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AZ CORP COMMISSION
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19

BEFORE THE ARIZONA CORPORATION COMMISSION

ARIZONA WATER COMPANY, an Arizona corporation, Complainant, vs. GLOBAL WATER RESOURCES, LLC, a foreign limited liability company; GLOBAL WATER RESOURCES, INC., a Delaware corporation; GLOBAL WATER MANAGEMENT, LLC, a foreign limited liability company; SANTA CRUZ WATER COMPANY, LLC, an Arizona limited liability corporation; PALO VERDE UTILITIES COMPANY, LLC, an Arizona limited liability corporation; GLOBAL WATER - SANTA CRUZ WATER COMPANY, an Arizona corporation; GLOBAL WATER – PALO VERDE UTILITIES COMPANY, an Arizona corporation; JOHN AND JANE DOES 1-20; ABC ENTITIES I - XX, Respondents.	DOCKET NOS. W-01445A-06-0200 SW-20445A-06-0200 W-20446A-06-0200 W-03576A-06-0200 SW-03575A-06-0200 **ARIZONA WATER COMPANY'S RENEWED MOTION TO COMPEL, MOTION FOR A PROTECTIVE ORDER AND REQUEST FOR ACCELERATED HEARING OF SAME**

Arizona Corporation Commission
DOCKETED
OCT 25 2007
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Arizona Water Company hereby renews its prior July 19, 2007 motion to compel directed at the Respondent Global Water-related respondent entities (collectively, "Global"). Arizona Water Company also moves for a protective order prohibiting Global from

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continuing to engage in a pattern of serving overbroad and abusive data requests on Arizona Water Company. Third, Arizona Water Company moves to adjust the prefiling and hearing deadlines in this docket to allow the Company time to review the documents and information long due Arizona Water Company. How much time is necessary will be dictated by the pace of Global's complete compliance with the Commission's orders to provide such documents and information. Finally, since a supplemental direct testimony deadline is looming on November 7, Arizona Water Company seeks accelerated consideration of these motions.

Administrative Law Judge Dwight D. Nodes ordered Global to produce numerous documents and to provide information at a procedural conference on August 14, 2007—*over two months ago*. Arizona Water Company was also ordered to provide documents and information. At this date, Arizona Water Company has complied with every single component of Judge Nodes' Order. On the other hand, while Global has made some sporadic disclosures of information and documents since that time, it has also refused and/or delayed production of considerable information and documents that were ordered to be disclosed. Rather than disclosing the information and documents as ordered, Global has instead served more than 100 additional data requests (including subparts) on Arizona Water Company, even though this case does not concern Arizona Water Company's policies and practices. Therefore, the Commission should grant Arizona Water Company's renewed motion to compel against Global and also grant Arizona Water Company's motion for a protective order.

I. Procedural Background.

In order to prepare for this matter, Arizona Water Company served data requests on Global more than a year ago, on October 3, 2006.[1] As established in the prior discovery

[1] The data requests were served in Docket Nos. W-01445A-06-0199, SW-03575A-05-0926 and W-03576A-05-0926 now pending before Judge Yvette B. Kinsey, Administrative Law Judge (the "CCN Extension Case"). Pursuant to a stipulation of

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briefing and oral argument in this matter, the Formal Complaint issues revolve exclusively around Global's—not Arizona Water Company's—financial patterns and practices, particularly those concerning the Infrastructure Coordination and Financing Agreements ("ICFAs") that Global has been using as a backbone of its operations. Following numerous discussions between the parties and fruitless good faith efforts to resolve this discovery dispute by Arizona Water Company, Arizona Water Company was forced to file a Motion to Compel on July 19, 2007. A lengthy procedural conference was held before ALJ Nodes on August 14, 2007. During that conference, ALJ Nodes painstakingly went through each and every pending discovery request, and entered specific orders compelling answers to the requests and production of the documents by both parties. The parties were also directed to negotiate a suitable confidentiality/protective order. The parties stipulated to a confidentiality/protective order, which the Commission entered on August 23, 2007.

The parties also negotiated concerning the schedule of proceedings in this docket, filing a stipulation on September 28, 2007, which the Commission effectively incorporated in a procedural order entered on October 1, 2007. Under the schedule set out by that order, supplemental direct testimony of Arizona Water Company and Global is due in less than two weeks, on November 7, 2007, with dates also set for Staff's testimony and rebuttal, and a hearing set to commence on January 8, 2008. As counsel for Arizona Water Company has continuously expressed in discussions with counsel for Global and Staff, this is an ambitious and compressed schedule given the issues in this case and the status of discovery, and required the parties to make absolute good faith efforts to fully comply with their disclosure and discovery obligations, including the orders issued at the procedural conference on the motion to compel on August 14, 2007. Unfortunately, Global has not complied with the orders entered by the Commission.

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the parties, discovery in the CCN Extension Case can be used in this case and vice versa.

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Arizona Water Company has produced all information and documents that it was ordered to disclose at the August 14, 2007 procedural conference. Arizona Water Company's staff and outside counsel have visited Global's offices on a number of occasions to review documents, and Global has produced some superficial and limited information and documents, but not the specific materials it was ordered to produce. Instead, Global has engaged in delay on various grounds, continually promising that the relevant materials would be produced at sometime in the future. For other materials, Global has simply stated that it is "formulating a response" which is promised at some uncertain future date. Details of these incidents are provided below.

As time grew short to prepare the supplemental direct testimony filings, Arizona Water made repeated efforts to secure the ordered information from Global, including telephone calls, e-mails and formal letters to counsel for Global (See Exhibit A). Rather than complying with those obligations, however, Global consistently delayed and stonewalled on its disclosure duties, and, on October 18, 2007, served on Arizona Water Company an 11-page, single-spaced set of 68 individual data requests (including more than 100 subparts). (See Exhibit B). Global's actions and inactions have seriously jeopardized Arizona Water Company's ability to prepare its case, and have called into question the ambitious schedule recently entered by the Commission. Counsel for Arizona Water Company contacted Global's counsel on October 19, 2007 and proposed that both sides agree to serve one last set of data requests limited to ten separate requests. Global has not responded to this proposal, nor has it agreed to limit its data requests in any way.[2]

One of the more important discovery categories relates to communications between Global and parties solicited for ICFAs. After initially refusing to produce such documents, Global disclosed limited hard copy files, then informed Arizona Water Company that the bulk of the communications were by e-mail, which would be produced (this was discussed

[2] Arizona Water Company served a much more narrowly-tailored set of 20 data requests on Global on October 23, 2007.

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at the August 14 procedural conference). But the e-mails were never produced as the weeks unfolded into months. Late in the day on October 19, Global finally produced two CDs related to Global's e-mail communications on the ICFAs. Global also promised that a third and final CD would arrive sometime in the future. The third CD then arrived the morning of October 23, 2007, approximately *ten weeks* after ALJ Nodes ordered the emails produced. Moreover, rather than provide access to the e-mails in their original form, Global laboriously and nefariously turned each e-mail into a PDF file, thus concealing certain electronic data related to each e-mail that would be available if the e-mails were disclosed in their original format, which is the accepted and customary way to disclose such electronic communications. Simply stated, Arizona Water Company waited ten weeks to receive 11 bankers boxes' worth of pdf copies of email messages that are not searchable, and now has less than two weeks to plow through 34,000 pages of documents that should have been produced a year ago, and at a minimum following Judge Nodes' specific order to do so on August 14.

II. The Global Entities Have Delayed and Refused the Ordered Production of Documents and Information and Should Be Directed to Produce the Requested Materials Forthwith.

Global has delayed, obfuscated or refused outright to produce a number of categories of information and documents which the Commission ordered Global to produce at the procedural conference on August 14, 2007, as specifically discussed below[3]:

1. *Copies of ICFAs (Data Request AWC 1.5).* Global has failed to produce copies of at least 12 ICFAs even though it has sought CCN extensions based on the same ICFAs:

[3] As this pleading was being prepared for filing, yet another package of materials was received from counsel for Global, purporting to produce some of the documents described below. It is too little and too late to allow Arizona Water Company to comply with the November 7 supplemental pre-filing deadline, even if the production is sufficient. Arizona Water Company will begin to analyze these new materials immediately, and will thereafter supplement this memorandum. This point is that all of this material should have been produced weeks if not months ago.

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First, Global has admitted that it negotiated and entered into eight ICFAs with landowners in Arizona Water Company's Stanfield CCN area (listed as ICFAs numbers 61, 63, 71, 72, 95, 96, 97 and 98 on Global's chart produced September 6, 2007). Global further admits that it maintains files related to these eight ICFAs. However, despite ALJ Nodes' order of August 14, 2007, Global has refused to produce copies of these eight ICFAs or their files, contending that the ICFAs were "unexecuted by GWR" and somehow immunized from discovery. However, Global's improper marketing of its ICFAs in Arizona Water Company's CCN areas is a central issue in this docket. Arizona Water Company has demanded production of these ICFAs repeatedly, including requests made in conversations with Global's counsel and two letters dated September 19 and October 16, 2007. (See Exhibit A). Global stated that it is "formulating a response" but has failed to produce the relevant ICFAs and files. Global should be specifically ordered to produce these concealed ICFAs immediately.

Second, Global has identified four ICFAs (numbers 1, 2, 9 and 13 on Global's chart of September 6, 2007) but has failed to produce any copies or files related to these ICFAs, stating that "no file exists." Yet Global has apparently received funds under these ICFAs and may even be providing service to these areas. To claim that no files exist related to these ICFAs is simply not credible. Global should be ordered to produce immediately all materials related to these four ICFAs.

2. *Communications and Negotiations with Landowners and Others Concerning ICFAs and P3 Agreements, including Email (Data Requests AWC 1.1, 1.2, 1.3, 1.4, 1.9, 1.10, 1.11).* The Commission ordered Global to produce e-mails communications with landowners and developers related to ICFAs at the procedural conference on August 14, 2007. Since that time, Global has engaged in a lengthy process of delay. During a meeting at the Commission's offices on September 19, 2007, Global promised that the e-mails would be made available within 10 days. During a visit to Global's offices on September 26, 2007, Global promised that the e-mails would be made available the first week of October. Global

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then promised that the e-mails would be made available at the end of the week of October 8-12. On October 16, 2007, Global informed Arizona Water Company that the e-mails would be made available "this week," that is, on or before October 19, 2007. Global finally produced three CDs containing e-mails late on October 19 and on the morning of October 23, more than two months after production was ordered. As noted above, Global produced the emails in PDF format, rather than in their original form, thus concealing electronic data related to each e-mail, and rendering them unsearchable by electronic means. It will take Arizona Water Company substantial time to review eleven boxes of printed messages, and there is no guarantee that was has been produced complies with Judge Nodes' Order.

3. *Financial Accounting Related to Specific ICFAs (Data Requests AWC 1.7, 1.101).* At the procedural conference on August 14, the Commission ordered Global to produce a detailed accounting of funds under each ICFA. Global has provided limited general information about the total amounts collected under ICFAs, but has so far failed to provide the specific accounting, despite admissions by Global's staff that it keeps detailed records related to ICFA funds for tax purposes. During a meeting at Global's offices on October 10, 2007, Global's staff stated that these materials and information would be produced "soon." More than two weeks later, they still have not been produced.

4. *Accounting of Ownership Interests (Data Request AWC 1.26).* Global's staff has provided an unsworn oral description of these matters to Arizona Water Company's staff. However, Global has failed to provide any written documentation of accounting for Global's ownership interests.

5. *Other General Financial Issues (Data Requests AWC 1.7, 1.14, 1.26, 1.50, 1.51, 1.101, 1.102, 1.103, 1.104).* During a meeting at Global's offices on October 10, 2007, Global's staff stated that materials and information responsive to all remaining financial data requests would be produced "soon." More than two weeks later, the material and information still has not been produced.

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Arizona Water Company is essentially precluded from prefiling complete and thorough initial direct testimony as to facts and issues that are exclusively within the control and possession of Global when Global is refusing to disclose information that is necessary for Arizona Water Company's prosecution of its case. The Commission should order Global to produce these materials immediately and should revise the current schedule based on Global's continuing refusal to comply with Commission orders.

III. The Commission Should Grant Arizona Water Company's Motion for a Protective Order to Prevent Abusive Data Requests by Global.

As of October 17, 2007, Global had already served approximately 129 data requests, not including subparts, on Arizona Water Company in this and related dockets. Arizona Water Company has in good faith responded to all of these requests, even though Arizona Water Company's conduct is not at issue in this formal complaint matter and the documents and information sought by Global had marginal or no relevance to this matter.

Following the August 14 procedural conference, Arizona Water Company produced all the documents and information which the Commission ordered produced, including, for example, a list of all litigation involving Arizona Water Company over the past ten years, non-privileged files related to litigation involving ADWR, Woodruff Water Company and the City of Casa Grande, and financial information related to Arizona Water Company's affiliates and information on inter-company charges. Despite Arizona Water Company making these materials available for Global's review, no representative of Global has visited Arizona Water Company's offices to review the materials. It took Arizona Water Company's staff several days to compile this material and it waits untouched (and apparently unneeded) by Global.

Instead of reviewing the materials requested (or complying with its own disclosure obligations), on October 18, 2007, Global served Arizona Water Company with a fourth set of data requests comprised of 68 data requests, some with as many as eight subparts. *See* Global's Fourth Set of Data Requests, attached as Exhibit B. The Fourth Set of Data

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Requests impossibly demanded compliance by *October 4, 2006* -- that is, more than a year in the past.

This fourth set of data requests is blatantly abusive and burdensome. For example, Request 4.1 asks for copies of every "master facilities agreement" entered into by Arizona Water Company over the last five years, even though there have been no allegations concerning such agreements and Arizona Water Company's actions and conduct are not at issue in this matter. Request 4.2 then seeks all communications, including emails, related to such agreements for the last five years, while Request 4.4 seeks an accounting of all funds received under such agreements for five years. However, no issues about any such agreements are relevant to this formal complaint, which specifically involves Global's conduct related to ICFAs and whether the unregulated Global entities are improperly acting as public service companies. Equally irrelevant and burdensome, Request 4.13 seeks the "pay rate structure and compensation" for "all levels in the company." However, the pay rates of Arizona Water Company's employees have no relevance to any matters in this litigation, and will take weeks to assemble.

As noted above, Arizona Water Company assembled all its non-privileged files related to its litigation with the City of Casa Grande, and invited Global's representatives to visit Arizona Water Company's offices for review those files. Global did not conduct any such visit or review. Instead, Global has demanded in Request 4.33 that Arizona Water Company "Provide all correspondence, including minutes, e-mails, phone records, letters, memoranda, etc. between AWC and any other person related to the condemnation action pursued by the City of Casa Grande against AWC." Global never explains how e-mails related to a condemnation action resolved years ago could have any relevance to this action focused on Global's conduct – particularly when Global has not bothered to review the litigation files Arizona Water Company has made available. This particular data request is demonstrative of the fact that Global is engaged in a sophomoric battle of discovery abuse

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designed to absorb the few remaining days available for Arizona Water Company to prepare and file supplemental direct testimony with meaningless make-work on irrelevant topics.

Other data requests by Global appear to be little more than preemptive cross-examination of Arizona Water Company's witnesses on topics discussed in prefiled testimony. *See* Requests 4.23, 4.39 - 4.42, 4.44-4.68. During the procedural conference on August 14, ALJ Nodes directed that many of Global's previous data requests were more correctly posed as cross-examination questions of Arizona Water Company's witness during the hearing. The same can be said for the majority of Global's Fourth Set of Data Requests. Global effectively seeks exhaustively to cross-examine Arizona Water Company's witnesses multiple times. This abusive practice should not be allowed.[4]

Global's Fourth Set of Data Request amounts to a transparent effort by Global to avoid complying with its own disclosure obligations by instead distracting attention and imposing unreasonable burdens on Arizona Water Company. Rather than drafting 68 new data requests, Global's counsel should have been engaged in providing Arizona Water Company with copies of the ICFAs in the Stanfield CCN area, or with Global's e-mail communications with landowners and developers in an effort to market Global's ICFAs – both of which requests have been pending for more than a year and which the Commission ordered produced more than two months ago.

The choice is Global's: if the hearing is to proceed on January 8, if that is even possible, or some later date, Global must immediately produce information it has been ordered to produce, or face a continuance to allow Arizona Water Company a fair and orderly opportunity to review what is being produced. Likewise, if Global wants to insist on

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[4] In other data requests, Global repetitively demands that Arizona Water Company provide definitions of the words used in the testimony of Arizona Water Company's witnesses. *See, e.g.,* Data Requests 4.54(D), 4.55(D, E), 4.56 (D, E), 4.57 (D). Arizona Water Company's witnesses are not required to serve as Global's lexicographers.

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another 100+ data requests to be answered, it will take weeks to do so and the hearing must be commensurately delayed to allow Arizona Water Company a fair chance to respond.

REQUESTED RELIEF

For the foregoing reasons, Arizona Water Company's renewed motion to compel and motion for a protective order should be granted, and Global should be ordered (1) to produce forthwith all remaining materials and information under the relevant Arizona Water data requests, and (2) to withdraw its Fourth Set of Data Requests and cease burdening this docket with abusive discovery demands, or alternatively to reset the pending dates to accommodate the new demands occasioned by Global's actions. Arizona Water Company also requests that the Commission suspend the filing dates and hearing schedule in this matter until Global fully and completely complies with its disclosure obligations and the Commission's orders. Specifically, Arizona Water Company is willing to meet the compressed and aggressive time frames submitted earlier as to rebuttal deadlines and the following hearing dates, but the deadlines need to be reset so as to start at a point three weeks following the complete disclosure of the requested information and documents by Global. Otherwise, Global is gaining a substantial and material advantage in the case by its own actions in refusing to comply with the Commission's orders.

RESPECTFULLY SUBMITTED this 25th day of October, 2007.

BRYAN CAVE LLP

By _____

Steven A. Hirsch, #006360
Rodney W. Ott, #016686
Two N. Central Avenue, Suite 2200
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Attorneys for Arizona Water Company

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ORIGINAL and 13 COPIES of the foregoing filed this 25th day of October, 2007 with:

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Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

COPY of the foregoing hand-delivered/ mailed this 25th day of October, 2007 to:

Dwight D. Nodes [hand-delivered]
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Phoenix, AZ 85007

Christopher Kempley, Esq. [hand-delivered]
Chief Counsel, Legal Division
Arizona Corporation Commission
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Phoenix, AZ 85007

Ernest G. Johnson [hand-delivered]
Director, Utilities Division
Arizona Corporation Commission
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Michael W. Patten, Esq. [and emailed]
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EXHIBIT A

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September 19, 2007

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VIA E-MAIL AND REGULAR MAIL

Timothy J. Sabo, Esq.
Roshka DeWulf & Patten, PLC
One Arizona Center
400 E. Van Buren St., Suite 800
Phoenix, AZ 85004-2262

Re: Arizona Water Company v. Global Water Resources, et al., Docket Nos. W-01445A-06-0199; SW-03575A-05-0926; W-03576A-05-0926; W-01445A-06-0200; SW-20445A-06-0200; W-20446A-06-0200; W-03576A-06-0200; SW-03575A-06-0200

Dear Tim:

We are writing to follow up on a number of issues raised by you in recent emails and letters concerning Arizona Water Company's responses to data requests and production of documents, as well as questions that have come up regarding Global's supplemental production of ICFAs and related information following Judge Nodes' rulings. We look forward to discussing these issues among the others set for discussion at this afternoon's meeting at the Commission.

I. Arizona Water Company's Production.

1. Attached you will find copies of executed Exhibits A and B for Arizona Water Company's representatives related to the protective order. Arizona Water Company reserves the right to add individuals as they are identified. In addition, two of the signatures are being procured from out-of-state, and we will provide you with executed Exhibits A and B for those added individuals as soon as they are received.

2. Your letter of September 17, 2007 requests when Arizona Water Company will provide hydrological reports related to the contested area in the CCN extension application proceeding. However, as was stated in the Company's response to this data request (Global 1.40), "None of Arizona Water Company's previous hydrology studies include the extension area." There is nothing to produce pursuant to this request, either as of the date of the initial responses or this date.

3. Arizona Water Company has gathered materials in response to Global data requests 1.7 (ADWR litigation), 1.9 and 1.10 (Woodruff litigation), 1.53 (affiliates financial info), 1.71 (intra-company charges) and 3.2 (affiliates financial info). These materials can be reviewed at Arizona Water Company's offices by Global's representatives at a mutually convenient time. Please contact Robert Geake about arranging a time.

4. Arizona Water Company is still gathering information in response to Global's data request 1.6 (the list of civil litigation in last 10 years; this obviously as written includes matters such as justice court bill collection matters, landlord/tenant issues with unrelated tenants in remote locations, garnishments, property damage claims, easement disputes and the like, and is proving to be very cumbersome) and 1.8 (the Casa Grande litigation), which should be compiled in the next few days. We will inform you when it is ready for review.

II. Questions Concerning Global's Production of ICFAs.

As you know, ALJ Nodes ordered Global to produce copies of all ICFAs in response to Arizona Water Company's motion to compel. Despite months of inquiry into these issues, following our review of the recent materials you sent over, it appears that Global has still failed to produce all of the ICFAs. Here is what our review shows as of this date. For organizational purposes, we have considered these in two categories, that is, recorded and unrecorded ICFAs.

1. **Recorded ICFAs.** Global's production has raised numerous questions. According to the "reconciliation" at the end of the updated list produced on September 6, 2007, the CD is supposed to contain copies of **140** "executed/recorded" ICFAs (plus one duplicate). In fact, it contains copies of **136** ICFAs (plus one duplicate). The updated list of September 6, 2007 also lists only **136** recorded ICFAs. How many recorded ICFAs actually exist? Arizona Water Company demands that Global immediately produce copies of **all** recorded ICFAs. If, in fact, there are 140 recorded ICFAs, Global must produce the missing four recorded ICFAs.

2. **Unrecorded ICFAs.** Massive confusion appears to exist regarding these unrecorded ICFAs – which are particularly significant because Ms. Liles has testified that Global did not record any ICFAs relating to Arizona Water Company's Stanfield CCN area.

a. The "reconciliation" identifies 2 ICFAs (Rancho El Dorado and Acacia Crossings?) as "Paid/Finalized Pre-Global." However, no copies of these two ICFAs are provided. Please produce them immediately.

b. The "reconciliation" identifies 2 ICFAs (Cobblestone Farms and Villages at Rancho El Dorado) in the category of "builder certificates." However, no copies are provided. Please produce copies of these ICFAs immediately.

c. The "reconciliation" identifies 2 ICFAs (for Sunset Landing and Chandler Boys Ventures") as "no agreements." What does this mean? Does Global in fact consider these developments to be covered by ICFAs when no ICFAs exist? Please explain, and produce copies of these agreements in whatever form they exist, either executed or unexecuted.

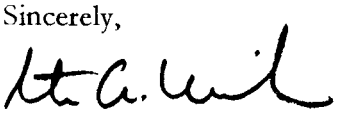
d. The "reconciliation" identifies eight ICFAs as "not executed/not recorded," apparently including two Langley properties, Big Trail, Lonely Trail, Rob-Lin, Vistoso Partners, ABCDW, and Vanderbilt Farms. *These properties all appear to be located within Arizona Water Company's Stanfield CCN. Global has failed to produce copies of these ICFAs.* What does this designation mean? Were these ICFAs executed by landowners in the Stanfield CCN area but not by Global? Or vice versa? If no agreement was executed, why has Global included the areas in its so-called "Southeast Expansion?" Arizona Water Company demands that Global produce copies of these ICFAs, no matter what the status of execution or recording, immediately.

e. The "reconciliation" lists (but does not identify) one ICFA as "signed/not recorded," but Global has apparently not produced a copy of this document. What does this designation mean? Please identify and produce a copy of the ICFA which Global has characterized as "signed/not recorded."

f. In addition to the 155 ICFAs listed on the "updated list" of September 6, 2007, Global produced a paper copy of an unrecorded ICFA with TOM-T, LLC *et al.* Because this ICFA does not appear on the updated list, it appears that there are at least 156 ICFAs. Please identify and produce all copies of any other ICFA not on the updated list.

Please provide us with information as to when Arizona Water Company will receive full disclosure from Global of **all** ICFAs.

Sincerely,



Steven A. Hirsch
Rodney W. Ott

SAH/RWO/me
Enclosures

Ott, Rodney

From: Ott, Rodney
Sent: Tuesday, September 25, 2007 2:57 PM
To: 'Tim Sabo'; Maureen Scott
Cc: Hirsch, Steven; Bob Geake; Bill Garfield; Joe Harris; jreiker@azwater.com
Subject: RE: 0200 Matter - AWC's review of Global files

Tim - As mentioned in a previous email, Steve Hirsch and I will visit Global's offices to begin our review of the "paper files" on Wednesday at 1:30 p.m.

Joe Harris and Joel Reiker would like to begin their review of the accounting and financial info and documents this Friday at 10 a.m. They expect and want to review Global and affiliate files responsive to Arizona Water Company data requests 1.7, 1.14, 1.26, 1.50, 1.51, 1.101, 1.102, 1.103, and 1.104, as ordered by ALJ Nodes.

From: Tim Sabo [mailto:tsabo@rdp-law.com]
Sent: Monday, September 24, 2007 11:30 AM
To: Ott, Rodney; Maureen Scott
Cc: Hirsch, Steven; Bob Geake; Bill Garfield; Joe Harris; jreiker@azwater.com; Cindy Liles
Subject: RE: 0200 Matter - AWC's review of Global files

Rodney - Wednesday is fine for the review of the paper files. Cindy Liles is pretty booked up on Thursday – we would propose moving that to Friday at 10am. In addition, we would ask that Joe Harris give Cindy Liles a call to discuss what he wants to review.

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From: Ott, Rodney [mailto:rwott@BryanCave.com]
Sent: Friday, September 21, 2007 4:10 PM
To: Tim Sabo; Maureen Scott
Cc: Hirsch, Steven; Bob Geake; Bill Garfield; Joe Harris; jreiker@azwater.com
Subject: 0200 Matter - AWC's review of Global files

Tim:

Pursuant to our discussions on Sept. 19, Steve Hirsch and I would like to visit Global's offices on Wednesday, **Sept. 26, at 1:30 p.m**. to begin our review of Global's "paper" files on ICFAs and related correspondence and drafts.

In addition, Arizona Water Company's representatives Joe Harris and Joel Reiker would like to begin their review of the Global financial documents, including general ledgers and backup documents on Thursday, **Sept. 27 at 10 a.m.** We understand that the this Thursday review will not involve the attorneys, but rather Joe, Joel, Cindy Liles and/or Global's financial staff.

Please let me know if these proposed dates work.

This electronic message is from a law firm. It may contain confidential or privileged information. If you received this transmission in error, please reply to the sender to advise of the error and delete this transmission and any attachments.

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

BRYAN CAVE

Rodney W. Ott
Counsel
Direct: 602-364-7407
rwott@bryancave.com

October 16, 2007

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And Bryan Cave, A Multinational Partnership,
London

Re: Arizona Water Company v. Global Water Resources, et al., Docket No. W-01445A-06-0200; SW-20445A-06-0200; W-20446A-06-0200; W-03576A-06-0200; SW-03575A-06-0200

Dear Tim:

I writing to follow up on my voice mail and email messages to you yesterday. Given the time frames of this matter and Arizona Water Company's need to prepare supplemental direct testimony for filing on November 7, 2007, we are growing increasingly concerned about the status of Global's disclosure of the following information and documents:

1. In mid-September, during the meeting at the Commission's office, you informed us that Global's emails related to the ICFAs would be ready for our review in approximately 10 days. During our visit to Global's offices on September 26, you informed us that the emails would be ready for our review the first week of October. When we did not hear from you during that week, I emailed you last week and you responded that a CD containing the emails would be provided to us by the end of last week. The CD did not arrive and I left messages for you about the issue yesterday morning. It is now mid-day on Tuesday and we still have not received the CD, emails, or been given an opportunity to review any emails at Global's offices. When will this information be made available for our review?

2. As you know, ALJ Nodes ordered Global in August to provide copies of all ICFAs. However, the CD produced by Global on September 6, 2007 did not contain the ICFAs related to Arizona Water Company's Stanfield CCN area. We wrote you about this on September 19. During our visit to Global's offices on September 26, Global admitted that files existed for these Stanfield ICFAs, but that Global would not produce them at that time as it was still formulating its decision on whether or not it would disclose them. Almost a month has passed since our letter to you of September 19 requesting this information, but we still have not received a response or copies of the Stanfield ICFAs. We must insist that Global produce these ICFAs immediately.

3. During the last visit of Joe Harris to Global's offices, he requested copies of certain journal entries. Cindy Liles informed him by email that copies of the journal entries were provided to Global's attorneys on the morning of Friday, October 12 for their review. However, we still have not received them. When will they be produced? If any are being withheld, please provide a log of what is being withheld and why.

4. We reiterate our data request for any written contracts or agreements between or among Global entities. To this date, Global has represented that no such agreements have been finalized. Please supplement this response by producing any such document if any now exist.

5. We also believe that the following contracts or agreements, discovered or suggested in our review of Global's financial information, fall under the same data request and must be produced:

a. Any security agreements and/or interests that Global Water Resources or its lenders may have in the assets or common stock of Santa Cruz Water Company or Palo Verde Water Company.

b. Any long term notes receivable to or from Global Water, Inc. to Global Water Resources, LLC.

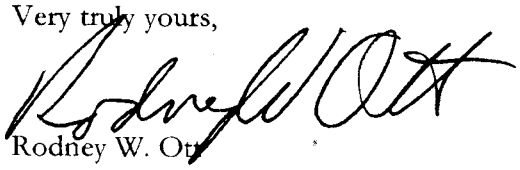
c. Any long term notes receivable to or from Global's utility subsidiaries to Global Water, Inc.

6. As part of our review Global's financial information, we request that Global provide an explanation of any reclassification of the Global parent's investment in its affiliated/subsidiary companies into a long term note receivable from the affiliated/subsidiary company.

7. As a follow-up disclosure related to the existence of IDA bond financing, please provide any and all bond ratings related to Global's IDA bonds.

8. In the copies of Global's acquisition schedules provided to us in discovery, there are references to a Hassayampa Utility Company being 100% owned by Global. However, there seems to be no information provided about the details of the acquisition of such entity. Please provide full details about Global's ownership and/or acquisition of Hassayampa Utility Company.

Very truly yours,



Rodney W. Ott

RWO/me

BRYAN CAVE

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And Bryan Cave,
A Multinational Partnership,
London

October 19, 2007

Via e-mail, facsimile and hand-delivery

Timothy J. Sabo, Esq.
Roshka DeWulf & Patten, PLC
One Arizona Center
400 E. Van Buren, Suite 800
Phoenix, AZ 85004

Re: Arizona Water Company v. Global Water Resources, et al., Docket No. W-01445A-06-0200; SW-20445A-06-0200; W-20446A-06-0200; W-03576A-06-0200; SW-03575A-06-0200

Dear Tim:

We received at 4:14 p.m., on Thursday, October 18, 2007, your faxed Fourth Set of Data Requests to Arizona Water Company on behalf of the Global entities. These data requests are singled spaced, span 11 pages, and contain 68 separate data requests (which number well over 100 with subparts). The data requests also impossibly demand responses by *October 4, 2006.*

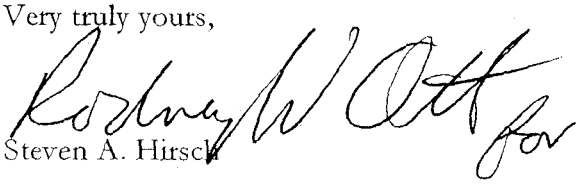
Meanwhile, despite showing extreme patience and continuously requesting information that Global *has been previously ordered to produce by Judge Nodes*, we still have not received information sought by data requests properly served on Global a year ago, last October 3, 2006.

It is apparent that Global and its attorneys have been spending their time promulgating burdensome and annoying data requests to Arizona Water Company instead of complying with Judge Nodes' orders. This is exactly the conduct I warned the parties about when we discussed the hearing deadline dates. My fears have all come to pass.

This letter is written in a final good faith attempt to resolve this discovery dispute. Unless Global withdraws in their entirety this Fourth Set of Data Requests, and delivers – in their entirety – by 5:00 p.m. this evening, October 19, 2007, the documents already ordered to be disclosed, as identified in our letters dated September 19, 2007 and October 16, 2007, and Rodney Ott's e-mail to you dated September 25, 2007 at 2:57 p.m., we will proceed to file a motion to compel and motion for protective order with Judge Nodes, and will leave it to him to

decide whether sanctions should be imposed and whether the extremely compressed prefiling deadlines and the January 8, 2008 hearing date can be met under these circumstances.

Very truly yours,



Steven A. Hirsch

SAH:sr

cc: Maureen A. Scott, Esq.

EXHIBIT B

ROSHKA DEWULF& PATTEN

ROSHKA DEWULF & PATTEN, PLC
ATTORNEYS AT LAW
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SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE NO 602-256-6800

Writer's Direct Dial Number
(602) 256-6100

Client Name
globalwater.azwatercomplaint

October 18, 2007

TELECOMMUNICATION INFORMATION COVER SHEET

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PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME	COMPANY	FACSIMILE NO.
STEVEN HIRSCH, ESQ.		(602) 240-6878
ROBERT GEAKE, ESQ		(602) 364-7070

FROM: Timothy J. Sabo, Esq.

****** Respondents Fourth Set of Data Request to Arizona Water Company ("AWC")**

TOTAL NUMBER OF PAGES INCLUDING THIS COVER PAGE: 14

IF YOU DO NOT RECEIVE ALL PAGE(S), PLEASE CALL: (602) 256-6100.

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
FACSIMILE 602-256-6800

October 18, 2007

Via facsimile and first class mail

Robert W. Geake, Esq
Arizona Water Company
3805 North Black Canyon Highway
Phoenix, Arizona 85015
(602) 240-6878 fax

Steven A. Hirsch, Esq.
Rodney W. Ott, Esq.
Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004
(602) 364-7070 fax

Re: Palo Verde Utilities Company, L.L.C. and Santa Cruz Water Company, L.L.C.'s Fourth Set of Data Requests to Arizona Water Company - Docket Nos. W-01445A-06-0199/SW-03575A-05-0926/W-03576A-05-0926 et al ***and*** Docket No. W-01445A-06-0200 et al

Dear Mr. Geake, Mr. Hirsch and Mr. Ott:

Enclosed please find Palo Verde Utilities Company, L.L.C. and Santa Cruz Water Company, L.L.C's ("Global Utilities") fourth set of data requests to Arizona Water Company in this docket.

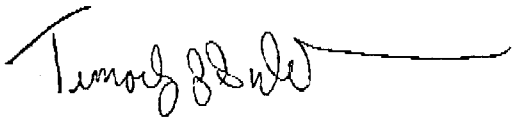
The words "AWC," "you," and "your" refer to Arizona Water Company and any representative, including every person and/or entity acting with, under the control of, or on behalf of AWC. For each answer, please identify by name, title, and address each person ("respondent") providing information that forms the basis for the response provided. If the respondent is different that the witness which will sponsor the answer, also identify the sponsoring witness.

ROSHKA DEWULF & PATTEN

These data requests are continuing, and your answers or any documents supplied in response to these data requests should be supplemented with any additional information or documents that come to your attention after you have provided your initial responses.

In accordance with the Commission's Procedural Order dated September 12, 2006, please provide any objection to these data requests by October 2, 2006; and please provide answers to these data requests by October 4, 2006. Please provide a response directly to the undersigned, **with a copy to Graham Symmonds**, Senior Vice President, Global Water Management, 21410 North 19th Avenue, Suite 201, Phoenix, Arizona 85027.

Very truly yours,



Timothy J. Sabo

TJS:da
Enclosures

Respondents' Fourth Set of Data Requests
To Arizona Water Company ("AWC")
Docket No. W-01445A-06-0199 *et al*
and
Docket No. W-01445A-06-0200 *et al*

October 18, 2007

***Note – all references to Testimony are to the Testimony in Docket No. W-01445A-06-0200**

4.1 In AWC's response STF 1.1 (part 3), AWC indicates that the roles and responsibilities for such construction are determined though a "master facilities agreement or other such agreement." Provide copies of all master facilities agreements or other such agreements AWC or any of its affiliates have entered into during the last five years. Identify each agreement as to whether the Developer or AWC, or any of its affiliates, is responsible for the construction.

4.2 In relation to Global 4.1, provide copies of all correspondence, including minutes, e-mails, phone records, letters, memoranda, etc., between AWC (or any of its affiliates) and developers in relation to the master facilities agreements or other such agreements entered into during the last five years.

4.3 In AWC's response STF 1.1 (part 3), AWC indicates that in some cases the developer performs such work and in some cases, AWC performs such work. Provide a breakout percentage of the cases the developer performs such work versus the cases in which AWC, or any of its affiliates, performs the work.

4.4 Describe the accounting for all funds received under a master facilities agreement.

4.5 Explain how a master facilities agreement differs from a main extension agreement. Explain why a main extension agreement alone would not be sufficient.

4.6 Provide all documents including correspondence, minutes, e-mails, phone records, letters, memoranda etc. related to Mr. Garfield's participation in the Pinal Active Management Area Groundwater User Advisory Council related to the development of the Pinal AMA Assured Water Supply rule package.

4.7 Describe AWC's policy on notifying landowners of requests for extensions of CC&Ns.

4.8 Describe AWC's policy on obtaining Requests for Service for land included in applications for CC&N extensions.

4.10 Does AWC have any employees that provide services for multiple public water systems (PWS) in Arizona? Describe the cost allocation process for different PWS and/or Divisions within the organization.

Respondents' Fourth Set of Data Requests
To Arizona Water Company ("AWC")
Docket No. W-01445A-06-0199 *et al*
and
Docket No. W-01445A-06-0200 *et al*

October 18, 2007

4.11 Does AWC have any employees that provide any service outside the state of Arizona?

4.12 Is AWC charged by affiliates for any services performed employees, officers, or directors of its affiliates? If yes, please describe how the charges are calculated and prove a schedule showing all such charges since January 1, 2005.

4.13 Please provide pay rate structure and compensation bands for all levels in the company categorized by experience and trade level, including office staff, engineering staff, customer service staff, operations staff, management staff and executive staff.

4.14 Provide a financial analysis of the benefits of separate water and wastewater personnel and management. (Garfield Direct at 6:13).

4.15 Describe how AWC "plan[s] ahead for additional water service" and "anticipate[s] what areas will need water service in the future" (Garfield Direct at 6:22-23). From whom does AWC receive information and by what mechanism? Provide all correspondence, including minutes, e-mails, phone records, letters, memoranda etc related to the provision of service in the area requested by AWC in Docket 06-0199.

4.16 Explain how the ICFA is a mechanism to "replace the Commission-approved line extension agreement" (Garfield at 12:21-22) when each ICFA *includes* a line extension agreement.

4.17 Explain how having the water company control water resources is "without regard to the larger public interest" (Garfield at 12:28 to 13:2).

4.18 Describe the likely economic impact to AWC of a reduction in potable water sales due to increased availability of recycled water.

4.19 Demonstrate that AWC provided legal notice of the CC&N extension to the land owners of the properties described in Garfield Direct at 17:4-5.

4.20 Provide all correspondence, including minutes, e-mails, phone records, letters, memoranda etc dealing with the transfers of portions of the CC&N of Francisco Grande Utility Company to AWC.

Respondents' Fourth Set of Data Requests
To Arizona Water Company ("AWC")
Docket No. W-01445A-06-0199 *et al*
and
Docket No. W-01445A-06-0200 *et al*

October 18, 2007

4.21 Describe why AWC "opposed Mr. Koenig's request to be excluded from the proposed transfer" of portions of the Francisco Grande CC&N to AWC (Decision No. 62283 (1 February 2000) at Finding of Fact 10).

4.22 Detail the "similar" nature of ICFA's and PILOR (Harris at 8:24).

4.23 Mr Harris states that the "customer's ultimate expense is a primary determinant of the public interest" (Harris at 11:13-14).

A. Explain this statement.
B. Does AWC believe that water conservation is also part of the public interest? If no, please explain.
C. Does AWC believe that customer service is also part of the public interest? If no, please explain.
D. By "ultimate expense" does Mr. Harris mean current rates, future rates, or something else?
E. Does Mr. Harris believe that rates for one utility service should be looked at in isolation? Or does the public interest involve looking at all the rates for the services to be provided by the competing applicants?
F. Does Mr. Harris dispute that as water becomes more scarce, its value increases?
G. Does Mr. Harris dispute that pricing is a means of allocating scarce resources?
H. Does Mr. Harris agree with the Commission's approach of increasing volumetric charges as usage increases (i.e. three tiered rates)?

4.24 Provide all studies, spreadsheets, reports, or other work papers that supports Mr. Harris's claim that Santa Cruz is "less efficient than its Arizona peers." (Harris Direct at 11:17-20).

4.25 List all Arizona peers of Santa Cruz that are more efficient than Santa Cruz and state the basis for the determination of relative efficiency.

4.26 Admit that water-only service providers generally have higher per-customer water use than integrated providers of water, wastewater, and reclaimed water. If you deny, provide a complete explanation of your denial, including all studies, spreadsheets, reports, or other work papers supporting your explanation.

Respondents' Fourth Set of Data Requests
To Arizona Water Company ("AWC")
Docket No. W-01445A-06-0199 *et al*
and
Docket No. W-01445A-06-0200 *et al*

October 18, 2007

4.27 Provide copies of all executed or proposed line extension agreements for areas requested by AWC in Docket 06-0199.

4.28 Provide all demand studies relating to the area requested by AWC in Docket 06-0199.

4.29 AWC claims its rates are lower than those charged by Santa Cruz. Please provide a complete analysis of this determination including provisions for:

Monitoring Assistance Program Surcharge
Private Fire Service surcharge
Water Availability Fee (applies only to AJ)
Purchased power Adjustment Mechanism
CAP Hook Up Fee

4.30 Does AWC plan to provide fire flow to the proposed area? (from the AWC website – Public Hydrant Service Tariff: "7. The Company will supply only such water at such pressures as may be available from time to time as a result of the normal operation of its water system. The Company does not guarantee a specific water pressure or gallons-per-minute flow rate at any of the public fire hydrants installed. In the event service is interrupted or irregular or defective or fails from causes beyond the Company's control or through ordinary negligence of its employees, servants or agents, the Company will not be liable for any injuries or damages arising therefrom.")

4.31 Does AWC intend on providing groundwater to any golf courses in the area requested by AWC in docket 06-0199? If not, explain the sources of water that will be used to serve those golf courses. Include an estimate of the likely water demand from golf courses in the area requested by AWC in Docket 06-0199.

4.32 Explain AWC's assured water supply management plan for the in the area requested by AWC in Docket 06-0199.

4.33 Provide all correspondence, including minutes, e-mails, phone records, letters, memoranda etc. between AWC and any other person related to the condemnation action pursued by the City of Casa Grande against AWC.

Respondents' Fourth Set of Data Requests
To Arizona Water Company ("AWC")
Docket No. W-01445A-06-0199 *et al*
and
Docket No. W-01445A-06-0200 *et al*

October 18, 2007

4.34 Provide all correspondence, including minutes, e-mails, phone records, letters, memoranda etc. between AWC and any other person regarding or related to the area requested by AWC in docket 06-0199, the extension of AWC's CC&N to such area, or the provision of service to such area.

4.35 Provide all studies, spreadsheets, reports, or other work papers that demonstrate that the employment of personnel directly by the utility is less costly. (See e.g. Harris Direct at 12-15).

4.36 Does AWC believe that conservation is a utility mandate?

4.37 Explain AWC's anticipated recycled water management plan. Will AWC attempt to assert a "distribution" right for recycled water?

4.38 Define how AWC plans to meet the objectives of the Pinal County Water Resources Comprehensive Plan in the subject area:

OBJECTIVE W1: Promote use of renewable water supplies such as effluent, surface water and CAP water whenever feasible for all existing and future development.

Policy W1.1 Encourage compliance with Arizona Department of Water Resources programs, rules and regulations for new developments.
Policy W1.2 Encourage use of renewable resources for all water uses including municipal industrial and agricultural.
Policy W1.3 Encourage water providers to become designated by ADWR.
Policy W1.4 Encourage construction of water treatment facilities for water providers to utilize renewable water supplies.
Policy W1.5 Encourage construction of wastewater treatment facilities to sufficient standards to maximize potential reuse of treated effluent.
Policy W1.6 Encourage compliance with Arizona Department of Environmental Quality for reuse of treated effluent.
Policy W1.7 Encourage the use of gray water for private residential use as specified by ADEQ.

Respondents' Fourth Set of Data Requests
To Arizona Water Company ("AWC")
Docket No. W-01445A-06-0199 *et al*
and
Docket No. W-01445A-06-0200 *et al*

October 18, 2007

4.39 Regarding Mr. Harris' "Yes" response to the question "Do you believe that SCWC is less efficient than its Arizona peers?" on page 11 lines 17 through 19 of his direct testimony, please answer the following:

A. What measure of efficiency is Mr. Harris referring to here?

B. Please explain how Mr. Harris obtained knowledge regarding the efficiency of SCWC.

C. Please explain how Mr. Harris obtained knowledge regarding the efficiency of each "Arizona peer" (other than AWC itself.)

D. Was a study conducted by AWC (either directly or by a contractor) that assesses the efficiency of SCWC and its Arizona peers? If so please provide the study.

E. Did Mr. Harris rely on any third party studies of efficiency of Arizona water companies in forming his opinion regarding SCWC's efficiency? If so please identify such study.

F. Did Mr. Harris rely on any third party studies of efficiency of water companies in general in forming his opinion regarding SCWC's efficiency? If so please identify each such study.

H. Has Mr. Harris attempted to quantify the efficiency difference between Santa Cruz and "its Arizona peers? If so please provide such quantitative analysis.

4.40 Regarding Mr. Garfield's statement at page 5 lines 22-23 that "a utility works most efficiently when it hires, pays, and retains its own employees" (Garfield Direct at 5:22-23), please answer the following:

A. What measure of efficiency is Mr. Garfield referring to here?

B. Was a study conducted by AWC (either directly or by a contractor) that assesses the efficiency differences associated with different organizational structure? If so please provide such study.

C. Did Mr. Garfield rely on any third party studies of efficiency of water companies in Arizona in forming his opinion provided in the above quoted statement? If so please identify each such study.

D. Did Mr. Garfield rely on any third party studies of efficiency of water companies in general in forming his opinion provided in the above quoted statement? If so please identify each such study.

E. Has Mr. Garfield attempted to quantify the efficiency gains allegedly associated with AWC's organizational structure? If so please provide such quantification.

Respondents' Fourth Set of Data Requests
To Arizona Water Company ("AWC")
Docket No. W-01445A-06-0199 *et al*
and
Docket No. W-01445A-06-0200 *et al*

October 18, 2007

4.41 Mr. Harris states that Santa Cruz has "used its capital stock account as an inter-company cash balance account..." (Harris Direct at 5:27). Is AWC alleging that the use of a capital stock account as an inter-company cash balance account is improper? If yes, please provide citations to recognized accounting guidelines (GAAP, NARUC or others) that AWC relied on in making this determination.

4.42 Mr. Harris states "Global's witnesses have only admitted that the ICFA funds go into GWR's general revenues, and are then distributed to its subsidiaries. Liles Depo at 47-56." (Harris Direct at 7-8). The Respondents have been unable to locate such a statement in the transcript of Ms. Liles Deposition. Please provide the specific page and line numbers from the transcript of Ms. Liles' deposition Mr. Harris relied upon to come to the conclusion that Global's witness admitted that ICFA funds are "distributed to its (GWR's) subsidiaries."

4.43 Are capital expenditures by divisions of Arizona Water Company funded solely by revenue generated within the division incurring the capital expense? If no, please list all other sources of funds used for capital expenditures.

4.44 Mr. Harris states "AWRA and Global share many similarities. They are the only two entities operating Arizona regulated utilities without any employees." (Harris Direct at 16:1-3). Please describe any and all research conducted to verify this claim.

4.46 Mr. Garfield states: "...Global ends up steering most, if not all, developers into ICFAs allegedly outside the Commission's oversight and regulation. Lilies Dep. At 17-18." (Garfield Direct at 12:22-23).

A. Please provide the specific page and line numbers from the transcript of Ms. Liles' deposition Mr. Garfield relied upon to come to his conclusion that Global ends up steering developers into ICFAs.

B. Is MR. Garfield's conclusion that Global ends up steering developers into ICFAs supported by any evidence other than Ms. Liles deposition? If so, please provide such evidence.

4.47 Mr. Garfield recommends that Global be required to refund all fees and charges collected through ICFAs. (Garfield Direct at 21:17-23). Does AWC believe that such a refund would benefit end use customers? If yes, please explain how such a refund would benefit customers. Is Mr. Garfield aware of any developers that have requested such a refund? If yes, please list any such developers.

Respondents' Fourth Set of Data Requests
To Arizona Water Company ("AWC")
Docket No. W-01445A-06-0199 *et al*
and
Docket No. W-01445A-06-0200 *et al*

October 18, 2007

4.48 Mr. Garfield states that the "unregulated Global entities are illegally and improperly conducting business as a public service corporation" (Garfield Direct at 4:5-8).

A. Please explain the basis for this statement.
B. Please provide all memoranda, studies, spreadsheets, reports, opinions, or other work papers Mr. Garfield referred to in developing this opinion or statement.
C. Explain Mr. Garfield's qualifications to make this statement.
D. Please list each Global entity that Mr. Garfield believes is a public service corporation and provide a specific explanation for each such entity.

4.49 Mr. Garfield states that ICFAs are "illegal and improper under Arizona law and Commission rules and procedures." (Garfield Direct at 4:8-10).

A. Please explain the basis for this statement.
B. Please provide all memoranda, studies, spreadsheets, reports, opinions, or other work papers Mr. Garfield referred to in developing this opinion.
C. Explain Mr. Garfield's qualifications to state this opinion.
D. Please specifically identify each Arizona law, Commission rule or procedure Mr. Garfield believes that ICFAs violate. For each such law, rule, or procedure, provide a specific explanation of the violation.

4.50 Mr. Garfield refers to a "hidden layer of profit" (Garfield Direct at 5:27) and an "extra layer of unregulated profit" (Garfield Direct at 6:3).

A. Please explain the basis for this statement.
B. Please provide all memoranda, studies, spreadsheets, reports, opinions, or other work papers Mr. Garfield referred to in developing this opinion.
C. Does Mr. Garfield dispute that Global Water Management operated at a loss in 2006?

4.51 Mr. Garfield states that "the industry standard is to have separate water and wastewater personnel and management." (Garfield Direct at 6:11-13).

A. Please explain the basis for this statement.
B. Please provide all memoranda, studies, spreadsheets, reports, opinions, or other work papers Mr. Garfield referred to in developing this opinion.
C. Please provide a copy of this industry standard.
D. Does Mr. Garfield believe that Arizona-American Water Company violates this standard? If not, why not?
E. Does Mr. Garfield believe that Algonquin Water Resources of America violates this standard? If not, why not?
F. Does Mr. Garfield believe that the utilities affiliated with Robson Communities violate this standard? If not, why not?

Respondents' Fourth Set of Data Requests
To Arizona Water Company ("AWC")
Docket No. W-01445A-06-0199 *et al*
and
Docket No. W-01445A-06-0200 *et al*

October 18, 2007

4.52 Please specify each instance when "GWR has represented itself as an Arizona limited liability company." (Garfield Direct at 7:25-26).

4.53 Please specify each instance when Global Water Management, LLC has listed itself as an Arizona limited liability company. (Garfield Direct at 8:3-4).

4.54 Mr. Garfield states that GWM and GWR are "merely business conduits." (Garfield Direct at 8:20).

A. Please explain the basis for this statement.
B. Please provide all memoranda, studies, spreadsheets, reports, opinions, or other work papers Mr. Garfield referred to in developing this opinion or statement.
C. Explain Mr. Garfield's qualifications to make this statement.
D. Please provide Mr. Garfield's definition of "business conduit".

4.55 Mr. Garfield states that "There appears to be a unity of interest and ownership by the investors in GWM and GWR to the regulated utilities SCWC and PVUC, which have no separate personality or existence other than what they are provided by GWR and GWM...." (Garfield Direct at 8:23-26).

A. Please explain the basis for this statement.
B. Please provide all memoranda, studies, spreadsheets, reports, opinions, or other work papers Mr. Garfield referred to in developing this opinion or statement.
C. Explain Mr. Garfield's qualifications to make this statement.
D. Please provide Mr. Garfield's definition of "unity of interest and ownership."
E. Please provide Mr. Garfield's definition of "separate personality or existence."
F. Does Mr. Garfield believe that AWC has a "unity of interest and ownership" with Utility Investment Company or with United Resources, Inc.? If not, please explain the basis for your answer.

4.56 Mr. Garfield states that GWR and GWM have "operated as alter egos or instrumentalities" of PVUC and SCWC. (Garfield Direct at 9:16-19).

A. Please explain the basis for this statement.
B. Please provide all memoranda, studies, spreadsheets, reports, opinions, or other work papers Mr. Garfield referred to in developing this opinion or statement.
C. Explain Mr. Garfield's qualifications to make this statement.
D. Please provide Mr. Garfield's definition of "alter ego."
E. Please provide Mr. Garfield's definition of "instrumentalities."

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4.57 Mr. Garfield states that ICFAs "impose an unreasonable burden on the land...." (Garfield Direct at 13:20).

A. Please explain the basis for this statement.
B. Please provide all memoranda, studies, spreadsheets, reports, opinions, or other work papers Mr. Garfield referred to in developing this opinion or statement.
C. Explain Mr. Garfield's qualifications to make this statement.
D. Please provide Mr. Garfield's definition of "unreasonable burden on the land."

4.58 Please provide all information in AWC's possession indicating that any Global entity "coerced or deceived landowners into entering" ICFAs (Garfield Direct at 14:10).

4.59 Mr. Garfield states that collecting ICFAs fees is "in direct violation of Commission orders." (Garfield Direct at 14:28). Please list each order that Mr. Garfield was referring to. For each such order, state the basis for Mr. Garfield's belief that there has been a violation.

4.60 Mr. Garfield states that collecting ICFA fees is "in violation of Article 15, Section 3 of the Arizona Constitution and A.R.S. § 40-202."

A. Please explain the basis for this statement.
B. Please provide all memoranda, studies, spreadsheets, reports, opinions, or other work papers Mr. Garfield referred to in developing this opinion or statement.
C. Explain Mr. Garfield's qualifications to make this statement.

4.61 Mr. Garfield states that P3 payments "are apparently passed on to the utility bills of Global's customers." (Garfield Direct at 16:10-12).

A. State the basis for this statement.
B. Describe any and all research conducted to verify this statement.
C. Provide a copy of any document or other evidence in AWC's possession that supports this statement.

4.62 Mr. Garfield states that Casa Grande and Maricopa have agreed to act "in complete disregard for the public interest" in exchange for "a financial incentive." (Garfield Direct at 16:23-25).

A. Is this statement based on Mr. Garfield's personal experience with the honor and integrity of the officials and employees of those cities?
B. If not, state the basis for this statement.

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C. Describe any and all research conducted to verify this statement.
D. Provide a copy of any document or other evidence in AWC's possession that supports this statement.
E. Please list each official or employee of Casa Grande or Maricopa that Mr. Garfield believes is acting "in complete disregard for the public interest."

4.63 Please explain why Mr. Garfield believes that funding the "acquisition of regulated water companies and CCN areas is inimical to Commission policy and procedure and Arizona law." (Garfield Direct at 18:4-6).

4.64 Please provide the memoranda, studies, spreadsheets, reports, opinions, or other work papers utilized by Mr. Harris to determine the "28% return on rate base." (Harris Direct at 3:27).

4.65 State AWC's actual achieved return on rate base for each division for each of the last 5 years.

4.66 Mr. Harris criticizes Staff, stating that Staff "conducted no independent investigation." (Harris Direct at 10:13)
A. How did Mr. Harris verify that this statement was correct?
B. Explain the type of investigation that Mr. Harris believes that Staff should have conducted.

4.67 Mr. Harris states that GWM's employee services are "marked up, and charged to Global's regulated utilities." (Harris Direct at 11:19-21).
A. Please explain the basis for this statement.
B. Please provide all memoranda, studies, spreadsheets, reports, opinions, or other work papers Mr. Garfield referred to in developing this opinion.
C. Does Mr. Garfield dispute that Global Water Management operated at a loss in 2006?

4.68 Mr. Harris states that "Global has refused to provide information about the way its also imposes inter-company charges...." . (Harris Direct at 17:10-11). Does Mr. Harris acknowledge that Global has subsequently provided Mr. Harris with access to its accounting records for inter-company charges?