

# ORIGINAL OPEN MEETING



MEMORANDUM  
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Arizona Corporation Commission

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TO: THE COMMISSION

2008 FEB 26 A 10:49

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FROM: Utilities Division

AZ CORP COMMISSION  
DOCKET CONTROL

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DATE: February 26, 2008

RE: IN THE MATTER OF THE APPLICATION OF GLOBAL WATER - SANTA CRUZ WATER COMPANY, *ET AL.* FOR A WAIVER UNDER A.A.C. R14-2-806 RELATING TO FUTURE ACQUISITIONS OF BY GLOBAL WATER, INC. (DOCKET NOS. W-20446A-07-0595, W-20446A-07-0595, W-03576A-07-0595, SW-03575A-07-0595, SW-20422A-07-0595, W-03528A-07-0595, SW-03709A-07-0595, WS-01775A-07-0595, W-02442A-07-0595, SW-03575A-07-0595, W-03576A-07-0595, W-01732A-07-0595, W-03720A-07-0595, W-01212A-07-0595, W-02451A-07-0595, AND W-02450A-07-0595)

On October 12, 2007, Global Water – Santa Cruz Water Company, (“Santa Cruz”) filed an application, Docket No. W-20446A-07-0596, with the Arizona Corporation Commission (“Commission”) seeking a waiver under Arizona Administrative Code (“A.A.C.”) R14-2-806, Section 8; Public Utility Holding Companies and Affiliated Interests, relating to certain future acquisitions by Global Water, Inc. (“Global, Inc.”) Global, Inc. is a “Public Utility Holding Company” as defined in A.A.C. R14-2-801.4. A Procedural Order dated December 12, 2007, declared the application to be “not sufficient” and required Santa Cruz to file a “verified amended application.” On January 4, 2008, Santa Cruz filed a verified amended application which also named as applicants Global Water – Palo Verde Utilities Company, Hassayampa Utility Company, Inc., Global Water – Picacho Cove Water Company, Global Water – Picacho Cove Utilities Company, CP Water Company, Francisco Grande Utility Company, Willow Valley Water Company, Inc., Water Utility of Northern Scottsdale, Inc., Valencia Water Company, Inc., Water Utility of Greater Buckeye, Inc., Water Utility of Greater Tonopah, Inc. (collectively, the Utility Applicants and Global Water Resources, LLC, Global Water, Inc., and West Maricopa Combine, Inc. (“Holding Company Applicants” or “Companies”).

This action requests that the Commission grant a waiver under A.A.C. R14-2-806 that will allow the Companies to acquire other public service corporations without further Commission approval. The request further states that it would be limited to Class C, Class D, and Class E utilities. Additionally, the request asserts that Decision Nos. 67240 and 67830 requires that an “Acquisition Schedule” be filed with the Commission quarterly and within 30 days of any acquisition. The waiver process created by A.A.C. R14-2-801, *et seq.*, is the consequence of Arizona Revised Statutes Section §40-285 which establishes that the Commission must approve the acquisition of public service corporations’ stock or assets by other public service corporations. Given the Commission’s responsibility for oversight of utility acquisitions, each event should be reviewed to assure the Commission that the proposed/anticipated event is truly in the public interest.

THE COMMISSION

February 26, 2008

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A.A.C. R14-2-806 permits the Commission to waive all of the requirements of A.A.C. R14-2-801, *et seq.* provided it is in the public interest to do so. The Companies did not establish that a waiver under A.A.C. R14-2-806 is in the public interest and the Commission should deny this request.

A handwritten signature in black ink, appearing to read 'E. G. Johnson', with a long horizontal flourish extending to the right.

Ernest G. Johnson  
Director  
Utilities Division

EGJ:MEM:lhM/RM

Originator: Marvin E. Millsap

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

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

IN THE MATTER OF THE APPLICATION OF GLOBAL WATER - SANTA CRUZ WATER COMPANY FOR A WAIVER UNDER A.A.C. R14-2-806 RELATING TO CERTAIN FUTURE ACQUISITIONS BY GLOBAL WATER, INC.

IN THE MATTER OF THE APPLICATION OF GLOBAL WATER – PALO VERDE UTILITIES COMPANY FOR A WAIVER UNDER A.A.C. R14-2-806 RELATING TO CERTAIN FUTURE ACQUISITIONS BY GLOBAL WATER, INC.

IN THE MATTER OF THE APPLICATION OF GLOBAL WATER – HASSAYAMPA UTILITY COMPANY, INC. FOR A WAIVER UNDER A.A.C. R14-2-806 RELATING TO CERTAIN FUTURE ACQUISITIONS BY GLOBAL WATER, INC.

IN THE MATTER OF THE APPLICATION OF GLOBAL WATER – PICACHO COVE WATER COMPANY, INC. and PICACHO COVE UTILITIES COMPANY FOR A WAIVER UNDER A.A.C. R14-2-806 RELATING TO CERTAIN FUTURE ACQUISITIONS BY GLOBAL WATER, INC.

IN THE MATTER OF THE APPLICATION OF GLOBAL WATER – CP WATER COMPANY, INC. and FRANCISCO GRANDE WATER COMPANY FOR A WAIVER UNDER A.A.C. R14-2-806 RELATING TO CERTAIN FUTURE ACQUISITIONS BY GLOBAL WATER, INC.

IN THE MATTER OF THE APPLICATION OF GLOBAL WATER – WILLOW VALLEY WATER COMPANY, INC. FOR A WAIVER UNDER A.A.C. R14-2-806 RELATING TO CERTAIN FUTURE ACQUISITIONS BY GLOBAL WATER, INC.

Docket Nos. W-20446A-07-0595  
W-03576A-07-0595

Docket No. SW-03575A-07-0595

Docket No. SW-20422A-07-0595

Docket Nos. W-03528A-07-0595  
SW-03709A-07-0595

Docket Nos. WS-01775A-07-0595  
W-02442A-07-0595  
SW-03575A-07-0595  
W-03576A-07-0595

Docket No. W-01732A-07-0595

1 IN THE MATTER OF THE APPLICATION  
2 OF GLOBAL WATER – **WATER UTILITY**  
3 **OF NORTHERN SCOTTSDALE, INC.**  
4 FOR A WAIVER UNDER A.A.C. R14-2-806  
5 RELATING TO CERTAIN FUTURE  
6 ACQUISITIONS BY GLOBAL WATER, INC.

Docket No. W-03720A-07-0595

4 IN THE MATTER OF THE APPLICATION  
5 OF GLOBAL WATER – **VALENCIA**  
6 **WATER COMPANY** FOR A WAIVER  
7 UNDER A.A.C. R14-2-806 RELATING TO  
8 CERTAIN FUTURE ACQUISITIONS BY  
9 GLOBAL WATER, INC.

Docket No. W-01212A-07-0595

7 IN THE MATTER OF THE APPLICATION  
8 OF GLOBAL WATER – **WATER UTILITY**  
9 **OF GREATER BUCKEYE, INC.** FOR A  
10 WAIVER UNDER A.A.C. R14-2-806  
11 RELATING TO CERTAIN FUTURE  
12 ACQUISITIONS BY GLOBAL WATER, INC.

Docket No. W-02451A-07-0595

10 IN THE MATTER OF THE APPLICATION  
11 OF GLOBAL WATER – **WATER UTILITY**  
12 **OF GREATER TONOPAH, INC.** FOR A  
13 WAIVER UNDER A.A.C. R14-2-806  
14 RELATING TO CERTAIN FUTURE  
15 ACQUISITIONS BY GLOBAL WATER, INC.

Docket No. W-02450A-07-0595

DECISION NO. \_\_\_\_\_

**ORDER**

15 Open Meeting  
16 March 11 and 12, 2008  
17 Phoenix, Arizona

17 BY THE COMMISSION:

18 On October 12, 2007, Global Water – Santa Cruz Water Company (“Santa Cruz”) filed an  
19 application, Docket No. W-20446A-07-0596, with the Arizona Corporation Commission  
20 (“Commission”) seeking a waiver under Arizona Administrative Code (“A.A.C.”) R14-2-806,  
21 Section 8; Public Utility Holding Companies and Affiliated Interests, relating to certain future  
22 acquisitions by Global Water, Inc. (“Global, Inc.”) Global, Inc. is a “Public Utility Holding  
23 Company” as defined in A.A.C. R14-2-801.4. A Procedural Order dated December 12, 2007,  
24 declared the application to be “not sufficient” and required Santa Cruz to file a “verified amended  
25 application.” On January 4, 2008, Santa Cruz filed a verified amended application which also  
26 named as applicants Global Water – Palo Verde Utilities Company, Hassayampa Utility Company,  
27 Inc., Global Water – Picacho Cove Water Company, Global Water – Picacho Cove Utilities  
28 Company, CP Water Company, Francisco Grande Utility Company, Willow Valley Water

Decision No. \_\_\_\_\_

1 Company, Inc., Water Utility of Northern Scottsdale, Inc., Valencia Water Company, Inc., Water  
 2 Utility of Greater Buckeye, Inc., Water Utility of Greater Tonopah, Inc. (collectively, the Utility  
 3 Applicants and Global Water Resources, LLC, Global Water, Inc., and West Maricopa Combine,  
 4 Inc. ("Holding Company Applicants" or "Companies").

5 \* \* \* \* \*

6 Having considered the entire record herein and being fully advised in the premises, the  
 7 Commission finds, concludes, and orders that:

8 FINDINGS OF FACT

9 1. The Companies are public service corporations within the meaning of Article XV of  
 10 the Arizona Constitution and A.R.S. § 40-285.

11 2. The Commission has jurisdiction over the Companies and the subject matter of the  
 12 application.

13 3. Notice of the application was provided in accordance with the law.

14 4. Pursuant to A.R.S. § 40-285, public service corporations are required to seek  
 15 Commission approval prior to changing their corporate structure. A.A.C R14-2-806 provides for  
 16 the Commission to waive this requirement. Under the facts and circumstances presented in this  
 17 docket, it is not reasonable for the Commission to vacate its responsibility for determining whether  
 18 the future acquisition of Class C, Class D and Class E utilities by the Companies is in the public  
 19 interest, thus the Commission should not approve the request to waive A.A.C R14-2-806.

20 CONCLUSIONS OF LAW

21 1. The Companies are public water service corporations within the meaning of Article  
 22 XV of the Arizona Constitution and A.R.S. §§40-250 and 40-252.

23 2. The Commission has jurisdiction over the Companies and of the subject matter of  
 24 the application.

25 3. It is not in the public interest to grant the Companies a waiver under A.A.C R14-2-  
 26 806.

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ORDER

IT IS THEREFORE ORDERED that the application by the Companies for approval to acquire future, unspecified utilities by the Companies under a waiver of A.A.C R14-2-806 is denied.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I DEAN S. MILLER, Interim Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
DEAN S. MILLER  
Interim Executive Director

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EGJ:MEM:lhm\RM

1 SERVICE LIST FOR: Global Water-Santa Cruz Water Company, et al.  
2 DOCKET NOS. W-20446A-07-0595, et al.

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