a new 5' discharge manhole and 10 LF of 24" diameter sewer to intercept flow from a 387 District force main and discharge to an existing gravity sewer manhole in the Palo Verde Utility Co. sewer system.		
<input type="checkbox"/> Lift Station			
<input type="checkbox"/> Force Main			
<input type="checkbox"/> Other:			
Design Documents Approved for Construction	WWTP Name: Palo Verde Utilities Co., LLC	Treatment Facility Permitted Design Flow:	9.0 MGD
Document	Date	APP Number	System Capacity
Notice of Intent to Discharge	03/08/07	105228	Affirmation Date: 03/07/07
		Sewage Collection System	
		Capacity Affirmation Date:	03/03/07
Site Plan	02/20/07	Location of Downstream End of System Proposed Herein:	
Design Plan	02/20/07	Township	4 S
Operation & Maintenance Plan	N/A	Range	3 E
		Section	23
			¼ ¼ ¼
		Latitude	33° 02' 37" N
		Longitude	112° 01' 52" W
		Description of Area Served by Project:	
<p>Construction Authorization: This Construction Authorization is issued in accordance with Arizona Administrative Code (A.A.C.) Title 18, Chapter 9, Article 3, Part A, Section A301. The applicant is authorized to construct the facility at the location specified herein under terms and conditions of the requested general permit and applicable requirements of Arizona Revised Statutes Title 49, Chapter 2, and A.A.C. Title 18, Chapter 9. The applicant has two years from the approval date of this document to complete construction and submit the applicable verification documents specified in A.A.C. R18-9-E301(E). Construction shall conform with the approved design documents.</p>			
 Kwame A. Agwire, P.E.		Manager, Drinking Water & Wastewater Engineering Review Title	
		5/08/07 Date	

Reviewer: ASB
 ERP: 07-0480

REVISED MARCH 2006

1110 WEST WASHINGTON, PHOENIX, AZ 85007
 WWW.AZDEQ.GOV



DISCHARGE AUTHORIZATION
FOR A SEWAGE COLLECTION SYSTEM
TYPE 4.01 GENERAL PERMIT

Permittee Information:		County: Pinal	
Name	Graham Symmonds Global Water - Palo Verde Utilities, LLC	ADEQ File No.	20070233
Address	22601 North 19 th Avenue, Suite 210 Phoenix, AZ 85027	Project Name:	387 Improvement District Connection to Palo Verde Utilities
		LTF #:	44161
Project Type(s)		Project Location: This project is located along Bowlin Road alignment.	
<input checked="" type="checkbox"/> Gravity		Project Description: Install a new 5' discharge manhole and 10 LF of 24" diameter sewer to intercept flow from a 387 District force main and discharge to an existing gravity sewer manhole in the Palo Verde Utility Co. sewer system	
<input type="checkbox"/> Lift Station			
<input type="checkbox"/> Force Main			
<input type="checkbox"/> Other:			
Design Documents Approved for Construction		WWTP Name: Palo Verde Utilities Co., LLC	Treatment Facility Permitted Design Flow: 9.0 MGD
Document	Date	APP Number 105228	System Capacity Affirmation, Date: 03/07/07
Engineer's Certificate of Completion	03/13/07	Sewage Collection System Capacity Affirmation Date: 03/07/07	
Deflection Tests		Location of Downstream End of System Proposed Herein:	
Uniform Slope Tests	N/A	Township 4 S	Range 3 E Section 23 ¼ ¼ ¼
Leakage Tests	N/A	Latitude 33°	02' 37" N
As-built Plans	02/20/07	Longitude 112°	01' 52" W
Description of Area Served by Project:			
Discharge Authorization: This Discharge Authorization is issued in accordance with Arizona Administrative Code Title 18, Chapter 9, Article 3, Part A, Section A301. The permittee is authorized to discharge from the facility at the location specified herein under terms and conditions of the general permit and applicable requirements of Arizona Revised Statutes Title 49, Chapter 2, and Arizona Administrative Code Title 18, Chapter 9.			
 Kwame A. Agyare, P.E.		Manager, Drinking Water & Wastewater Engineering Review Title	5/08/07 Date

Reviewer: ASB
ERP: 07:0482

REVISED MARCH 2006

1110 WEST WASHINGTON, PHOENIX, AZ 85007
WWW.AZDEQ.GOV

BEFORE THE ARIZONA CORPORATION COMMISSION

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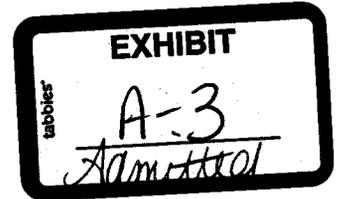
COMMISSIONERS

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

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2007 AUG 15 P 4: 16

AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF
SANTA CRUZ WATER COMPANY AND PALO
VERDE UTILITIES COMPANY TO AMEND
DECISION NO. 68498 PURSUANT TO A.R.S.
SECTION 40-252.

Docket No. SW-03575A-07-0305

Docket No. W-03576A-07-0305

**NOTICE OF FILING AFFIDAVITS
OF PUBLICATION**

Santa Cruz Water Company and Palo Verde Utilities Company (collectively, "Global Utilities") file the Affidavits of Publication.

RESPECTFULLY SUBMITTED this 15th day of August 2007.

ROSHKA DEWULF & PATTEN, PLC

By Timothy J. Sabo
Michael W. Patten
Timothy J. Sabo
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

ROSKA DeWULF & PATTEN, PLC
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TELEPHONE NO 602-256-6100
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5 1200 West Washington
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12 Chief Counsel, Legal Division
13 Arizona Corporation Commission
14 1200 West Washington
15 Phoenix, Arizona 85007

14 Ernest G. Johnson, Esq.
15 Director, Utilities Division
16 Arizona Corporation Commission
17 1200 West Washington
18 Phoenix, Arizona 85007

18
19 By Debbie Amarel
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27

Affidavit of Publication

STATE OF ARIZONA

COUNTY OF PINAL

SS.

DONOVAN M. KRAMER SR.

first being duly sworn

deposes and says: That he is a native born citizen of the United States of America, over 21 years of age, that he is publisher of the Casa Grande Dispatch, a daily newspaper published at Casa Grande, Pinal County, Arizona, Monday through Saturday of each week; that a notice, a full, true and complete printed copy of which is hereunto attached, was printed in the regular edition of said newspaper, and not in a supplement thereto, for

ONE consecutive issues the first publication thereof having been on the 3RD

day of AUGUST A.D., 2007

Second publication _____

Third publication _____

Fourth publication _____

Fifth publication _____

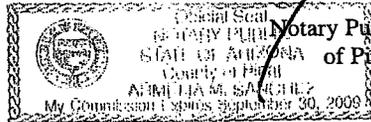
Sixth publication _____

MARICOPA MONITOR

CASA GRANDE DISPATCH

By Donovan M. Kramer Sr.
DONOVAN M. KRAMER SR., Publisher

Sworn to before me this 13th
day of August A.D. 2007
Carmelita Sanchez



Notary Public in and for the County of Pinal, State of Arizona

PUBLIC NOTICE OF THE HEARING ON THE SANTA CRUZ WATER COMPANY AND PALO VERDE AMEND DECISION NO. 68498 PURSUANT TO DOCKET NOS. W-03576A-07-0:

On February 23, 2006, the Arizona Corporation Commission ("Commission") granted Santa Cruz Water Company, LLC ("Santa Cruz") and Palo Verde Utility, ("Global Utilities") an Order Preliminary ("Order"). Pursuant to the Arizona Department of Environmental Quality ("ADEQ") Approval of Cross-connection by December 31, 2006. Further, Palo Verde was ordered to complete sewer line interconnection by December 31, 2006. On March 20, 2007, ("Staff") filed a memorandum requesting that the above-referenced dock Global Utilities' failure to timely comply with Decision No. 68498. On May 21, 2007, Amend Decision No. 68498. The Commission's Utilities Division Staff has reviewed Global Utilities' application, and the Commission is not bound by the Staff, or any intervenors. The Commission will issue a decision regarding the Global Utilities' offices at 21410 North 19th Avenue, Suite 201, Phoenix, Arizona, for public inspection internet via the Commission website (www.azcc.gov) using the e-docket

The Commission will hold a hearing on this matter beginning September 11, 2007, at the Commission's offices, 1200 West Washington, Phoenix, Arizona. Public participation at the hearing. Written public comments may be submitted via email (visit www.azcc.gov for instructions), or by mailing a letter referencing Docket Number W-03576A-07-0 to the Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, Arizona 85004.

The law provides for an open public hearing at which, under appropriate circumstances, any person or entity entitled by law to intervene and having a direct interest in the matter will be permitted to intervene. If you would like to intervene, you must file a motion to intervene with the Commission, and you must send copies of the motion to the Company and the Commission. Your motion to intervene must contain the following:

1. Your name, address, and telephone number, and the name, address, and telephone number of the person or entity on whose behalf you are appearing, if desired.
2. A short statement of your interest in the proceeding (e.g., a customer of the Company, etc.).
3. A statement certifying that a copy of your motion to intervene has been served on all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-2-101. Motions to intervene must be filed on or before September 7, 2007. The granting of intervenor status shall be governed by A.A.C. R14-2-101. The granting of intervenor status shall include any customer from appearing at the hearing and making a statement.

If you have any questions about this application, you may contact the Commission at 1200 W. Washington, Phoenix, Arizona 85004, or call the Consumer Services Section of the Commission at 1200 W. Washington, Phoenix, Arizona 85004, 222-7000.

The Commission does not discriminate on the basis of disability in accordance with the Americans with Disabilities Act. If you have a disability and need a reasonable accommodation such as a sign, this document in an alternative format, by contacting the ADA Coordinator at 1200 W. Washington, Phoenix, Arizona 85004, voice phone number 602/542-3931. Requests should be made as early as possible to receive a reasonable accommodation.

No. of publications: 1; date of publication: August 3, 2007.

Affidavit of Publication

STATE OF ARIZONA
COUNTY OF PINAL

SS.

DONOVAN M. KRAMER SR.

first being duly sworn

deposes and says: That he is a native born citizen of the United States of America over 21 years of age, that he is publisher of the Casa Grande

**PUBLIC NOTICE OF THE HEARING ON THE APPLICATION OF
SANTA CRUZ WATER COMPANY AND PALO VERDE UTILITIES COMPANY TO
AMEND DECISION NO. 68498 PURSUANT TO A.R.S. SECTION 40-252
DOCKET NOS. W-03576A-07-0305 ET AL.**

On February 23, 2006, the Arizona Corporation Commission ("Commission") issued Decision No. 68498, which granted Santa Cruz Water Company, LLC ("Santa Cruz") and Palo Verde Utilities Company, LLC ("Palo Verde") (collectively, "Global Utilities") an Order Preliminary ("Order"). Pursuant to the Order, Santa Cruz was to file a copy of the Arizona Department of Environmental Quality ("ADEQ") Approval of Construction ("AOC") for the proposed water line interconnection by December 31, 2006. Further, Palo Verde was ordered to file a copy of the ADEQ AOC for the sewer line interconnection by December 31, 2006. On March 20, 2007, the Commission's Utilities Division Staff ("Staff") filed a memorandum requesting that the above-referenced dockets be administratively closed due to Global Utilities' failure to timely comply with Decision No. 68498. On May 21, 2007, Global Utilities filed an Application to Amend Decision No. 68498. The Commission's Utilities Division Staff has not yet made a recommendation regarding Global Utilities' application, and the Commission is not bound by the proposals made by the Global Utilities, Staff, or any intervenors. The Commission will issue a decision regarding Global Utilities' application following consideration of testimony and evidence presented at an evidentiary hearing. Copies of the application are available at the Global Utilities' offices at 21410 North 19th Avenue, Suite 201, Phoenix, Arizona 85027 and the Commission's offices at 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours and on the internet via the Commission website (www.azcc.gov) using the e-docket function.

The Commission will hold a hearing on this matter beginning September 25, 2007, at 10:00 a.m., at the Commission's offices, 1200 West Washington, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may be submitted via email (visit <http://www.azcc.gov/utility/cons/index.htm> for instructions), or by mailing a letter referencing Docket Number W-03576A-07-0305 ET AL., to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you would like to intervene, you must file a written motion to intervene with the Commission, and you must send copies of the motion to the Company or its counsel, and to all parties of record in the case. Your motion to intervene must contain the following:

1. Your name, address, and telephone number, and the name, address, and telephone number of any party upon whom documents are to be served in your place, if desired.
2. A short statement of your interest in the proceeding (e.g., a customer of the Company, a shareholder of the Company, etc.).
3. A statement certifying that a copy of your motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before September 7, 2007. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any customer from appearing at the hearing and making a statement on such customer's own behalf.

If you have any questions about this application, you may contact the Company at [insert telephone number]. If you wish to file written comments on the application or want further information on intervention you may contact the Consumer Services Section of the Commission at 1200 W. Washington St., Phoenix, AZ 85007, or call 1800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator Linda Hogan, E-mail Lhogan@azcc.gov, voice phone number 602/542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

No. of publications: 1; date of publication: August 3, 2007.

published at Casa Grande, Pinal County, Arizona, on the _____ day of _____, 2007, at _____ o'clock _____ of the day of each week; that a notice, a full, true and correct copy of which is hereunto attached, was printed in _____ newspaper, and not in a supplement thereto, for _____ issues the first publication thereof having _____ RD

AUGUST _____ A.D., 2007

A MONITOR***

CASA GRANDE DISPATCH

M. Kramer Sr.
M. KRAMER SR., Publisher
1314
[Signature]
AUG 3 2007
[Signature]

Notary Public in and for the County of Pinal, State of Arizona
August 30, 2007

STATE OF ARIZONA

COUNTY OF PINAL

SS.

Affidavit of Publication

DONOVAN M. KRAMER SR.

first being duly sworn deposes and says: That he is a native born citizen of the United States of America, over 21 years of age, that he is publisher of the Casa Grande Dispatch, a daily newspaper published at Casa Grande, Pinal County, Arizona, Monday through Saturday of each week; that a notice, a full, true and complete printed copy of which is hereunto attached, was printed in the regular edition of said newspaper, and not in a supplement thereto, for ONE consecutive issues the first publication thereof having been on the 30TH

day of JULY A.D., 2007

Second publication _____

Third publication _____

Fourth publication _____

Fifth publication _____

Sixth publication _____

CASA GRANDE DISPATCH

By Donovan M. Kramer Sr.
DONOVAN M. KRAMER SR., Publisher

Sworn to before me this 6th

August A.D., 2007
Official Seal
NOTARY PUBLIC
Sandra Ann Meeke
County of Pinal
SANDRA ANN MEEK
My Commission Expires January 21, 2008
Public in and for the County of Pinal, State of Arizona

PUBLIC NOTICE OF THE HEARING ON THE APPLICATION OF SANTA CRUZ WATER COMPANY, LLC ("SANTA CRUZ") AND PALO VERDE UTILITIES COMPANY PURSUANT TO A.R.S. SECTION 40-252 DOCKET

On February 23, 2006, the Arizona Corporation Commission (which granted Santa Cruz Water Company, LLC ("Santa Cruz") a ("Palo Verde") (collectively, "Global Utilities") an Order Preliminary Construction ("AOC") for the proposed water-line interconnection Verde was ordered to file a copy of the ADEQ AOC for the sewer 2006. On March 20, 2007, the Commission's Utilities Division Staff requesting that the above-referenced dockets be administratively e timely comply with Decision No. 68498. On May 21, 2007, Glob Decision No. 68498. The Commission's Utilities Division Staff ha regarding Global Utilities' application, and the Commission is not Global Utilities, Staff, or any intervenors. The Commission will is application following consideration of testimony and evidence pre the application are available at the Global Utilities' offices at 2141 Arizona 85027 and the Commission's offices at 1200 West Washi tion during regular business hours and on the internet via the Com e-docket function.

The Commission will hold a hearing on this matter beginning at the Commission's offices, 1200 West Washington, Phoenix, Ari taken on the first day of the hearing. Written public comments ma (visit <http://www.azcc.gov/utility/cons/index.htm> for instructions). Number W-03576A-07-0305 ET AL., to: Arizona Corporation Co 1200 West Washington, Phoenix, AZ 85007.

The law provides for an open public hearing at which, under a may intervene. Any person or entity entitled by law to intervene a the matter will be permitted to intervene. If you would like to inte intervene with the Commission, and you must send copies of the to all parties of record in the case. Your motion to intervene must

1. Your name, address, and telephone number, and the any party upon whom documents are to be served i
2. A short statement of your interest in the proceeding shareholder of the Company, etc.)

3. A statement certifying that a copy of your motion to of its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A intervene must be filed on or before September 7, 2007. The gran entitles a party to present sworn evidence at hearing and to cross- to intervene will not preclude any customer from appearing at the customer's own behalf.

If you have any questions about this application, you may con wish to file written comments on the application or want further i the Consumer Services Section of the Commission at 1200 W. Wa or call 1-800-222-7000.

The Commission does not discriminate on the basis of disabili Persons with a disability may request a reasonable accommodatio well as request this document in an alternative format, by contact E-mail Lhogan@azcc.gov, voice phone number 602-542-3931. R to allow time to arrange the accommodation.

No. of publications: 1, date of publication: July 30, 2007

Affidavit of Publication

STATE OF ARIZONA

COUNTY OF PINAL

SS.

DONOVAN M. KRAMER SR.

first being duly sworn
deposes and says: That he is a native born citizen of the United States of

publisher of the Casa Grande
Casa Grande, Pinal County,
week; that a notice, a full, true
unto attached, was printed in
ot in a supplement thereto, for
st publication thereof having

PUBLIC NOTICE OF THE HEARING ON THE APPLICATION OF SANTA CRUZ WATER COMPANY AND PALO VERDE UTILITIES COMPANY TO AMEND DECISION NO. 68498 PURSUANT TO A.R.S. SECTION 40-252 DOCKET NOS. W-03576A-07-0305 ET AL.

On February 23, 2006, the Arizona Corporation Commission ("Commission") issued Decision No. 68498, which granted Santa Cruz Water Company, LLC ("Santa Cruz") and Palo Verde Utilities Company, LLC ("Palo Verde") (collectively, "Global Utilities") an Order Preliminary ("Order"). Pursuant to the Order, Santa Cruz was to file a copy of the Arizona Department of Environmental Quality ("ADEQ") Approval of Construction ("AOC") for the proposed water line interconnection by December 31, 2006. Further, Palo Verde was ordered to file a copy of the ADEQ AOC for the sewer line interconnection by December 31, 2006. On March 20, 2007, the Commission's Utilities Division Staff ("Staff") filed a memorandum requesting that the above-referenced dockets be administratively closed due to Global Utilities' failure to timely comply with Decision No. 68498. On May 21, 2007, Global Utilities filed an Application to Amend Decision No. 68498. The Commission's Utilities Division Staff has not yet made a recommendation regarding Global Utilities' application, and the Commission is not bound by the proposals made by the Global Utilities, Staff, or any intervenors. The Commission will issue a decision regarding Global Utilities' application following consideration of testimony and evidence presented at an evidentiary hearing. Copies of the application are available at the Global Utilities' offices at 21410 North 19th Avenue, Suite 201, Phoenix, Arizona 85027 and the Commission's offices at 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours and on the internet via the Commission website (www.azcc.gov) using the e-docket function.

The Commission will hold a hearing on this matter beginning September 25, 2007, at 10:00 a.m., at the Commission's offices, 1200 West Washington, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may be submitted via email (visit <http://www.azcc.gov/utility/cons/index.htm> for instructions), or by mailing a letter referencing Docket Number W-03576A-07-0305 ET AL., to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you would like to intervene, you must file a written motion to intervene with the Commission, and you must send copies of the motion to the Company or its counsel, and to all parties of record in the case. Your motion to intervene must contain the following:

1. Your name, address, and telephone number, and the name, address, and telephone number of any party upon whom documents are to be served in your place, if desired.
2. A short statement of your interest in the proceeding (e.g., a customer of the Company, a shareholder of the Company, etc.).
3. A statement certifying that a copy of your motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before September 7, 2007. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any customer from appearing at the hearing and making a statement on such customer's own behalf.

If you have any questions about this application, you may contact the Company at 623-580-9600. If you wish to file written comments on the application or want further information on intervention you may contact the Consumer Services Section of the Commission at 1200 W. Washington St., Phoenix, AZ 85007, or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator Linda Hogan, E-mail Lhogan@azcc.gov, voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

No. of publications: 1; date of publication: July 30, 2007.

A.D., 2007

DISPATCH

M. L. PK
R., Publisher

A.D., 2007

Meek
in and for the County
State of Arizona



Janet Napolitano
Governor

ARIZONA DEPARTMENT
OF
ENVIRONMENTAL QUALITY

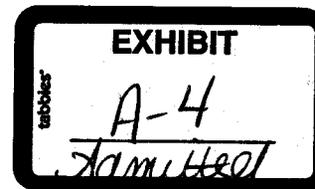
1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.azdeq.gov



Stephen A. Owens
Director

July 24, 2007

Scott Lee, P.E.
Engineering Manager
Global Water
21410 North 19th Avenue
Suite 201
Phoenix, Arizona 85027



Re: Global Water-Santa Cruz Water System Interconnection with Sonoran Utilities

Dear Mr. Lee:

This is in response to your letter dated July 24th, 2007, and repeats in a letter form our e-mail of March 6th, 2007.

An "Approval to Construct" is not required for the construction work of water interconnections between 387 DWID and Global-Santa Cruz Water Company because the total project cost was less than \$50,000, the plans were prepared under the supervision of a State registered professional engineer (P.E.), the construction was supervised by a P.E., and the construction was not for a subdivision. This is pursuant to Arizona Administrative Code (A.A.C.) R18-5-505.B.3. It follows that an AOC ("Approval of Construction") is also not required.

Please call me at 602-771-4671 if you have any questions.

Sincerely,

Janak Desai, Manager
Engineering Review Unit
Water Quality Division

Northern Regional Office
1801 W. Route 66 • Suite 117 • Flagstaff, AZ 86001
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
(520) 628-6733

EXHIBIT
A-5
Admitted



CONSTRUCTION AUTHORIZATION
 FOR A SEWAGE COLLECTION SYSTEM
 TYPE 4.01 GENERAL PERMIT

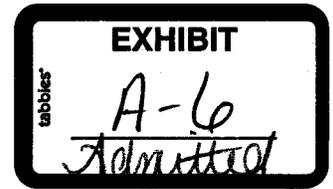
Applicant Information:		County: Pinal	
Name	Graham Symmonds Global Water - Palo Verde Utilities, LLC	ADEQ File No.	20070233
Address	22601 North 19 th Avenue, Suite 210 Phoenix, AZ 85027	Project Name:	387 Improvement District Connection to Palo Verde Utilities
		LTF #:	43834
Project Type(s)		Project Location: This project is located along Bowlin Road alignment.	
<input checked="" type="checkbox"/> Gravity		Project Description: Install a new 5' discharge manhole and 10 LF of 24" diameter sewer to intercept flow from a 387 District force main and discharge to an existing gravity sewer manhole in the Palo Verde Utility Co. sewer system.	
<input type="checkbox"/> Lift Station			
<input type="checkbox"/> Force Main			
<input type="checkbox"/> Other:			
Design Documents Approved for Construction		WWTP Name: Palo Verde Utilities Co., LLC	Treatment Facility Permitted Design Flow: 9.0 MGD
Document	Date	APP Number 105228	System Capacity Affirmation Date: 03/07/07
Notice of Intent to Discharge	03/08/07	Sewage Collection System Capacity Affirmation Date: 03/03/07	
Site Plan	02/20/07	Location of Downstream End of System Proposed Herein:	
Design Plan	02/20/07	Township 4 S	Range 3 E
Operation & Maintenance Plan	N/A	Section 23	¼ ¼ ¼
		Latitude 33° 02'	37" N
		Longitude 112° 01'	52" W
Description of Area Served by Project:			
<p>Construction Authorization: This Construction Authorization is issued in accordance with Arizona Administrative Code (A.A.C.) Title 18, Chapter 9, Article 3, Part A, Section A301. The applicant is authorized to construct the facility at the location specified herein under terms and conditions of the requested general permit and applicable requirements of Arizona Revised Statutes Title 49, Chapter 2, and A.A.C. Title 18, Chapter 9. The applicant has two years from the approval date of this document to complete construction and submit the applicable verification documents specified in A.A.C. R18-9-E301(E). Construction shall conform with the approved design documents.</p>			
 Kwame A. Agyare, P.E.		Manager, Drinking Water & Wastewater Engineering Review Title	
		5/08/07 Date	

Reviewer: ASB
 ERP: 07:0480

REVISED MARCH 2006

EXHIBIT A-6

Arizona Department of Environmental Quality
Drinking Water Monitoring and Protection Unit
1110 W. Washington Street, 5415B-1
Phoenix, AZ 85007



Drinking Water Compliance Status Report

Public Water System Name: Santa Cruz Water Co.

Public Water System ID #: 11-131

Public Water System Type: Community Non-transient Non-community Transient Non-community

Overall Compliance Status: No Major Deficiencies Major Deficiencies

Monitoring and Reporting Status: No Major Deficiencies Major Deficiencies

Comments:

Operation and Maintenance Status: No Major Deficiencies Major Deficiencies

Comments:

Major unresolved/ongoing operation and maintenance deficiencies:

- | | |
|---|---|
| <input type="checkbox"/> unable to maintain 20psi | <input type="checkbox"/> inadequate storage |
| <input type="checkbox"/> cross connection/backflow problems | <input type="checkbox"/> surface water treatment rule |
| <input type="checkbox"/> treatment deficiencies | <input type="checkbox"/> approval of construction |
| <input type="checkbox"/> certified operator | <input type="checkbox"/> other |

Date of last inspection / sanitary survey: 9-6-07

Administrative Orders:

Is an ADEQ administrative order in effect? Yes No

Comments:

System information:

Number of Entry Points to the Distribution System 1 Number of Sources 4

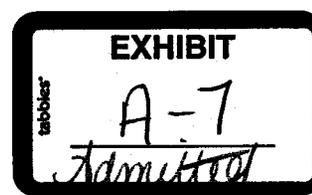
Population Served 39367 Service Connections 14689 Initial Monitoring Year 2003

Evaluation completed by: **Jim Puckett, Environmental Health Specialist II**

Phone: 602-771-4649

Date: 9-6 -07

Based upon data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. This compliance status report does not guarantee the water quality for this system in the future. This compliance status report does not reflect the status of any other water system owned by this utility company.

FILE COPY**LEGAL**MEMORANDUM**RECEIVED**

TO: Docket Control Center

 FROM: Ernest G. Johnson
 Director
Jon Utilities Division
RECEIVED

AUG 28 2007

2007 AUG 28 P 3:40

AZ CORP COMMISSION
DOCKET CONTROL

DATE: August 28, 2007

LEGAL DIV.
ARIZ. CORPORATION COMMISSION
 RE: PALO VERDE UTILITIES COMPANY – DOCKET NO. SW- 03575A-05-0307
 SANTA CRUZ WATER COMPANY – DOCKET NO. W-03576A-05-0307
 REQUEST FOR MOTION FOR EXTENSION OF TIME
History

In Decision No. 68448, dated February 2, 2006, the Arizona Corporation Commission (“A.C.C.” or “Commission”) approved the application of Palo Verde Utilities Company (“Palo Verde”) and Santa Cruz Water Company (“Santa Cruz” or collectively know as “Global Water” or “the Companies”) for an extension of their respective Certificates of Convenience and Necessity (“CC&N”).

As part of Decision No. 68448, the Commission ordered the companies to provide the following information by February 2, 2007:

- a) “a copy of the fully executed main extension agreements for water facilities for Phase I of the extension area.”
- b) “a copy of the amendment to its existing Designation of Assured Water Supply.”
- c) “an amended Pinal County Franchise Agreement for the extension area.”

On February 2, 2007, Palo Verde and Santa Cruz docketed a “Motion for Extension of Time” which encompassed each of the above compliance items. The attached application outlines the items in the request and provides a basic comment relating to each compliance requirement. In terms of an extension period, the application requested that the Commission extend the compliance due dates on each of the above items from February 2, 2007 until December 31, 2007. However, the Companies would subsequently amend the requested due date on the main extension agreement requirement.

On May 18, 2007, Palo Verde and Santa Cruz docketed a summary itemizing all the developer’s letters that had been supplied to Staff. These developer letters (attached) were provided in response to a February 9, 2007 request by Staff for confirmation of the continuing need for service. In the letters, the developer’s communicated a need for an extension of time on the main extension agreements until December 31, 2008 – one year longer than the request in

Global Water's application for extension. Based on the developers request for additional time, the Companies requested an additional year of time in their May 18, 2007 filing, thereby amending their *proposed* main extension agreement due date from December 31, 2007 to December 31, 2008.

Company Rationale

Main Extension Agreements - The application states that main extension agreements have not yet been executed due to "a slowdown in development activity" in the area of Pinal County and provides further comment that main extension agreements are typically "not executed until development is ready to proceed". In terms of what has been done, the filing states that Global Water has "taken extensive actions in the area to prepare for development". These actions included, at that time, the installation of backbone infrastructure and the near completion of the Water Reclamation Facility. In summary, although no main extension agreements have been completed, the application states that Global Water has expended "more than \$18 million constructing facilities to serve" the area relating to Decision No. 68448.

DAWS - The application states that the Arizona Department of Water Resources ("ADWR") Designation of Assured Water Supply ("DAWS") has "taken longer than expected". Santa Cruz supported this point by explaining that the period to obtain the "administrative completeness" determination portion of the analysis was over one year. Although another step is required, Santa Cruz indicated that it does not anticipate any substantive difficulties obtaining the DAWS.

Franchise Agreements - The application straightforwardly stated that "Global Water did not seek a franchise amendment for this area" due to the slowdown in development activity and due to the pressing workload at Pinal County. However, the Companies further stated that the necessary franchise application was recently submitted (January 31, 2007) now that development is "closer at hand". The application states that the Companies do "not expect any difficulties in obtaining the franchise".

Staff Review

After reviewing the application and conducting discussions with the Companies' representatives, Staff does not object to the proposed extensions of time as outlined on page 1 of this memorandum.

Main Extension Agreements - As development slows in the area, the timing for negotiations of main extensions will also logically slow. In this case, the need for service seems to be present based on letters which were received from the majority of the developers. Further, the determination of when an agreement is executed is largely in the hands of the developer. Finally, based on the February 2, 2006 date of Decision No. 68448, the amended December 31, 2008

proposed due date for the main extension agreements is acceptable. Based on the above, Staff does not object to Global Water's December 31, 2008 amended deadline for the main extension agreements.

DAWS – The ADWR DAWS process is a very long process which consists of several steps that, when properly completed, will eventually result in issuance of the designation from the agency. By rule, the agency has 210 days to completely process a DAWS application from an applicant. Research with ADWR, however, found that, in practice, the 210 day completion date is often extended due to the number of meetings and delays relating to the collection of additional information from a company. In fact, it is not uncommon for the completion date to be extended two or three times due to the amount of give and take between ADWR and the applicant for a Designation of Assured Water Supply. In summary, Staff was informed that it is not unusual for the DAWS process to take up to two years before completion.

In applying this information to the instant case, the Company's statement that the DAWS process has taken longer than expected is not surprising. A review of Exhibit A of the application shows that it took over 370 days for Santa Cruz to receive documentation that its DAWS application was "administratively complete". Based on this, Staff does not object to Global Water's request for extension of time to provide the DAWS filing by December 31, 2007.

Franchise Agreement – The requirement for an Amended Franchise Agreement is the only item in the current request for extension of time that presented any question during review. Unlike the application for the DAWS, the Company did not file for the Amended Pinal County Franchise Agreement in the first quarter of 2006, immediately after the February 2, 2006 date of Decision No. 68448. Rather, the application for the Franchise Agreement was made on January 31, 2007. The Commission's original due date for provision of the Franchise Agreement was February 2, 2007.

Staff made inquiry to the Company about the timeframe of the Franchise Agreement's application. In an August 27, 2007 phone conversation, Mr. Tim Sabo, company counsel, explained that while the franchise application was not filed as early as the DAWS application, the Pinal County Board of Supervisors has now given public notice that they will hear the matter on September 19, 2007. He further stated that the timing of filing the franchise agreement was primarily driven by the general slowdown in development activity in the area. Based on the conversation with Mr. Sabo and the pending review of Pinal County, Staff accepts that the franchise process is moving toward completion and will be finalized soon. Based on the above, Staff will not object to Global Water's request for extension of time to provide the Franchise Agreement.

Docket Control Center
August 28, 2007
Page 4

Staff Recommendation

Based on the application and all of the above, Staff does not object to Global Water's request for extension of time until December 31, 2008 for the Main Extension Agreement and December 31, 2007 for the DAWS and Franchise Agreement. Staff, therefore, recommends that the timeframes for compliance with these Commission requirements be extended to those respective dates.

EGJ:BKB:lhm

Originator: Brian K. Bozzo

Attachments

SERVICE LIST FOR: PALO VERDE UTILITIES COMPANY
SANTA CRUZ WATER COMPANY
DOCKET NOS. SW-03575A-05-0307
W-03576A-05-0307

Mr. Michael W. Patten
Roshka DeWulf & Patten, PLC
One Arizona Center
400 East Van Buren, Ste. 800
Phoenix, Arizona 85004
Attorneys for Applicants

Ms. Cindy Liles
Vice President and CFO
Global Water Management
22601 North 19th Avenue, Suite 210
Phoenix, Arizona 85027

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

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

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

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COMMISSIONERS

JEFF HATCH-MILLER, CHAIRMAN 2007 FEB -2 P 4: 02
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KRISTIN K. MAYES
GARY PIERCE

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission

DOCKETED

FEB -2 2007

DOCKETED BY

nr

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-05-0307

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-05-0307

MOTION FOR EXTENSION OF TIME

Palo Verde Utilities Company and Santa Cruz Water Company (collectively, "Global Water") respectfully submit this motion for extension of time. Under Decision No. 68448 (Feb. 2, 2006), Global Water had until February 2, 2007 to complete several items, including: (1) filing fully executed main extension agreements for Phase I; (2) obtaining an amendment to Global Water's Designation of Assured Water Supply ("DAWS") from the Arizona Department of Water Resources ("ADWR"), and (3) obtaining an amended Pinal County franchise covering the relevant area. Global Water requests that the due dates for each of these items be delayed until December 31, 2007. In support of this motion, Global Water states:

(1) **Main Extension Agreements.** Due to a slowdown in development activity in this area of Pinal County, main extension agreements have not been executed. Typically, such agreements are not executed until development is ready to proceed. However, Global Water has taken extensive actions in the area to prepare for development. Global Water has installed the necessary backbone infrastructure. In addition, the Water Reclamation Facility for this area is near completion, and should be complete by in April or May of 2007. In total, Global Water has spent

ROSKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 more than \$18 million constructing facilities to serve this area. Based on conversations with
2 developers, Global Water believes that the Phase I main extension agreements can be filed by
3 December 31, 2007. Accordingly, Global Water requests an extension until that date.

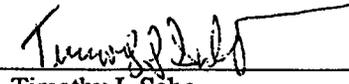
4 (2) **DAWS.** The DAWS process has taken longer than expected. In particular, it took
5 more than a year to obtain an "administrative completeness" determination from ADWR. A copy
6 of this determination is attached as Exhibit A. Global Water does not anticipate any substantive
7 difficulties in obtaining the DAWS. However, several further steps are needed before the final
8 DAWS can be issued. Accordingly, Global Water requests that the due date for filing the
9 amended DAWS be extended until December 31, 2007.

10 (3) **Franchise.** Due to the slowdown in development activity, and the pressing
11 workload facing Pinal County, Global Water did not seek a franchise amendment for this area. As
12 development is now closer at hand, Global Water recently submitted the required franchise
13 application, which is attached as Exhibit B. Global Water does not expect any difficulties in
14 obtaining the franchise.

15 WHEREFORE, Global Water requests an that the due dates for the following items be
16 extended until December 31, 2007: (1) filing fully executed main extension agreements for Phase
17 I; (2) obtaining an amendment to Global Water's Designation of Assured Water Supply
18 ("DAWS") from the Arizona Department of Water Resources ("ADWR"), and (3) obtaining a
19 amended Pinal County franchise.

20 RESPECTFULLY SUBMITTED this 2nd day of February 2007.

21 ROSKA DEWULF & PATTEN, PLC

22
23 By 

24 Timothy J. Sabo
25 Michael W. Patten
26 One Arizona Center
27 400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004
(602) 256-6100

ROSHKA DEWULF & PATTEN, PLLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 Original + 15 copies of the foregoing
filed this 2nd day of February 2007, with:

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

5 Copies of the foregoing hand-delivered/mailed
6 this 2nd day of February 2007, to:

7 Yvette Kinsey, Esq.
Administrative Law Judge
8 Hearing Division
Arizona Corporation Commission
9 1200 West Washington
Phoenix, Arizona 85007

10 Christopher C. Kempley, Esq.
11 Chief Counsel, Legal Division
Arizona Corporation Commission
12 1200 West Washington
Phoenix, Arizona 85007

13 Ernest G. Johnson, Esq.
14 Director, Utilities Division
Arizona Corporation Commission
15 1200 West Washington
Phoenix, Arizona 85007

16 Kenneth C. Sundlof, Jr., Esq.
17 Jennings, Strouss & Salmon, P.L.C.
The Collier Center, 11th Floor
18 201 E. Washington Street
Phoenix, Arizona 85004

19 Karen L. Peters, Esq.
20 Squire Sanders & Dempsey, L.L.P.
Two Renaissance Square
21 40 North Central Avenue
Suite 2700
22 Phoenix, Arizona 85004-4498

23
24
25 By Mary J. Appeltz
26
27

ORIGINAL

ROSHKA DEWULF & PATTEN, PLC
ATTORNEYS AT LAW
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET
SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
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2007 MAY 18 P 4: 03

AZ CORP COMMISSION
DOCKET CONTROL

May 18, 2007

Arizona Corporation Commission
DOCKETED

MAY 18 2007

DOCKETED BY *nr*

Ms. Blessing N. Chukwu
Executive Consultant III
Utilities Division
Arizona Corporation Commission
1200 West Washington Avenue
Phoenix, Arizona 85007

RE: Palo Verde Utilities' Company, L.L.C. and Santa Cruz Water Company, L.L.C.
Docket Nos. SW-03575A-05-0307 and W-03576A-05-0307

Dear Ms. Chukwu:

On February 2, 2007, Palo Verde Utilities' Company, L.L.C. and Santa Cruz Water Company, L.L.C. (collectively, the "Global Utilities") filed a motion for extension of time regarding certain deadlines contained in Decision No. 68448. Staff's letter dated February 9, 2007 requested statements from developers explaining why the developments have been delayed and demonstrating their continued need for service. On March 21, 2007, the Global Utilities filed letters from the following developers:

- Trend Homes, Inc.
- JEKE Group, LLC
- Amarillo Creek, LLC
- Amarillo Marketplace, LLC
- Amarillo South Creek, LLC
- Picacho Landing Equities, LLC

On March 28, 2008, the Global Utilities filed additional letters from the following developers:

ROSHKA DEWULF & PATTEN

Ms. Blessing N. Chukwu

May 18, 2007

Page 2 of 3

- Amarillo & Papago Investments, LLP
- JHC Amarillo 3, LLP
- Pecan Woods, LLC
- Miller & White 815, LLP

Since that time, the Global Utilities have received the following additional letters:

- Pinal 347, LLC
- Langley Farm Investments, LLC
- Hidden Valley Ranch I, LLC and Hidden Valley Ranch II, LLC
- Shea Homes Limited Partnership
- Vineyards, LLC

Each of these letters is attached. Each of these developers confirms that the developers are still in need of water and wastewater service. The letters each request an extension of time to sign main extension agreements to December 31, 2008. The Global Utilities therefore request that the deadline for filing Phase I main extension agreements be extended until December 31, 2008. The Global Utilities continue to request that the deadlines to file the Designation of Assured Water Supply and the Pinal County Franchise be extended until December 31, 2007.

As shown on the attached spreadsheet, the Global Utilities have received letters from the owners of 5,285 of the 8,232 acres covered by Decision No. 68448. The Global Utilities will continue to follow up with the remaining landowners. However, the Global Utilities believe that the existing letters have demonstrated that there continues to be a need for water, wastewater and reclaimed water services in this area.

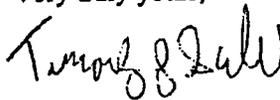
The Global Utilities have spent more than \$ 18 million in constructing facilities to serve this area in reliance on Decision No. 68448. In addition, many of the developer letters explain that they have expended considerable sums based on the availability of water, wastewater and reclaimed water services in this area from the Global Utilities. In light of this, and the substantial amount of responses from developers, the Global Utilities believe that the requested extensions of time are appropriate. The Global Utilities note that several developers have expressed puzzlement at Staff's request for a second letter requesting service especially given that the CC&N has already been issued. This may explain the slow response from some developers.

ROSHKA DEWULF & PATTEN

Ms. Blessing N. Chukwu
May 18, 2007
Page 3 of 3

Please let us know if Staff has any further questions.

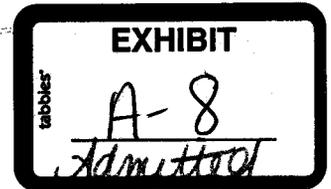
Very truly yours,

A handwritten signature in black ink, appearing to read "Timothy J. Sabo", with a long horizontal line extending to the right.

Timothy J. Sabo

TJS:da

cc: Yvette B. Kinsey, Esq.
Robin Mitchell, Esq.
Ms. Dorothy Hains
ACC Docket Control (Original + 13 copies).



PINAL COUNTY
BUDGET & RESEARCH

DIVISION OF SPECIAL SERVICES



RECEIVED

SEP 21 2007

September 20, 2007

Mr. Graham S. Symmonds, SVP
Global Water Resources
21410 North 19th Avenue, Suite 201
Phoenix, AZ 85027

RE: PALO VERDE UTILITIES COMPANY & SANTA CRUZ WATER COMPANY
WASTEWATER & WATER UTILITY FRANCHISE EXPANSIONS

Dear Mr. Symmonds:

The Pinal County Board of Supervisors approved the wastewater and water franchise expansions for Palo Verde Utilities and Santa Cruz Water Companies on 9/19/07. Please have the enclosed Acceptance of Expanded and Amended Franchise forms signed and return them back to me. In 3 to 4 weeks, I will send you a signed and recorded copy of the franchise expansion agreements.

If you have any questions, please contact me at (520) 866-6206.

Sincerely,

A handwritten signature in dark ink that reads "Gary D. Medina".

Gary D. Medina
Special Service Administrator

Enclosures

ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

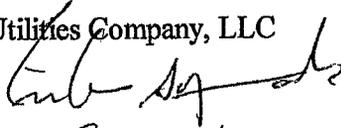
Grantee, Palo Verde Utilities Company, LLC, an Arizona limited liability company, does hereby accept the September 19, 2007, grant of a Second Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Second Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Second Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Second Amended Franchise recited to have been or to be made by Grantee.

Dated this 21 day of September, 2007.

Palo Verde Utilities Company, LLC



By: Graham Symmonds

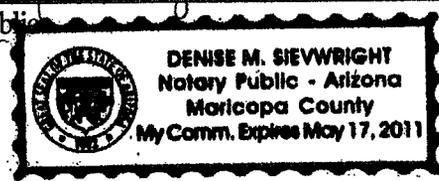
Title: SUP Regulatory Affairs + Compliance

STATE OF ARIZONA)
) ss.
County of MAHICOPA)

The foregoing instrument was acknowledged before me this 21 day of September, 2007, by Graham Symmonds, SUP Regulatory Affairs + Compliance of Palo Verde Utilities Company LLC, an Arizona limited liability company, and being authorized to do so, executed the foregoing instrument on behalf of the limited liability company for the purposes therein stated.

Denise M Sievright
Notary Public

My Commission Expires: May 17, 2011



ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Santa Cruz Water Company, LLC, an Arizona limited liability company, does hereby accept the September 19, 2007, grant of a Second Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain domestic water system, lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Second Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Second Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Second Amended Franchise recited to have been or to be made by Grantee.

Dated this 21 day of September, 2007.

Santa Cruz Water Company, LLC

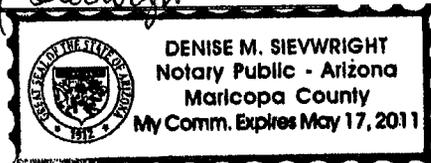
By: Graham Symmonds

Title: SUP Regulatory Affairs + Compliance

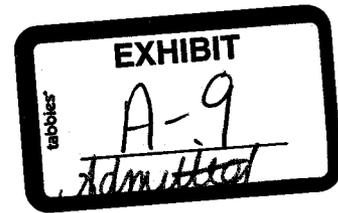
STATE OF ARIZONA)
) ss.
County of MARICOPA)

The foregoing instrument was acknowledged before me this 21 day of September, 2007, by Graham Symmonds, SUP Regulatory Affairs + Compliance of Santa Cruz Water Company LLC, an Arizona limited liability company, and being authorized to do so, executed the foregoing instrument on behalf of the limited liability company for the purposes therein stated.

Denise M. Sievright
Notary Public



My Commission Expires: May 17, 2011



BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

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

2007 SEP 17 P 4: 42
 AZ CORP COMMISSION
 DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
 SANTA CRUZ WATER COMPANY AND PALO
 VERDE UTILITIES COMPANY TO AMEND
 DECISION NO. 68498 PURSUANT TO A.R.S.
 SECTION 40-252.

Docket No. SW-03575A-07-0305

Docket No. W-03576A-07-0305

COMMENTS TO STAFF REPORT

Santa Cruz Water Company and Palo Verde Utilities Company (collectively, "Global Utilities") respectfully file these comments to the Staff Report.

I. Preliminary Statement.

The issue in this case is whether to re-instate the order preliminary covering the areas currently served by the 387 Districts. The Global Utilities currently serve as the manager and operator of the 387 Districts, but the Global Utilities propose to bring this area under the Commission's authority by adding it to their existing CC&Ns. The public interest strongly favors such a re-instatement because it will bring Commission oversight to the services provided to the thousands of customers in this area. Staff recommends denial because the Global Utilities are technically out of compliance in another docket, due to some matters that are the subject of a pending motion for extension of time. However, separately, Staff has recommended that this motion for extension of time be granted, which would cure the compliance issue raised by Staff. Staff also raised a technical issue about the adequacy of Santa Cruz's production capacity. Staff's concern is misplaced because it seeks to extend potable water standards to non-potable irrigation services.

1 **II. Overview.**

2 On February 23, 2006, the Commission issued Decision No. 68498 (the "Order
3 Preliminary") which granted the Global Utilities an order preliminary for the areas served by the
4 387 Domestic Water Improvement District and the 387 Wastewater Improvement District
5 (collectively, the "387 Districts"). The Global Utilities currently serve as the managers and
6 operators of the 387 Districts. They took over that role in response to a crisis involving the 387
7 Districts.

8 Many parts of northern Pinal County faced extraordinary growth over the last few years.
9 Unfortunately, the 387 Districts were not able to cope with this growth. The 387 District's
10 difficulties created a crisis situation.¹ At the request of state and local officials, the Global
11 Utilities resolved this crisis by interconnecting their systems to the systems of the 387 Districts.

12 The Commission found that "the Companies have been placed in a unique situation
13 because they were asked to intercede in an emergency situation to continue water and wastewater
14 services to customers in the extension area...."² The Commission also stated that as "a result of
15 the emergency situation, Palo Verde and Santa Cruz interconnected their systems with the 387
16 Districts in order to continue water and wastewater service to the customers in the proposed
17 extension area."³ Although these interconnections were made with the knowledge and approval of
18 the Arizona Department of Environmental Quality ("ADEQ") and in accordance with good
19 engineering and operations practice, due to the emergency nature of the work, approval permits
20 were not obtained. Therefore, the Commission ordered the Global Utilities to file ADEQ
21 Approvals of Construction ("AOC") for the water and wastewater interconnections.

22 On January 2, 2007, the Global Utilities filed a motion for extension of time concerning the
23 AOCs. Staff then verbally advised the Global Utilities that Staff believes that motion for
24 extensions of time are not permitted for Orders Preliminary. Staff recommended that the Global
25

26 ¹ See Order Preliminary at Finding of Fact No. 37.

27 ² Order Preliminary at Finding of Fact No. 42.

³ Order Preliminary at Finding of Fact No. 37.

1 Utilities file an application under A.R.S. § 40-252 to modify the deadlines in the Order
2 Preliminary. The Global Utilities agreed to do so. Accordingly, the Global Utilities filed this
3 case, asking that the AOC deadlines be eliminated, which would serve to reinstate the Order
4 Preliminary.

5 ADEQ has advised the Global Utilities that no AOC was needed for the water
6 interconnection. Thereafter, ADEQ issued the AOC for the wastewater interconnection. Because
7 no AOC is needed for the water interconnection, and because the AOC for the wastewater
8 interconnection has already been issued, the Global Utilities request that the Order Preliminary be
9 amended to eliminate the AOC requirements. Again, the interconnections were made with the full
10 knowledge and approval of ADEQ. ADEQ's delay in issuing the AOC should not deprive
11 customers in this area of the Commission's protection and oversight.

12 The Commission found that "issuance of an Order Preliminary brings the extension areas
13 under Commission jurisdiction which will allow for continued oversight by the Commission that
14 all requirements are met prior to the issuance of a final Order."⁴ Amending the Order Preliminary
15 to eliminate the AOC requirements will allow the Commission to preserve these benefits.

16 **III. The public interest strongly supports re-instating the Order Preliminary.**

17 Although the Global Utilities can continue to operate as the managers of the 387 Districts
18 indefinitely, they strongly prefer to include these areas in their CC&Ns, so that these areas fall
19 under the jurisdiction and protection of the Commission. The Global Utilities are ultimately
20 owned by Global Water Resources, LLC ("Global Parent"). Global Parent's business model is to
21 own regulated utilities, rather than to operate unregulated utility businesses. The Global Utilities
22 believe that the customers in the 387 District areas deserve the same protections and rights that
23 their other customers have. Accordingly, the Commission should act to re-assert its jurisdiction
24 over these areas by re-instating the Order Preliminary.

25
26
27 ⁴ Order Preliminary at page 11.

1 **IV. Compliance Issue.**

2 Staff did not address the broader public interest issues discussed both above and in the
3 Order Preliminary. Instead, their recommendation for denial is based on a compliance issue. The
4 compliance issue involves Decision No. 68448, which required, among other things, that the
5 Global Utilities obtain: (1) main extension agreements for Phase I; (2) a Designation of Assured
6 Water Supply ("DAWS"); and (3) a Pinal County Franchise. For various reasons, most notably
7 the overall decline in the rate of development of raw land, those items have been delayed. The
8 Global Utilities filed a motion for extension of time regarding those items on February 2, 2007.
9 On August 28, 2007, Staff filed a Staff Report recommending that the motion for extension of
10 time be granted. There has been no opposition to the extension of time, and if it is granted, the
11 Global Utilities will be in full compliance. The Staff Report in this case acknowledges that Staff's
12 recommendation should be re-evaluated if the motion for extension of time is granted. Thus, this
13 issue may be moot by the time of the hearing. But if it is not, requiring the Global Utilities to keep
14 an unregulated revenue stream seems like an ill-fitting penalty. Moreover, this penalty would fall
15 heaviest on the 387 District's customers, who would remain outside the Commission's protection.

16 **V. Capacity Issue.**

17 The engineering memo attached to the Staff Report asserts that Santa Cruz lacks adequate
18 capacity. The Global Utilities respectfully disagree. In any event, Staff concludes that this
19 problem will be resolved by two projects that are under-way and will soon be completed.
20 Accordingly, this factor did not affect Staff's analysis.

21 The two projects mentioned by Staff are: (1) a 3.5 million gallon storage tank at Rancho
22 Mirage; and (2) a 2,800 gallons per minute well at Rancho Mirage. In both cases, the construction
23 has been completed and Santa Cruz is awaiting final AOC documentation from ADEQ.

24 However, even if these projects did not exist, Santa Cruz believes that it has adequate
25 capacity. Staff's analysis is based on the total "sold" volumes of the system – both potable and
26 non-potable. Staff then applies a potable water capacity standard to conclude that the system lacks
27 capacity. The Global Utilities disagree with this approach for several reasons:

- 1 1. “Pumped” volumes more accurately reflect the demand of the system. Employing
2 “sold” volumes as a determination of capacity ignores the differences in billing cycles,
3 account establishment and fluctuations in accounting for overages and underages which
4 can skew the data.
5 2. Staff’s analysis does not differentiate between true potable demand, and other demands
6 (construction, irrigation, etc). Delivery of raw water to customer-owned storage
7 impoundments allows greater flexibility in delivery, so that the non-potable water
8 system does not have to be able immediately meet peak demand, as is the case with the
9 potable water system.

10
11 Santa Cruz’s potable water system has more than enough capacity to meet potable demand.
12 The Global Utilities make a point of ensuring that they stay well ahead of growth thorough
13 rigorous planning. A summary of Santa Cruz’s potable water capacity and demand is attached as
14 Exhibit 1. As can be seen, during the peak month, Santa Cruz had 14,225 customers, who used an
15 average of 386 gallons per day. Thus, the peak month demand is 5,490,850 gallons. Santa Cruz’s
16 current well capacity is 7,400 gallons per minute (gpm), which can produce more than 10.6 million
17 gallons per day. ADEQ calculates “firm capacity” by eliminating the largest water source, to
18 ensure the system can withstand an unanticipated failure. Santa Cruz’s largest well is 2,300 gpm,
19 leaving 5,100 gpm of firm production, which can produce more than 7.3 million gallons per day.
20 This is substantially more than the peak month demand of 5.4 million gallons. Moreover, Santa
21 Cruz also has 4 million gallons of storage. Thus, total daily capacity (storage + firm production) is
22 11.3 million gallons, against a demand of only 5.4 million gallons.

23 **VI. Conclusion.**

24 For these reasons, the Global Utilities respectfully request that the Order Preliminary be re-
25 instated as described above.

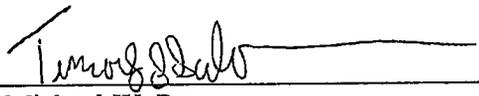
26 ...
27 ...

ROSKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

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RESPECTFULLY SUBMITTED this 17th day of September 2007.

ROSKA DEWULF & PATTEN, PLC

By 

Michael W. Patten
Timothy J. Sabo
One Arizona Center
400 East Van Buren Street, Suite 800
Phoenix, Arizona 85004

Original + 15 copies of the foregoing
filed this 17th day of September 2007, with:

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

Copies of the foregoing hand-delivered/mailed
this 17th day of September 2007, to:

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

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

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

By 

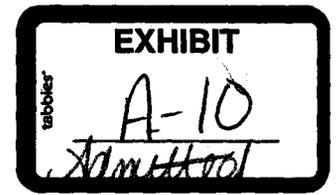
Santa Cruz Water Company
Potable Water Use Data

MONTH/YEAR 2006-2007	NUMBER OF CUSTOMERS	POTABLE GALLONS SOLD (Thousands)	POTABLE GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JULY	11593	110,803	139,540	
AUGUST	11793	148,114	134,320	
SEPTEMBER	11971	145,650	128,431	
OCTOBER	12424	112,114	130,385	
NOVEMBER	12577	110,728	119,290	
DECEMBER	12744	108,681	108,458	
JANUARY	12838	85,256	94,053	
FEBRUARY	12959	94,468	89,493	
MARCH	13246	73,753	116,932	
APRIL	13638	115,541	124,526	
MAY	13830	115,002	147,187	
JUNE	14225	157,957	183,250	
JULY	14480	181,775	181,337	
TOTALS →		1,557,842	1,695,202	0
		Average Daily Demand	4280.813507	

Water Use Peak Month (June):	183,250
Number of Connections Peak Month	14225
Number of Days Peak Month	30
Average Daily Water Use Peak Month (gal/day-serv)	386
Existing storage (MG)	4
Largest producing well source (gpm)	2300
Total Well source production (Potable)	7400

Potable flows include residential and commercial, as well as all potable pumped for construction, lake, and HOA/irrigation

EXHIBIT A-10



Santa Cruz Water Company
Potable Water Use Data

MONTH/YEAR 2006-2007	NUMBER OF CUSTOMERS	POTABLE GALLONS SOLD (Thousands)	POTABLE GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
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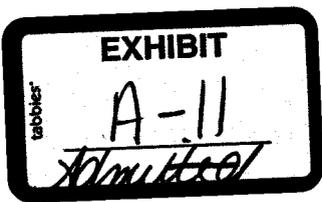
Potable flows include residential and commercial, as well as all potable pumped for construction, lake, and HOA/irrigation

Santa Cruz Water Company Production and Storage		Well Supply	Notes
North Service Area		Flow (gpm)	
Well Name	Well ID#	Facility	
CURRENT OPERATIONAL WELLS			
Smith	612737	RED	In production
Vance	617338	RED	In production
Neely West	621407	RED	In production
Neely North	621406	Rancho Mirage and RED	In production
		Sub-total	7,400
		FIRM CAPACITY	5,100

FUTURE WELLS				
Glennville	624037	RED	2,000	Currently irrigation use only, est conversion to potable 12-2012
Rancho Mirage	509941	Rancho Mirage	2,800	Estimated operation 10-2007
Neely East	621408	Rancho Mirage	2,000	Estimated operation 12-2009
Homestead West	624031	Rancho Mirage	850	Estimated operation 6-2008
Homestead East	624029	Rancho Mirage	1,200	Estimated operation 12-2011
Sorrento	609593	Rancho Mirage	2,500	Estimated operation 12-2008
	622119	Eagle Shadow	1,500	Available when facility constructed, est. 12-2010
	622120	Eagle Shadow	1,000	Estimated completion 12-2011
Cortona	624041	Eagle Shadow	1,200	Available when facility constructed, est. 12-2010
		Sub-total	15,050	

	MG	
Storage		
Rancho El Dorado ("RED")	3.0	In production
Rancho Mirage	2.5	Will be 3.5 MG at buildout, estimated operation 8-2007
Marioppa Meadows	0.5	In production
Marioppa Groves	0.5	In production
Eagle Shadow	0	Future 3.5 MG facility, estimated operation 12-2010
Total	6.5	

Southwest Service Area				
Well Name	Well ID#	Facility	Flow (gpm)	Notes
Terrazo				
Amarillo Creek East	612247	Terrazo	1,900	Under construction, will be operational 12-2007
Sunset Canyon				
	612250	Terrazo	1,500	Future facility- construction will commence in a timely manner to ensure future demands will be met, est. completion date 12-08
Amarillo Creek South				
	612249	Terrazo		Existing capacity 1,888 gpm. Utilized for irrigation use only.
Palomino Ranch South				
	625626	Terrazo	3,400	Utilized for irrigation use only
		Sub-total		
Storage				
			MG	
Terrazo			2.5	2.5 MG existing capacity, Site Expandable to 5.0 MG
		Total		



RECEIVED

FILE COPY

LEGAL

AUG 28 2007

MEMORANDUM

RECEIVED

2007 AUG 28 P 3:40

AZ CORP COMMISSION
DOCKET CONTROL

LEGAL DIV.
ARIZ. CORPORATION COMMISSION

TO: Docket Control
Arizona Corporation Commission

FROM: Ernest G. Johnson
Director
Ernest G. Johnson
Utilities Division

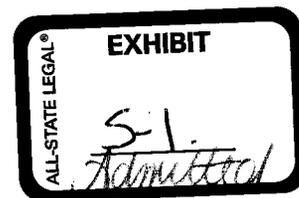
Date: August 28, 2007

RE: STAFF REPORT FOR PALO VERDE UTILITIES COMPANY, L.L.C. AND
SANTA CRUZ WATER COMPANY, L.L.C. - APPLICATION TO AMEND
DECISION NO. 68498 PURSUANT TO A.R.S. SECTION 40-252 (DOCKET
NOS. SW-03575A-07-0305 AND W-03576A-07-0305)

Attached is the Staff Report for Palo Verde Utilities Company, L.L.C. and Santa Cruz Water Company, L.L.C. application to amend Decision No. 68498. Staff is recommending denial and also offering an alternative for approval with conditions.

EGJ:BNC:kdh

Originator: Blessing Chukwu



Service List for: Palo Verde Utilities Company, L.L.C. and Santa Cruz Water Company, L.L.C.
Docket Nos. SW-03575A-07-0305 and W-03576A-07-0305

Ms. Cindy Liles
Vice President and Chief Financial Officer
Global Water Management
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Phoenix, Arizona 85027-2759

Mr. Michael W. Patten
Mr. Timothy J. Sabo
Roshka DeWulf & Patten, PLC
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Phoenix, Arizona 85004

Mr. Christopher C. Kempley
Chief, Legal Division
Arizona Corporation Commission
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Phoenix, Arizona 85007

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

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

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

PALO VERDE UTILITIES COMPANY, L.L.C.
AND
SANTA CRUZ WATER COMPANY, L.L.C.
DOCKET NOS. SW-03575A-07-0305
AND
W-03576A-07-0305

APPLICATION TO AMEND DECISION NO. 68498
PURSUANT TO A.R.S. SECTION 40-252

AUGUST 28, 2007

STAFF ACKNOWLEDGMENT

The Staff Report for Palo Verde Utilities Company, L.L.C. and Santa Cruz Water Company, L.L.C. (Docket Nos. SW-03575A-07-0305 and W-03576A-07-0305) was the responsibility of the Staff members signed below. Blessing Chukwu was responsible for the review and analysis of the Companies' application. Dorothy Hains was responsible for the engineering and technical analysis.



Blessing Chukwu
Executive Consultant III



Dorothy Hains
Utilities Engineer

EXECUTIVE SUMMARY
PALO VERDE UTILITIES COMPANY, L.L.C. AND
SANTA CRUZ WATER COMPANY, L.L.C.
DOCKET NOS. SW-03575A-07-0305 and W-03576A-07-0305

On May 21, 2007, Palo Verde Utilities Company, L.L.C. ("Palo Verde" or "Wastewater Company") and Santa Cruz Water Company, L.L.C. ("Santa Cruz" or "Water Company") collectively referred to as ("The Utilities") jointly filed an application with the Arizona Corporation Commission ("ACC" or "Commission") to amend Decision No. 68498, pursuant to A.R.S. Section 40-252.

Palo Verde and Santa Cruz are Arizona Limited Liability Companies ("LLCs"), in good standing, and engaged in providing wastewater utility service to over 14,200 customers and water utility service to over 14,600 customers, respectively, in portions of Pinal County, Arizona. The Utilities were granted an Order Preliminary to the issuance of the Certificate of Convenience and Necessity ("CC&N") for the 387 Domestic Water Improvement District and the 387 Wastewater Improvement District (collectively, the "387 Improvement District") areas upon completion of the requirements contained in Findings of Fact Nos. 24 and 34, in Decision No. 68498, issued on February 23, 2006, in Docket Nos. SW-03575A-05-0470 and W-03576A-05-0470.

Pursuant to Finding of Fact No. 24b and 34b of Decision No. 68498, Santa Cruz was to file a copy of the Arizona Department of Environmental Quality ("ADEQ") Approval of Construction ("AOC") for the proposed water line interconnection by December 31, 2006, and Palo Verde was to file a copy of the ADEQ AOC for the sewer line interconnection by December 31, 2006, respectively. Neither Santa Cruz nor Palo Verde filed the required ADEQ AOC within the time specified by the order. On March 20, 2007, and May 7, 2007, Staff filed memoranda to close Docket Nos. SW-03575A-05-0470 and W-03576A-05-0470, pursuant to Decision No. 68498. On May 8, 2007, the dockets were Administratively Closed. (See Decision No. 69493.) The Utilities, albeit late, have filed a copy of the AOC for the sewer interconnection and a letter from ADEQ stating that AOC is not required for the water interconnection since the construction cost is less than \$50,000.

In the instant application, The Utilities specifically request that the requirements regarding filing the AOC from ADEQ be eliminated. The elimination of the AOCs will in essence reinstate the Order Preliminary with the last requirement before the issuance of the CC&N being the dissolution of the 387 Improvement District by Pinal County. This last requirement has no deadline. Pinal County plans to dissolve the 387 Improvement District after certain litigation¹ involving the 387 Improvement District is resolved.

Staff recommends the Commission deny The Utilities' application to amend Decision No. 68498. The Utilities are out of compliance with Commission rules and regulations and prior Commission decision due to The Utilities' failure to comply with prior Commission Order, in Decision No. 68448. The Utilities have a pending request for time extension to comply with the

¹ See Findings of Fact Nos. 38 and 39, in Decision No. 68498

delinquent compliance requirements. Staff believes it is not in the public interest to grant the relief requested until The Utilities are in compliance with the Commission.

However, Staff will reconsider its recommendation if, by the date of the hearing in this matter, The Utilities file documentation demonstrating that The Utilities have complied with Decision No. 68448.

In the alternative, should the Commission decide to grant an Order Preliminary, Staff recommends that the final CC&N not be granted until:

1. The Utilities are in full compliance with Decision No. 68448 or granted their time extension.

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Introduction

On May 21, 2007, Palo Verde Utilities Company, L.L.C. ("Palo Verde" or "Wastewater Company") and Santa Cruz Water Company, L.L.C. ("Santa Cruz" or "Water Company") collectively referred to as ("The Utilities") jointly filed an application with the Arizona Corporation Commission ("ACC" or "Commission") to amend Decision No. 68498, pursuant to A.R.S. Section 40-252.

On June 15, 2007, the Commissioners voted to have a hearing on The Utilities' Application to Amend Decision No. 68498, pursuant to A.R.S. Section 40-252.

On July 19, 2007, a Procedural Order was issued in the docket setting the procedural schedule.

On August 9, 2007, The Utilities provided additional documentation to support their relief requested.

Background

Palo Verde and Santa Cruz are Arizona Limited Liability Companies ("LLCs") in good standing and engaged in providing wastewater utility service to over 14,200 customers and water utility service to over 14,600 customers², respectively, in portions of Pinal County, Arizona. The original Certificates of Convenience and Necessity ("CC&N") for The Utilities were granted by the Commission in Decision No. 61943 (September 17, 1999) as Arizona Corporations. On October 6, 2003, the Commission issued Decision No. 66394 which approved the transfer of the CC&Ns from the Corporations to the LLCs. The Utilities were granted extensions to their CC&Ns in Decision Nos. 66394 (October 6, 2003), 67240 (September 23, 2004), 67830 (May 5, 2005), and 68448 (February 2, 2006). In addition, The Utilities were granted an Order Preliminary for the 387 Domestic Water Improvement District and the 387 Wastewater Improvement District (collectively, the "387 Improvement District") areas in Decision No. 68498 (February 23, 2006).

The Utilities are wholly-owned subsidiaries of Global Water Resources, LLC ("GWR"). GWR is a utility holding company, formed as an LLC, and is engaged in the business of acquiring utility companies. Altogether, GWR's subsidiaries provide utility service to approximately 36,000 customers in Arizona.

Palo Verde and Santa Cruz are currently certificated by the Commission to provide wastewater and water services to approximately a 30 square mile area within the corporate city limits of the City of Maricopa, in northwest Pinal County, Arizona. The Utilities were granted an Order Preliminary to the issuance of the CC&Ns for the 387 Improvement District areas upon

² The number of customers is as of August 15, 2007, and includes the 387 Improvement District customers. 387 Improvement District is the subject of the instant application.

completion of the requirements contained in Findings of Fact Nos. 24 and 34, in Decision No. 68498, issued on February 23, 2006, in Docket Nos. SW-03575A-05-0470 and W-03576A-05-0470.

The 387 Improvement District includes approximately 5,000 acres or seven and one-half (7.5) square miles; is located adjacent to The Utilities' existing CC&N area; comprises of several master planned communities; and includes over 16,300 lots. The 387 Improvement District was formed in 2003 by the Pinal County to provide water and wastewater services to an area which The Utilities were not then able to serve. Sonoran Utility Services ("Sonoran") contractually operated the 387 Improvement District since its inception. On April 14, 2005, GWR took over the operating obligations of the 387 Improvement District from Sonoran and on June 15, 2005, The Utilities acquired the assets of the 387 Improvement District.

Pursuant to Findings of Fact Nos. 24b and 34b of Decision No. 68498, Santa Cruz was ordered to file a copy of the Arizona Department of Environmental Quality ("ADEQ") Approval of Construction ("AOC") for the proposed water line interconnection by December 31, 2006, and Palo Verde was to file a copy of the ADEQ AOC for the sewer line interconnection by December 31, 2006, respectively. Neither Santa Cruz nor Palo Verde filed the required ADEQ AOC within the time specified by the decision. Due to The Utilities' failure to file these required compliance items, the Order Preliminary approved in Decision No. 68498 became null and void. On March 20, 2007, and May 7, 2007, Staff filed memoranda to close Docket Nos. SW-03575A-05-0470 and W-03576A-05-0470, pursuant to Decision No. 68498. On May 8, 2007, the dockets were Administratively Closed. (See Decision No. 69493.) The Utilities, albeit late, have filed a copy of the AOC for the sewer interconnection and a letter from ADEQ stating that AOC is not required for the water interconnection since the construction cost is less than \$50,000.

In the instant application, The Utilities requests that the Commission amend Decision No. 68498, pursuant to A.R.S. Section 40-252. Specifically, The Utilities requests that the requirements regarding filing the AOC from ADEQ be eliminated. The elimination of the AOCs will in essence reinstate the Order Preliminary with the last requirement before the issuance of the CC&N being the dissolution of the 387 Improvement District by Pinal County. This last requirement has no deadline. Pinal County plans to dissolve the 387 Improvement District after certain litigation³ involving the 387 Improvement District is resolved. According to The Utilities' August 9, 2007 response to Staff First Set of Data Requests, "[r]ecently, Sonoran filed a "Third Amended Complaint" which added certain Global affiliates as defendants: (1) Global Water Resources, LLC; (2) Santa Cruz Water Company, LLC; (3) Global Water - Santa Cruz Water Company; (4) Palo Verde Utilities Company, LLC; and (5) Global Water - Palo Verde Utilities Company. The Global defendants answered denying all allegations of wrong-doing."

³ See Findings of Fact Nos. 38 and 39 in Decision No. 68498

The Water System

Santa Cruz operates a water system that consists of four drinking water wells (having a combined production rate of 7,400 gallons per minute ("GPM")), four storage tanks (having a combined capacity of 4,000,000 gallons), four pressure tanks (having a combined capacity of 20,000 gallons) and one irrigation well. Santa Cruz has an existing customer base of approximately 14,200 customers.⁴ The Water Company currently experiences an average monthly growth rate of over 225 new connections. Santa Cruz water system does not have adequate production to serve its existing base of customers. However, Santa Cruz is in the process of completing the following plant additions: (1) a 3,500,000 gallon Rancho Mirage storage tank system which the Water Company expects will be in service by August 2007; and (2) a 2,800 GPM Rancho Mirage well which is expected to be in service in October 2007. When these plant additions are completed and in service Santa Cruz will have adequate production and storage capacity to serve its existing base of customers.

Santa Cruz delivers its water to the 387 Improvement District to serve customers in the 387 Improvement District. The two wells the 387 Improvement District owns have been converted to irrigation wells. The 500,000 gallon storage tank and booster station that the 387 Improvement District owned still remain in the system to serve the 387 Improvement District customers. The 387 Improvement District has approximately 1,000 customers and experiences an average monthly growth rate of over 150 connections. On July 24, 2007, ADEQ issued a letter to Santa Cruz stating "[a]n "Approval to Construct" is not required for the construction work of water interconnections between 387 DWID and Global-Santa Cruz Water Company because the total project cost was less than \$50,000. It follows that an AOC is also not required.

The Santa Cruz and 387 Improvement District systems are physically interconnected. After the Rancho Mirage storage tank and well are in service, Santa Cruz will be able to serve approximately 1,000 additional customers. Staff concludes that Santa Cruz will have adequate production and storage capacity to serve customers in the extension area. Staff further concludes that it is reasonable to assume that Santa Cruz will develop additional capacity as needed to meet future growth in the expanded service area.

Staff recommends that the Commission eliminate the AOC requirement that was ordered in Decision No. 68498 for the water line interconnection, since ADEQ does not require Approval to Construct nor an AOC for projects with total construction cost of less than \$50,000.

⁴ The number of customers is as of August 15, 2007, and includes the 387 Improvement District customers. 387 Improvement District is the subject of the instant application.

Arizona Department of Environmental Quality Compliance

Staff received compliance status reports⁵ for Santa Cruz and the 387 Improvement District systems from ADEQ stating that it has determined that Santa Cruz is currently delivering water that meets the water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. ADEQ also stated that the 387 Improvement District is currently classified as an inactive water system because the system is physically interconnected to Santa Cruz and the 387 Improvement District wells have been permanently disconnected from the distribution system.

Arizona Department of Water Resources ("ADWR") Compliance

Santa Cruz is located in the Pinal Active Management Area ("AMA"), as designated by ADWR. As a result, Santa Cruz is subject to the reporting and conservation rules of ADWR. ADWR has indicated that Santa Cruz is in compliance with the Pinal AMA requirements.

ADWR issued a Decision and Order (No. 26-401667.0000) on May 4, 2006. This order stated that ADWR approved the Water Company's Designation of Assured Water Supply ("DAWS") modification request to include the 387 Improvement District in its existing DAWS.

ACC Compliance

A check with the Utilities Division Compliance Section showed that there are three delinquent compliance requirements for Santa Cruz. These compliance items were required per Commission Decision No. 68448 and include the following: a Pinal County Franchise Agreement, a fully executed main extension agreement for the extension area, and an amendment to the Company's existing Designated Assured Water Supply for the Southwest area. The Company has a pending request for extension of time to comply with those items.

Arsenic

The U.S. Environmental Protection Agency ("USEPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter (" $\mu\text{g}/\text{l}$ ") or parts per billion ("ppb") to 10 $\mu\text{g}/\text{l}$. The date for compliance with the new MCL is December 31, 2007. The most recent lab analysis provided by Santa Cruz indicates that the arsenic levels in both Wells are 10.1 $\mu\text{g}/\text{l}$ and 17.71 $\mu\text{g}/\text{l}$ which are above the new arsenic MCL. Santa Cruz indicated that blending will be used to reduce this arsenic concentration to meet the new standard. In an ADEQ Certificate issued on July 20, 2005, ADEQ stated that the blending plan for the Santa Cruz Company was approved.

⁵ Staff received the compliance status reports from ADEQ on May 17, 2007 (related to Santa Cruz) and July 26, 2007 (related to 387 District).

Curtailment Plan Tariff

Santa Cruz has an approved curtailment tariff that was filed in October 2003 and approved by Decision No. 66394. The tariff was subsequently amended by Decision No. 67830.

The Wastewater System

Palo Verde owns and operates an enclosed three million gallons per day ("MGD") sequential batch reactor treatment plant, sand filters, ultra violet disinfection units and an effluent reuse and surface water disposal system to serve its existing CC&N area.

The 387 Improvement District had installed a 0.99 MGD treatment plant (Maricopa #1 Wastewater Treatment Plant)⁶; however, this treatment plant has never been in service and its ADEQ's Aquifer Protection Permit ("APP") was cancelled in 2006. Currently all wastewater from the 387 Improvement District area is being pumped to the Palo Verde treatment plant for treatment and disposal.

Palo Verde had extended its existing wastewater collection system to interconnect with the 387 Improvement District sewer collection systems at Smith Road and Bowlin Road⁷. This interconnection work was completed in March 2007.

Palo Verde, albeit late, filed in this docket a copy of the ADEQ Approval of Construction for the sewer line interconnection between 387 Improvement District and Palo Verde. Staff recommends that the Commission eliminate the deadline or due date for the AOC requirement that was ordered in Decision No. 68498 for the sewer line interconnection. An AOC is required by ADEQ for the sewer line interconnection and ADEQ issued one for the project which has been filed with the Commission.

Clean Water Act Section 208 Plan

On August 1, 2006, the Central Arizona Association of Government ("CAAG") issued a 208 amendment to approve Palo Verde's 208 Water Quality Management Plan that covers 300 square miles and includes the 30 square miles of the Palo Verde existing CC&N service area and the 7.5 square miles of the 387 District service area. On January 19, 2007, ADEQ issued a letter to the USEPA stating that the *Clean Water Act Sect 208 Plan Amendment for The Palo Verde Utility Company Consolidated Service Area, June 2006*, is consistent with both the State of Arizona's and the CAAG's Water Quality Management Plans.

⁶ According to the Company, this treatment plant will be modified and used to treat Central Arizona Project water in the future.

⁷ ADEQ issued a Discharge Authorization Permit on May 8, 2007.

ADEQ Compliance

Staff received a compliance status report from ADEQ dated August 10, 2007, in which ADEQ stated that ADEQ has closed the Notice of Violation ("NOV") issued to Palo Verde on April 6, 2007. ADEQ has closed the NOV based upon its determination that Palo Verde has met the Documenting Compliance provisions of the NOV. Palo Verde is in compliance with ADEQ Aquifer Protection Permit monitoring and reporting requirement.

ACC Compliance

A check with the Utilities Division Compliance Section showed that there is one delinquent compliance requirement for Palo Verde. Commission Decision No. 68448 requires Palo Verde to file: a Pinal County Franchise Agreement. The Company has a pending request for extension of time to comply with this item.

Proposed Rates

Palo Verde and Santa Cruz provide utility services to the 387 Improvement District under their respective authorized rates and charges.

Municipal Franchise

Every applicant for a CC&N and/or CC&N extension is required to submit to the Commission evidence showing that the applicant has received the required consent, franchise or permit from the proper authority. If the applicant operates in an unincorporated area, the company has to obtain the franchise from the County. If the applicant operates in an incorporated area of the County, the applicant has to obtain the franchise from the City/Town.

Palo Verde and Santa Cruz filed a copy of the Operating/License Agreement they had entered into with the City of Maricopa. Operating/License Agreement is an acceptable substitute for franchise agreement.

Recommendations

Staff recommends the Commission deny The Utilities' application to amend Decision No. 68498. The Utilities are out of compliance with Commission rules and regulations and prior Commission decision due to The Utilities' failure to comply with prior Commission Order, in Decision No. 68448. The Utilities have a pending request for time extension to comply with the delinquent compliance requirements. Staff believes it is not in the public interest to grant the relief requested until The Utilities are in compliance with the Commission.

However, Staff will reconsider its recommendation if, by the date of the hearing in this matter, The Utilities file documentation demonstrating that The Utilities have complied with Decision No. 68448.

In the alternative, should the Commission decide to grant an Order Preliminary, Staff recommends that the final CC&N not be granted until:

1. The Utilities are in full compliance with Decision No. 68448 or granted time extension.

MEMORANDUM

DATE August 13, 2007

TO: Blessing Chukwu
Executive Consultant III

FROM: Dorothy Hains, P. E. DH
Utilities Engineer

RE: **WATER & WASTEWATER CERTIFICATE OF CONVENIENCE & NECESSITY ("CC&N") EXTENSIONS FOR SANTA CRUZ WATER & PALO VERDE UTILITIES, L.L.C., DOCKET NOS. W-03576A-07-0305 & SW-03575A-07-0305**

I. Introduction

In Decision No. 68498 the Commissioners gave an Order Preliminary Approval to Santa Cruz Water Co. ("Santa Cruz") and Palo Verde Utilities Co. ("Palo Verde"), collectively referred to herein as "the Company", to serve the 387 Domestic Water Improvement District and the 387 Wastewater Improvement District (collectively, the 387 Districts). Due to the Company's failure to comply with the requirements in Decision No. 68498, the Commissioners administratively closed Decision No. 68498 on May 8, 2007. The Company is seeking to amend Decision No. 68498 to change certain compliance requirements. Santa Cruz and Palo Verde currently serve approximately thirty square miles, near the Town of Maricopa in northwest Pinal County. The requested extension area, the 387 Districts, includes approximately nine square miles in Pinal County and is located adjacent to the Company's existing CC&Ns.

II. Water System**A. System Analysis****(a) Existing Santa Cruz System**

Santa Cruz operates a water system that consists of four drinking water wells (having a combined production rate of 7,400 gallons per minute ("GPM")), four storage tanks (having a combined capacity of 4,000,000 gallons); four pressure tanks (having a combined capacity of 20,000 gallons) and one irrigation well. Santa Cruz has an existing customer base of almost 14,000 customers¹ and experiences an average monthly growth rate of over 225 connections. The existing Santa Cruz system does not have adequate production to serve its existing base of customers. However, Santa Cruz is in the process

¹ According to the Company, the Company was serving 13,830 customers as of May 2007; this customer count includes customers in the 387 District.

of completing the following plant additions: (1) a 3,500,000 gallon Rancho Mirage storage tank system which the Company expects will be in service by August 2007; and (2) a 2,800 GPM Rancho Mirage well which is expected to be in service in October 2007. When these plant additions are completed and in service Santa Cruz will have adequate production and storage capacity to serve its existing base of customers.

(b) 387 District Water System

Santa Cruz delivers its water to the 387 District to serve customers in the 387 District. The two wells the 387 District owns have been converted to irrigation wells. The 500,000 gallon storage tank and booster station that the 387 District owned still remain in the system to serve the 387 District customers. 387 District has approximately 1,000 customers and the 387 District experiences an average monthly growth rate of over 150 connections. The Arizona Department of Environmental Quality ("ADEQ") issued a letter dated July 24, 2007, stating that the requirement of a Certificate of Approval to Construct for the interconnection work had been waived because the total cost was less than \$50,000.

(c) Combined Water System

The Santa Cruz and 387 District systems are physically interconnected. After the Rancho Mirage storage tank and well are in service, Santa Cruz will be able to serve approximately 1,000 additional customers. Staff concludes that Santa Cruz will have adequate production and storage capacity to serve customers in the extension area. Staff further concludes that it is reasonable to assume that Santa Cruz will develop additional capacity as needed to meet future growth in the expanded service area.

B. ADEQ Compliance Status

Staff received compliance status reports² for Santa Cruz and the 387 District systems from ADEQ stating that it has determined that Santa Cruz is currently delivering water that meets the water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. ADEQ also stated that the 387 District is currently classified as an inactive water system because the system is physically interconnected to the Santa Cruz and the 387 wells have been permanently disconnected from the distribution system

C. Arizona Department of Water Resources ("ADWR") Compliance Status

Santa Cruz is located in the Pinal Active Management Area ("AMA"), as designated by ADWR. ADWR has indicated that Santa Cruz is in compliance with the Pinal AMA requirements.

² Staff received the compliance status reports from ADEQ on May 17, 2007 (related to Santa Cruz) and July 26, 2007 (related to 387 District).

ADWR issued a Decision and Order (no. 26-401667.0000) on May 4, 2006. This order stated that ADWR approved the Company's Designation of Assured Water Supply ("DAWS") modification request to include the 387 District in its existing DAWS.

D. Arizona Corporation Commission (ACC) Compliance Status

A check with the Utilities Division Compliance Section showed that there were three compliance requirements for Santa Cruz. These compliance items were required per Commission Decision No. 68448 and include the following: a Pinal County Franchise Agreement, a fully executed main extension agreement for the extension area and an amendment to the Company's existing Designated Assured Water Supply for the Southwest area. The Company has a pending request for extension of time to comply with those items.

E. Arsenic

The U.S. Environmental Protection Agency ("EPA") has reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 micrograms per liter (" $\mu\text{g}/\text{l}$ ") or parts per billion ("ppb") to 10 $\mu\text{g}/\text{l}$. The date for compliance with the new MCL is December 31, 2007. The most recent lab analysis provided by Santa Cruz indicates that the arsenic levels in both Wells are 10.1 $\mu\text{g}/\text{l}$ and 17.71 $\mu\text{g}/\text{l}$ which are above the new arsenic MCL. Santa Cruz indicated that blending will be used to reduce this arsenic concentration to meet the new standard. In an ADEQ Certificate issued on July 20, 2005, ADEQ stated that the blending plan for the Santa Cruz Company was approved.

F. Curtailment Tariff

Santa Cruz has an approved curtailment tariff that was filed in October 2003, and approved in Decision No. 66394. This tariff was subsequently amended by Decision No. 67830.

Wastewater System

A. Wastewater System

(a) Existing Palo Verde Wastewater System

Palo Verde owns and operates an enclosed three million gallon per day ("MGD") sequential batch reactor treatment plant, sand filters, ultra violet disinfection units and an effluent reuse and surface water disposal system to serve its existing CC&N area.

(b) 387 District Wastewater System

The 387 District had installed a 0.99 MGD treatment plant (Maricopa #1 Wastewater Treatment Plant)³; however, this treatment plant has never been in service and its ADEQ's Aquifer Protection Permit ("APP") was cancelled in 2006. Currently all wastewater from the 387 District area is being pumped to the Palo Verde treatment plant for treatment and disposal.

(c) Future Wastewater System

Palo Verde had extended its existing wastewater collection system to interconnect with the 387 District sewer collection systems at Smith Road and Bowlin Road⁴. This interconnection work was completed in March 2007.

B. Clean Water Act Section 208 Plan

On August 1, 2006, the Central Arizona Association of Government ("CAAG") issued a 208 amendment to approve Palo Verde's 208 Water Quality Management Plan that covers 300 square miles and includes the 30 square miles of the Palo Verde existing CC&N service area and the 9 square miles of the 387 District service area. On January 19, 2007, ADEQ issued a letter to the U. S. Environmental Protection Agency ("USEPA") stating that the *Clean Water Act Sect 208 Plan Amendment for The Palo Verde Utility Company Consolidated Service Area, June 2006*, is consistent with both the State of Arizona's and the CAAG's Water Quality Management Plans.

C. ADEQ Compliance

Staff received a compliance status report from ADEQ dated August 10, 2007, in which ADEQ stated that ADEQ has closed the Notice of Violation ("NOV") issued to Palo Verde on April 6, 2007. ADEQ has closed the NOV based upon its determination that Palo Verde has met the Documenting Compliance provisions of the NOV. Palo Verde is in compliance with ADEQ Aquifer Protection Permit monitoring and reporting requirements.

D. ACC Compliance

Palo Verde currently is not in compliance with the ACC. A check with the Utilities Division Compliance Section showed there is one delinquent compliance item. This delinquent compliance item, required per Decision No. 68448, include filing a Pinal County Franchise Agreement.

³ According to the Company, this treatment plant will be modified and used to treat Central Arizona Project water in the future.

⁴ ADEQ issued a Discharge Authorization Permit on May 8, 2007.

IV. Summary

I. Conclusions

1. Staff believes Palo Verde has adequate production and treatment capacities to serve the requested area.
2. Santa Cruz is currently delivering water that meets the water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.
3. Santa Cruz is in compliance with the Pinal AMA requirements.
4. A check with the Utilities Division Compliance Section showed that there were three compliance requirements for Santa Cruz. These compliance items were required per Commission Decision No. 68448 and include the following: a Pinal County Franchise Agreement, a fully executed main extension agreement for the extension area and an amendment to the Company's existing Designated Assured Water Supply for the Southwest area. The Company has a pending request for extension of time to comply with those items.
5. Santa Cruz has an approved curtailment tariff that was filed in October 2003, and approved in Decision No. 66394. This tariff was subsequently amended by Decision No. 67830.
6. Staff concludes that Santa Cruz will have adequate capacity to serve the existing customer base in the expanded service area after the Rancho Mirage well is in service in October 2007. Staff further concludes that it is reasonable to assume that Santa Cruz will develop additional capacity as needed to meet future growth in the expanded service area.
7. Staff concludes that the Palo Verde system has adequate capacity to serve the existing customer base in the expanded service area. Staff further concludes that it is reasonable to assume that Palo Verde will develop additional capacity as needed to meet future growth in the expanded service area.
8. On January 19, 2007, ADEQ issued a letter to US EPA, stating that the *Clean Water Act Sect 208 Plan Amendment for The Palo Verde Utility Company Consolidated Service Area, June 2006*, is consistent with both the State of Arizona's and the CAAG's Water Quality Management Plans.
9. Palo Verde is in compliance with ADEQ's Aquifer Protection Permit monitoring and reporting requirement.

10. ADWR issued a Decision and Order (no. 26-401667.0000) on May 4, 2006. This order stated that ADWR approved the Company's Designation of Assured Water Supply ("DAWS") modification request to include 387 District in its existing DAWS.

MEMORANDUM

TO: Blessing Chukwu
Executive Consultant III
Utilities Division

FROM: Barb Wells *bw*
Information Technology Specialist
Utilities Division

THRU: Del Smith *DS*
Engineering Supervisor
Utilities Division

DATE: June 18, 2007

RE: **SANTA CRUZ WATER COMPANY (DOCKET NO. W-03576A-07-0305)**
PALO VERDE UTILITIES COMPANY (DOCKET NO. WS-03575A-07-0305)

Santa Cruz and Palo Verde have filed an application to amend Decision No. 68498.

Attached are copies of the maps for your files.

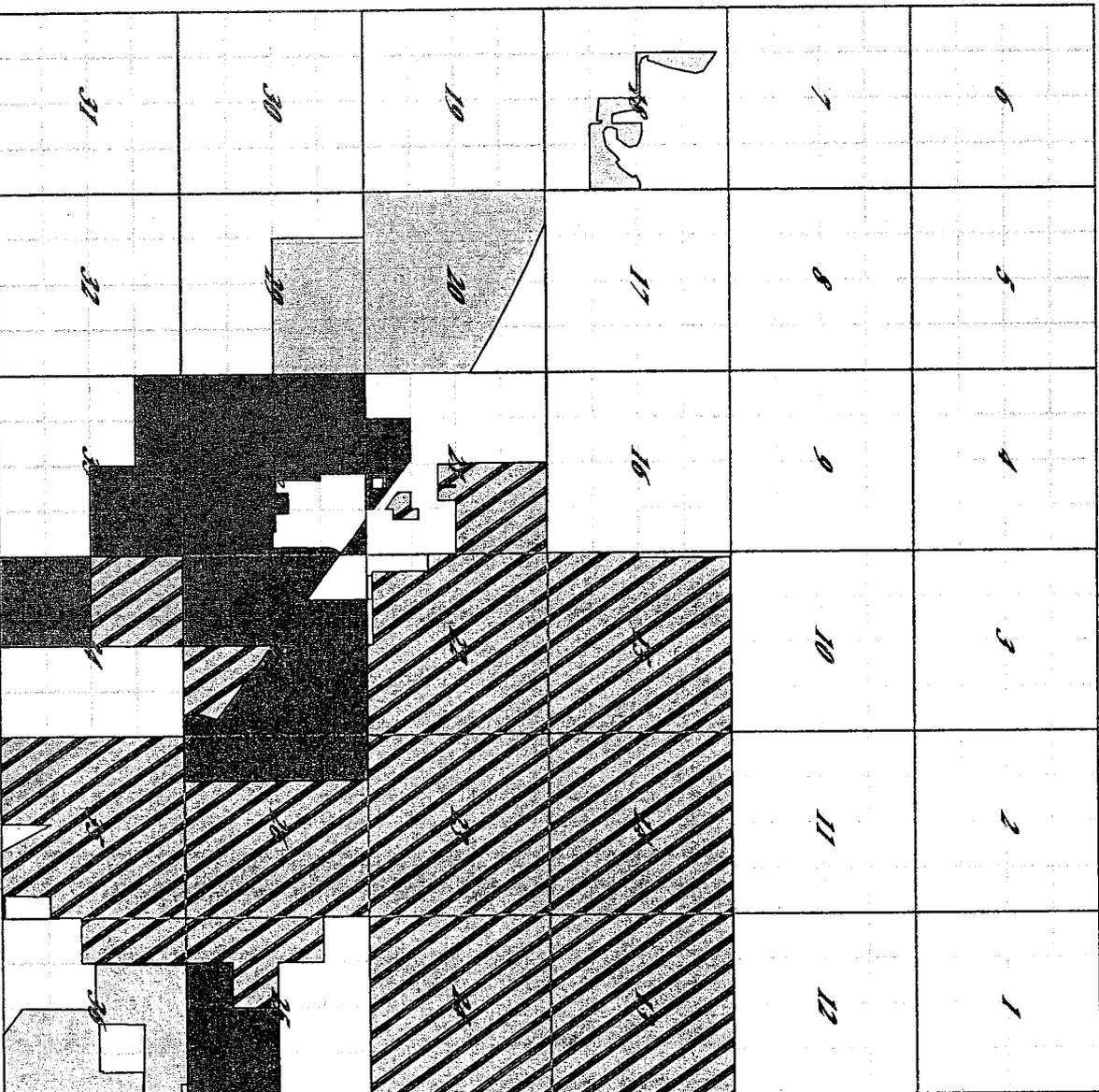
:bsw

Attachments

cc: Mr. Michael W. Patten
Ms. Dorothy Hains
Ms. Deb Person (Hand Carried)
File

COUNTY: Pinal

RANGE 3 East



TOWNSHIP 4 South



W-3576 (3)

Santa Cruz Water Company



SW-3575 (3)

Sewer
Palo Verde Utilities Company



68498 (4) Order Preliminary Issued

Santa Cruz Water Company

Docket No. W-03576A-07-0305

Palo Verde Utilities Company

Docket No. SW-03575A-07-0305

Application to Amend Decision No. 68498



(6)

Santa Cruz Water Company

Docket No. W-03576A-06-0155

Palo Verde Utilities Company

Docket No. SW-03575A-06-0155

Application to Transfer to Global Water

Docket Nos. W-20446 and SW-20445



(8)

Santa Cruz Water Company

Docket No. W-03576A-06-0545

Palo Verde Utilities Company

Docket No. SW-03575A-06-0545

Application for Extension

COUNTY OF Pinal

RANGE 4 East

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
28	29	30	31	32	33
34	35	36			

TOWNSHIP 4 South



W-3576 (3)

Santa Cruz Water Company



SW-3575 (3)

Sewer
Palo Verde Utilities Company



68498 (4) Order Preliminary Issued

Santa Cruz Water Company

Docket No. W-03576A-07-0305

Palo Verde Utilities Company

Docket No. SW-03575A-07-0305

Application to Amend Decision No. 68498



(6)

Santa Cruz Water Company

Docket No. W-03576A-06-0155

Palo Verde Utilities Company

Docket No. SW-03575A-06-0155

Application to Transfer to Global Water

Docket Nos. W-20446 and SW-20445



(8)

Santa Cruz Water Company

Docket No. W-03576A-06-0545

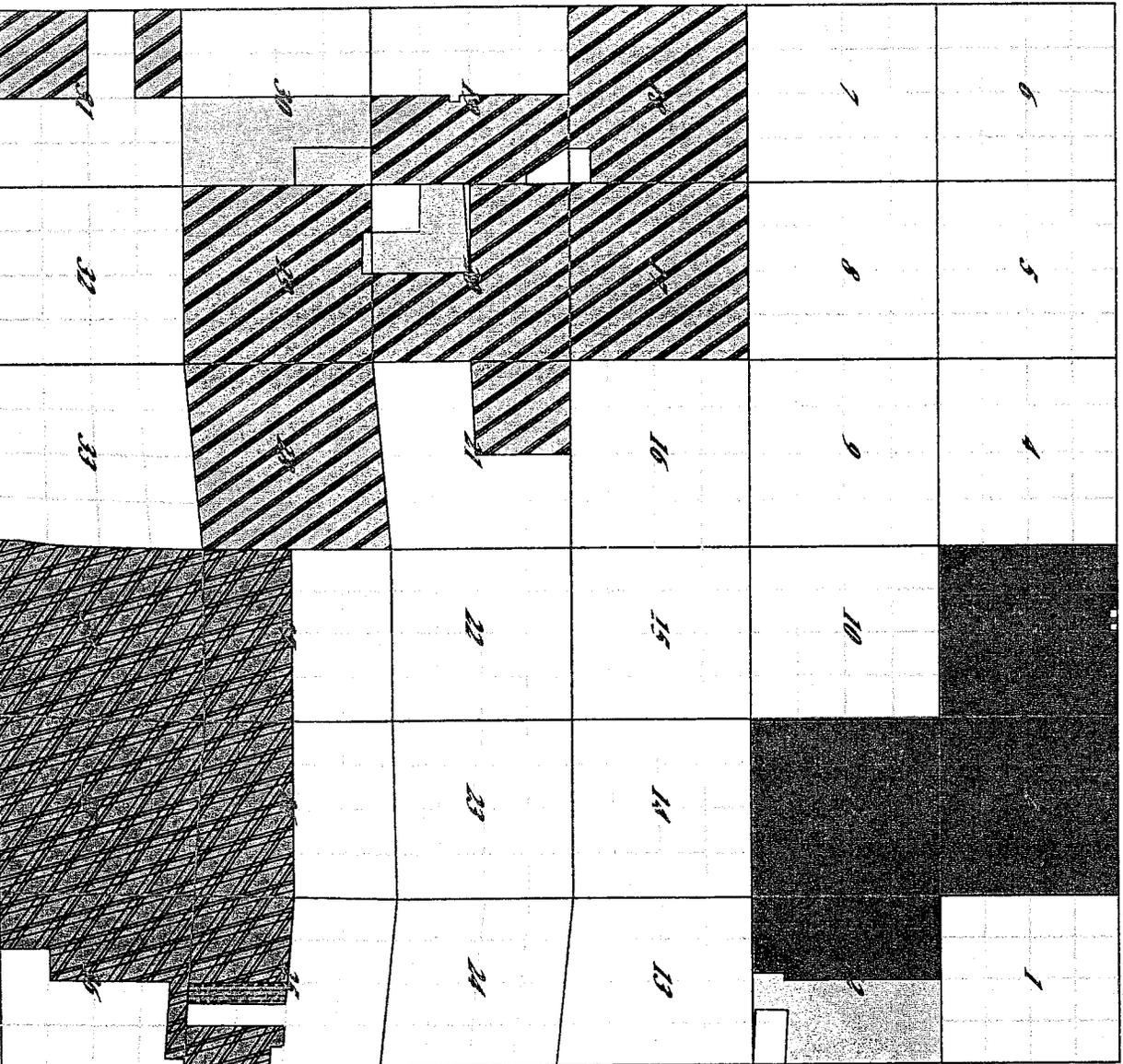
Palo Verde Utilities Company

Docket No. SW-03575A-06-0545

Application for Extension

COUNTY of Pinal

RANGE 3 East



 W-3576 (6)
Santa Cruz Water Company

 Sewer SW-3575 (6)
Palo Verde Utilities Company

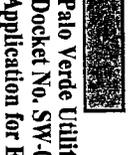
 W-4137 (2)
Santa Rosa Water Company

 Sewer SW-4136 (2)
Santa Rosa Utility Company

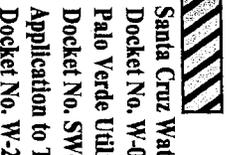
 W-4195 (1)
The Ranches at Maricopa Homeowners Association
Adjudicated 'Not a Public Service Corporation'

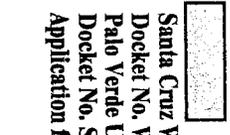
 68498 (4) Order Preliminary Issued
Santa Cruz Water Company
Docket No. W-03576A-07-0305

 Palo Verde Utilities Company
Docket No. SW-03575A-07-0305
Application to Amend Decision No. 68498

 (8) Palo Verde Utilities Company
Docket No. SW-03575A-05-0926
Application for Extension

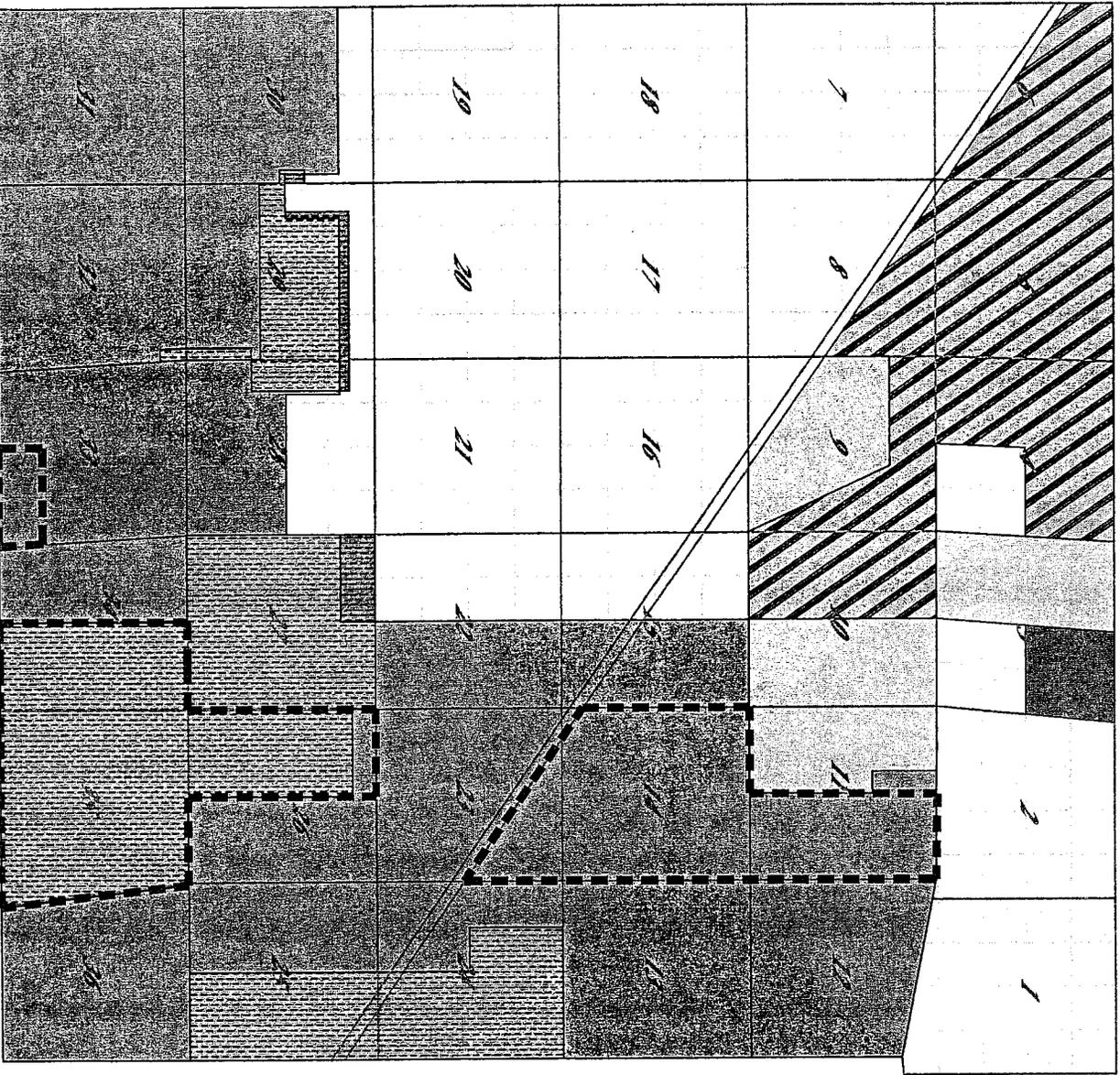
 (8) Santa Cruz Water Company
Docket No. W-03576A-05-0926
Application for Extension

 (6) Santa Cruz Water Company
Docket No. W-03576A-06-0155
Palo Verde Utilities Company
Docket No. SW-03575A-06-0155
Application to Transfer to Global
Docket No. W-20446 & SW-20445

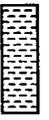
 (8) Santa Cruz Water Company
Docket No. W-03576A-06-0545
Palo Verde Utilities Company
Docket No. SW-03575A-06-0545
Application for Extension

COCHISE Pinal

RANGE 4 East



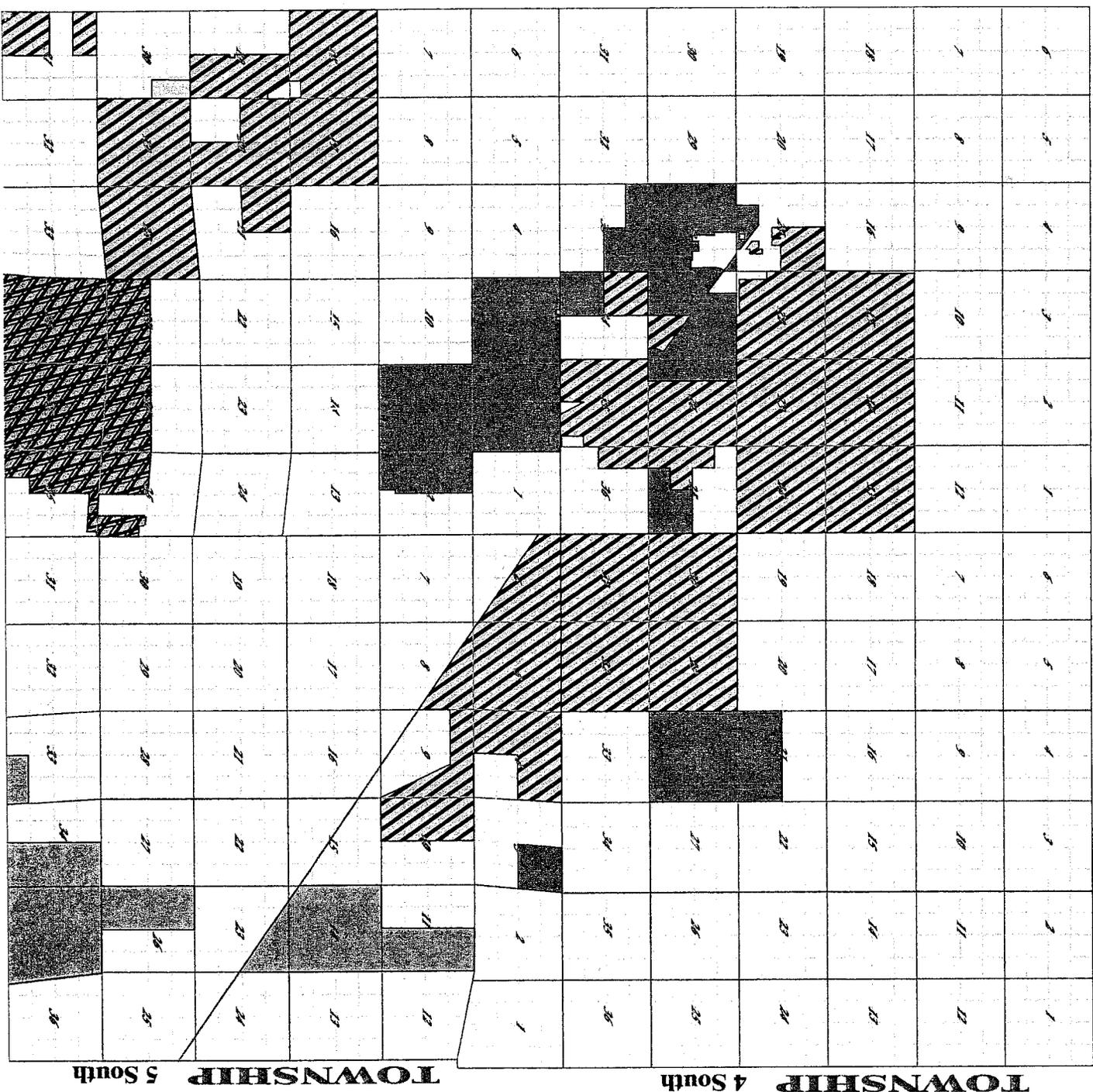
TOWNSHIP 5 South

-  W-1445 (39)(5)
Arizona Water Company (Stanfield)
-  W-3576 (3)
Santa Cruz Water Company
-  Sewer SW-3575 (3)
Palo Verde Utilities Company
-  Nonjurisdictional (2)
Copper Mountain Ranch Community Facilities District
-  68498 (4) Order Preliminary Issued
Santa Cruz Water Company
Docket No. W-03576A-07-0305
Palo Verde Utilities Company
Docket No. SW-03575A-07-0305
Application to Amend Decision No. 68498
-  (8) Santa Cruz Water Company
Docket No. W-03576A-05-0926
Application for Extension
-  (8) Palo Verde Utilities Company
Docket No. SW-03575A-05-0926
Application for Extension
-  (6) Santa Cruz Water Company
Docket No. W-03576A-06-0155
Palo Verde Utilities Company
Docket No. SW-03575A-06-0155
Application to Transfer to Global Water
Docket Nos. W-20446 and SW-20445
-  (8) Santa Cruz Water Company
Docket No. W-03576A-06-0545
Palo Verde Utilities Company
Docket No. SW-03575A-06-0545
Application for Extension
-  (8) Arizona Water Company
Docket No. W-01445A-06-0199
Application for Extension

COUNTY: Pinal

RANGE 3 East

RANGE 4 East



W-3576

Santa Cruz Water Company



SW-3575

Palo Verde Utilities Company



Nonjurisdictional

Copper Mountain Ranch Community Facilities District



W-4137 (2)

Santa Rosa Water Company



SW-4136 (2)

Santa Rosa Utility Company



W-4195 (1)

The Ranches at Maricopa Homeowners Association
Adjudicated Not a Public Service Corporation



68498 Order Preliminary Issued

Santa Cruz Water Company

Docket No. W-03576A-07-0305

Palo Verde Utilities Company

Docket No. SW-03575A-07-0305

Application to Amend Decision No. 68498

TOWNSHIP 4 South

TOWNSHIP 5 South