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AZ CORP COMMISSION  
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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

REPLY IN SUPPORT OF ARIZONA WATER COMPANY'S MOTION TO COMPEL AND MOTION FOR A PROTECTIVE ORDER,

AND

RESPONSE TO GLOBAL'S CROSS-MOTION TO COMPEL

Arizona Corporation Commission

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Arizona Water Company hereby submits this reply in support of its renewed motion to compel directed against Respondents (collectively, "Global"), reply in support of its motion for a protective order, and response to Global's cross-motion to compel.

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2 **I. Reply on Renewed Motion to Compel.**

3 Arizona Water Company will resist the urge to respond to Global's discussion of its  
4 disclosures and responses to Arizona Water Company's data requests. Suffice it to say that,  
5 following Arizona Water Company's filing of its renewed motion to compel on October 25,  
6 2007, the issues raised in that motion have been resolved either by Global's production or  
7 by Global's assertion that no responsive documents or information exist.

8 **II. Reply on Motion for Protective Order.**

9 Following Arizona Water Company's filing of its motion and the agreement on a  
10 new schedule for the hearing and other deadlines in this matter, Global dropped and/or  
11 deferred approximately a quarter of its data requests. Arizona Water Company will provide  
12 objections to Global's remaining data requests on December 7, and will serve responses to  
13 the remaining requests on December 14, 2007.

14 **III. Response to Cross-Motion for a Protective Order.**

15 Arizona Water Company has fully complied with Judge Nodes' orders of August  
16 14, 2007 and disagrees with Global's assertion that any more information or documents  
17 are due. Arizona Water Company provided the following responses to Global's specific  
18 data requests:

19 *Global 1.53 and 3.2.* These data requests sought financial statements of Arizona  
20 Water Company and its affiliates. Arizona Water Company disclosed its own financial  
21 statements for the years 2002-2006, not bates stamped, on March 15, 2007. Arizona  
22 Water Company disclosed the financial statements for its affiliates (San Gabriel Water  
23 Company, Rosemead Properties, Utility Investment Company and United Resources for  
24 years 2002-2006, bates stamped AWC/GLOBAL 000002-73, on September 20, 2007. On  
25 November 15, 2007, Arizona Water Company disclosed unaudited 2007 financial  
26 statements for itself and its affiliates, bates stamped AWC/GLOBAL 000081-110. There  
27 is nothing else to disclose responsive to these requests and Judge Nodes' order.  
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1           *Global 1.71.* This request sought a “list of all transactions or inter-company  
2 charges between AWC and its affiliates and holding companies for the last twelve  
3 months.” Unlike Global, Arizona Water Company has few such transactions or charges.  
4 Arizona Water Company provided a list of office rent payments on March 15, 2007, and  
5 disclosed a complete list of transactions or charges, bates stamped AWC/GLOBAL  
6 000001, on September 20, 2007. There is simply nothing else to disclose.

7           *Global 1.55.* This request asked that Arizona Water Company identify its “sources  
8 of equity.” Arizona Water Company did so, stating that it had retained earnings and paid-  
9 in capital. There is nothing in this request that calls for an “on-site audit” of Arizona  
10 Water Company’s financial records.

11           Moreover, Arizona Water Company flatly rejects Global’s contention that such an  
12 “on-site audit” would be relevant to the matters raised in the Formal Complaint or that  
13 Judge Nodes ordered such “reciprocal” discovery of accounting and financial discovery  
14 from Arizona Water Company. The subject matter of the Formal Complaint is the  
15 Commission’s careful scrutiny of Global’s conduct, Global’s corporate structure, and  
16 Global’s use of Infrastructure Coordination and Finance Agreements (“ICFAs”). None of  
17 these matters requires an “on site audit” of the financial records of Arizona Water  
18 Company or its affiliates. Global’s effort to expand the scope and subject matter of the  
19 Formal Complaint and discovery in that direction is simply another example of Global’s  
20 misdirection, evasion, and harassment.

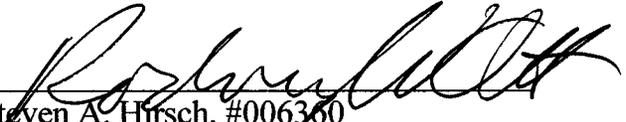
21           In short, Arizona Water Company has provided all the financial and accounting  
22 information which Global requested and Judge Nodes ordered produced. Wide-ranging  
23 discovery of Arizona Water Company’s financial and accounting records is not relevant to  
24 the matters raised in the Formal Complaint (which scrutinizes Global’s conduct, not  
25 Arizona Water Company’s) and Judge Nodes has not ordered any such “reciprocal”  
26 discovery.

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1 RESPECTFULLY SUBMITTED this 19th day of November, 2007.

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4  
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10 Attorneys for Arizona Water Company

11 ORIGINAL and 13 COPIES of the foregoing  
12 filed this 19th day of November, 2007 with:

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

17 COPY of the foregoing hand-delivered/  
18 mailed this 19th day of November, 2007 to:

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20 Administrative Law Judge  
21 Hearing Division  
22 Arizona Corporation Commission  
23 1200 W. Washington  
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