

ORIGINAL

OPEN MEETING



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MEMORANDUM

Arizona Corporation Commission

DOCKETED

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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

TO: THE COMMISSION

FROM: Utilities Division

DATE: September 5, 2008

RE: 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. § 40-252 (DOCKET NOS. W-03576A-07-0305 AND SW-03575A-07-0305)

On June 30, 2005, Global Water-Santa Cruz Water Company, LLC ("Santa Cruz") and Global Water-Palo Verde Utilities Company, LLC ("Palo Verde") (collectively, "Global Utilities")<sup>1</sup> filed an application for an extension of their respective Certificates of Convenience and Necessity ("CC&N") to provide water and wastewater service, respectively, in portions of Pinal County.

On February 23, 2006, the Commission granted an Order Preliminary to the issuance of the CC&N upon completion of the requirements contained in Findings of Fact Nos. 24 and 34 in Decision No. 69399 as well as a requirement that the 387 Districts be dissolved by the Pinal County Board of Supervisors.

On March 20, 2007, Staff filed a memorandum requesting that the dockets be administratively closed due to the failure of Santa Cruz and Palo Verde to timely comply with Decision No. 68498.

On May 8, 2007, the Commission's Docket Control issued Administrative Closure No. 69493 closing the dockets.

On May 21, 2007, the Global Utilities filed an Application to Amend Decision No. 68498.

On June 15, 2007, the Commission decided to reopen the matter pursuant to A.R.S. § 40-252, to allow a hearing on the Global Utilities' Motion to Amend Decision No. 68498.

On September 25, 2007, a hearing was held at the Commission and the matter was taken under advisement.

<sup>1</sup> A name change for the Companies occurred pursuant to Decision No. 69920 dated September 27, 2007, in which the Commission granted the transfer of assets of Palo Verde to Global Water-Palo Verde Utilities Company and Santa Cruz to Global Water-Santa Cruz Water Company.

THE COMMISSION

September 5, 2008

Page 2

On January 15, 2008, the matter was brought before the Commission at the Open Meeting.

On January 23, 2008, the Commission issued Decision No. 70133 which reinstated the Order Preliminary granted in Decision No. 68498. In order to satisfy the Order Preliminary and obtain the CC&N the 387 Districts were to be dissolved by the Pinal County Board of Supervisors.<sup>2</sup>

On August 7, 2008, the Global Utilities docketed a Motion for the Issuance of a Certificate of Convenience and Necessity. Attached to this filing were resolutions from the Board of Directors of the 387 Water Improvement District and the 387 Wastewater Improvement District, which order the immediate dissolution of the Districts upon the issuance of a Commission order granting the CC&N. In this filing, the Company stated that it had met all compliance requirements set forth in the Decision which are necessary for the issuance of the full CC&N.

Based on its analysis, Staff has concluded that Santa Cruz and Palo Verde have complied with all the requirements set forth in the Order Preliminary. Staff, therefore, recommends that the Commission issue an Order approving the extension of the CC&N for Santa Cruz and Palo Verde to provide water and wastewater service, respectively, in portions of Pinal County, Arizona.



Ernest G. Johnson  
Director  
Utilities Division

EGJ:KDB:lh\RM

Originator: Kimberly Battista

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<sup>2</sup> Upon creation of the 387 Domestic Water Improvement District, the Board of Supervisors established a Board of Directors for the District. This Board consisted of three members of the Pinal County Board of Supervisors. The Board of Directors issued the resolution to dissolve the 387 Domestic Water Improvement District.

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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 SANTA CRUZ WATER COMPANY )  
AND PALO VERDE UTILITIES COMPANY )  
TO AMEND DECISION NO. 68498 )  
PURSUANT TO A.R.S. § 40-252 )

DOCKET NOS. W-03576A-07-0305  
SW-03575A-07-0305  
  
DECISION NO. \_\_\_\_\_  
  
ORDER

Open Meeting  
September 23 and 24, 2008  
Phoenix, Arizona

**BY THE COMMISSION:**

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")<sup>1</sup> an Order Preliminary. Among the conditions required to be fulfilled by the Order Preliminary, was the filing by Santa Cruz of 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 the filing by Palo Verde of a copy of the ADEQ AOC for the sewer line interconnection by December 31, 2006. The Order also required the dissolution of the 387 Domestic Water Improvement District and the 387 Wastewater Improvement District. Further, the Order

<sup>1</sup> A name change for the Companies occurred pursuant to Decision No. 69920 dated September 27, 2007, in which the Commission granted the transfer of assets of Palo Verde to Global Water-Palo Verde Utilities Company and Santa Cruz to Global Water-Santa Cruz Water Company.

1 Preliminary was to be deemed null and void if the Global Utilities failed to comply in a timely  
2 manner.

3 On March 20, 2007, the Commission's Utilities Division Staff ("Staff") filed a  
4 memorandum requesting that the above-referenced dockets be administratively closed due to Santa  
5 Cruz and Palo Verde's failure to timely comply with Decision No. 68498.

6 On May 7, 2007, Staff issued a memorandum to administratively close the above-captioned  
7 dockets.

8 On May 8, 2007, the Commission's Docket control issued Administrative Closure  
9 No. 69493, closing the dockets.

10 On May 21, 2007, Global Utilities filed an Application to Amend Decision No. 68498.

11 On June 12, 2007, Global Utilities filed notice of the ADEQ Compliance Status Report  
12 demonstrating that Santa Cruz was delivering water that meets ADEQ requirements.

13 On June 15, 2007, the Commission decided to reopen the matter pursuant to A.R.S. § 40-  
14 252, to allow a hearing on Global Utilities' Motion to Amend Decision No. 68498.

15 On September 25, 2007, a hearing was held at the Commission and the matter was taken  
16 under advisement.

17 On January 15, 2008, the matter was brought before the Commission at the Open Meeting.

18 On January 23, 2008, the Commission issued Decision No. 70133 which reinstated the  
19 Order Preliminary granted in Decision No. 68498. The Commission amended Decision No. 68498  
20 deleting the requirement that Santa Cruz file a copy of the ADEQ AOC for the proposed water line  
21 interconnection by December 31, 2006 because ADEQ does not require an AOC for projects with  
22 total construction costs of less than \$50,000. On May 8, 2007, Palo Verde received the ADEQ  
23 AOC for the sewer line interconnection between the 387 District and Palo Verde therefore; Palo  
24 Verde has satisfied this requirement.

25 The Commission further ordered that upon the filing of the remaining compliance  
26 requirement to dissolve the 387 Domestic Water Improvement District, Global Water-Santa Cruz  
27 Water Company and Global Water - Palo Verde Utilities Company file a motion in this docket for  
28 the issuance of a Certificate of Convenience and Necessity authorizing it to construct, maintain

1 and operate facilities to provide water utility service and wastewater utility service to the public in  
2 the area more fully described in Exhibit A.

3 On August 7, 2008, Global Utilities filed a Motion for the Issuance of Certificate of  
4 Convenience and Necessity. Attached to its Motion, were resolutions from the Board of Directors<sup>2</sup>  
5 of the 387 Water Improvement District and the 387 Wastewater Improvement District, which  
6 resolved that the Districts be automatically and immediately dissolved upon issuance by the  
7 Commission of the order granting the Certificate of Convenience and Necessity.

#### 8 FINDINGS OF FACT

9 1. In Decision No. 68498, dated February 23, 2006, the Commission issued an Order  
10 Preliminary approving the application of Santa Cruz and Palo Verde for an extension of its  
11 existing Certificate of Convenience and Necessity.

12 2. As stated in Decision No. 68498, dated February 23, 2006, Santa Cruz was ordered  
13 to comply with the following conditions:

- 14 a. Santa Cruz charge its authorized rates and charges in the extension area.
- 15 b. Santa Cruz file with Docket Control a copy of the ADEQ AOC for the proposed  
16 water line interconnection by December 31, 2006. (This requirement was amended  
17 by Decision No. 70133 on January 23, 2008, deleting this compliance item.)
- 18 c. Santa Cruz file with Docket Control a copy of the amendment to its existing  
19 Designation of Assured Water Supply stating that there is adequate water supply  
20 within 365 days of the effective date of the Decision. (This requirement was  
21 fulfilled by the Company filing the required documentation on May 18, 2006.)
- 22 d. Santa Cruz file with Docket Control a copy of its ADEQ ATC for its arsenic  
23 remediation plan within 90 days of the Decision. (This requirement was fulfilled by  
24 the Company filing the required documentation on May 18, 2006.)
- 25 e. Santa Cruz file with Docket Control a copy of the City of Maricopa franchise  
26 agreement for the extension area within 365 days of the Decision. (This  
27 requirement was fulfilled by the Company filing the required documentation on  
28 February 22, 2007.)

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<sup>2</sup> Upon creation of the 387 Domestic Water Improvement District, the Board of Supervisors established a Board of Directors for the District. This Board consisted of three members of the Pinal County Board of Supervisors. The Board of Directors issued the resolution to dissolve the 387 Domestic Water Improvement District.

1           3.       As stated in Decision No. 68498, dated February 23, 2006, Palo Verde was ordered  
2 to comply with the following conditions:

- 3           a. Palo Verde charge its authorized rates and charges in the extension area.
- 4           b. Palo Verde file with Docket Control a copy of the ADEQ AOC for the sewer line  
5 interconnection by December 31, 2006. (This requirement was amended by  
6 Decision No. 70133 on January 23, 2008, deleting this compliance item.)
- 7           c. Palo Verde file with Docket Control documentation from the Central Arizona  
8 Association of Governments (“CAAG”) stating that it has Section 208 authority to  
9 operate within the 387 District’s boundaries. (This requirement was fulfilled by the  
10 Company filing the required documentation on May 18, 2006.)
- 11           d. Palo Verde file with Docket Control a copy of the City of Maricopa franchise  
12 agreement for the extension area within 365 days of the Decision. (This  
13 requirement was fulfilled by the Company filing the required documentation on  
14 February 22, 2007.)

15           4.       The Commission further ordered that prior to the issuance of the Certificates in this  
16 matter the 387 Districts shall be dissolved by the Pinal County Board of Supervisors. On  
17 August 7, 2008, Global Water – Santa Cruz Water Company and Global Water – Palo Verde  
18 Utilities Company filed a Resolution by the Board of Directors of the 387 Domestic Water  
19 Improvement District dissolving the water district as well as a Resolution by the Board of  
20 Directors of the 387 Wastewater Improvement District dissolving the wastewater district. Under  
21 both resolutions, the dissolution of the districts will take effect automatically and immediately  
22 upon the Commission’s issuance of the CC&N.

23           5.       On August 7, 2008, the Global Utilities filed a motion for the issuance of the  
24 Certificates of Convenience and Necessity for both Santa Cruz Water Company and Palo Verde  
25 Utilities Company pursuant to Decision No. 68498 (February 23, 2006) and Decision No. 70133  
26 (January 23, 2008).

27           6.       Based on its analysis, Staff has concluded that the Global Utilities have complied  
28 with all the requirements set forth in the Order Preliminary. Staff, therefore, recommends that the  
Commission issue an Order approving the extension of the CC&N to provide water and  
wastewater service, respectively in portions of Pinal County, Arizona.



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IT IS FURTHER ORDERED that Global Water-Santa Cruz Water Company, LLC and Global Water-Palo Verde Utilities Company, LLC shall file, as part of their annual reports, an affidavit with the Utilities Division attesting that they are current on paying their property taxes in Arizona.

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

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

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN MCNEIL, 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.

\_\_\_\_\_  
BRIAN McNEIL  
EXECUTIVE DIRECTOR

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

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

EGJ:KDB:lhM\RM

1 SERVICE LIST FOR: Santa Cruz Water Company and Palo Verde Utilities Company  
2 DOCKET NOS. W-03576A-07-0305 and SW-03575A-07-0305

3 Mr. Michael W. Patten  
4 Mr. Timothy J. Sabo  
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10 Vice President and Chief Financial Officer  
11 Global Water Management  
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15 Squire, Sanders & Dempsey, LLP  
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18 Phoenix, Arizona 85004-4498

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

24 Ms. Janice M. Alward  
25 Chief Counsel, Legal Division  
26 Arizona Corporation Commission  
27 1200 West Washington Street  
28 Phoenix, Arizona 85007

## EXHIBIT A

**LEGAL DESCRIPTION FOR 387 DISTRICT  
TO BE INCLUDED IN THE CC&N FOR SANTA CRUZ WATER COMPANY, L.L.C. &  
PALO VERDE UTILITIES COMPANY, L.L.C.**

THE DESCRIPTION OF THE FOLLOWING LANDS ARE TO BE INCLUDED:

**TOWNSHIP 4 SOUTH, RANGE 3 EAST, G&SRB&M, PINAL COUNTY, ARIZONA**

THAT PORTION OF SECTION 21 DESCRIBED AS FOLLOWS: THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER LYING SOUTHERLY OF THE SOUTHERLY RIGHT-OF-WAY OF THE UNION PACIFIC RAILROAD, EXCEPT THE FOLLOWING DESCRIBED PARCEL: COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 21; THENCE NORTH 89°50' WEST ALONG THE SOUTH LINE OF SAID SECTION 21 A DISTANCE OF 1930.00 FEET; THENCE NORTH 00°10' EAST A DISTANCE OF 180.87 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 00° 10' EAST A DISTANCE OF 316.00 FEET; THENCE NORTH 89°50' WEST A DISTANCE OF 316.00 FEET; THENCE SOUTH 00°10' WEST A DISTANCE OF 316.00 FEET; THENCE SOUTH 89°50' EAST A DISTANCE OF 316.00 FEET TO THE TRUE POINT OF BEGINNING.

THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25.  
THE SOUTHEAST QUARTER OF SECTION 25.

THE WEST HALF OF THE WEST HALF OF SECTION 26.

THAT PORTION OF SECTION 27 LYING NORTHERLY OF THE NORTHERLY RIGHT-OF-WAY OF THE UNION PACIFIC RAILROAD AND EASTERLY OF THE WEST HALF OF THE WEST HALF OF SAID SECTION 27.

THAT PORTION OF SECTION 27 DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF SAID SECTION 27; THENCE NORTH 89°48'40" WEST ALONG THE SOUTH LINE OF SAID SECTION 27 A DISTANCE OF 555.92 FEET; THENCE NORTH 24°41' 11" WEST A DISTANCE OF 155.02 FEET; THENCE NORTH 00°44'45" WEST A DISTANCE OF 428.29 FEET; THENCE NORTH 20°07'00" EAST A DISTANCE OF 421.17 FEET, MORE OR LESS, TO THE SOUTHERLY RIGHT-OF-WAY LINE OF THE UNION PACIFIC RAILROAD; THENCE SOUTH 53°48'48" EAST ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE A DISTANCE OF 597.88 FEET, MORE OR LESS, TO THE INTERSECTION OF SAID SOUTHERLY RIGHT-OF-WAY LINE AND THE EAST LINE OF SAID SECTION 27; THENCE SOUTHERLY ALONG THE EAST LINE OF SAID SECTION 27 A DISTANCE OF 969.05 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.

THE WESTERLY ONE-HALF OF SECTION 27 LYING SOUTHERLY OF THE SOUTHERLY RIGHT-OF-WAY OF THE UNION PACIFIC RAILROAD.

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ALL OF SECTION 28 EXCEPT THE FOLLOWING: COMMENCING AT THE NORTH QUARTER CORNER OF SAID SECTION 28; THENCE NORTH 89°48' 14" EAST ALONG THE NORTH LINE OF SAID SECTION 28 A DISTANCE OF 280.12 FEET TO THE TRUE POINT OF BEGINNING, SAID TRUE POINT OF BEGINNING BEING DESCRIBED AS BEING THE INTERSECTION OF THE EAST LINE OF MARICOPA MEADOWS PARCEL 16 AND THE EAST-WEST CENTERLINE OF MC DAVID ROAD; THENCE SOUTH 00°09'29" EAST A DISTANCE OF 1314.36 FEET ALONG THE EAST LINE OF MARICOPA MEADOWS PARCELS 16 AND 17 TO THE SOUTHEAST CORNER OF SAID PARCEL 17; THENCE NORTH 89°48'25" EAST ALONG THE SOUTH LINE OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION 28 A DISTANCE OF 192.37 FEET; THENCE SOUTH 02°00'07" WEST A DISTANCE OF 1288.07 FEET; THENCE NORTH 89 °38'01" EAST A DISTANCE OF 397.78 FEET; THENCE NORTH 00°21'59" WEST A DISTANCE OF 360.00 FEET; THENCE NORTH 89 °38'01" EAST A DISTANCE OF 599.33 FEET; THENCE SOUTH 00°09'24" EAST A DISTANCE OF 385.62 FEET; THENCE NORTH 89 '09'14" EAST A DISTANCE OF 514.33 FEET; THENCE SOUTH 00°45'29" EAST A DISTANCE OF 75.69 FEET; THENCE NORTH 89°48'29" EAST A DISTANCE OF 445.60 FEET; THENCE NORTH 79°48'31 EAST A DISTANCE OF 50.00 FEET TO A POINT ON A CURVE CONCAVE SOUTHWESTERLY, THE CENTER OF WHICH BEARS NORTH 79°48'31" EAST, HAVING A RADIUS OF 1432.39 FEET, THROUGH A CENTRAL ANGLE OF 10°27'01", AN ARC LENGTH OF 261.26 FEET; THENCE NORTH 00°15'32" EAST A DISTANCE OF 1230.37 FEET TO A POINT OF CURVATURE TO THE RIGHT, THE CENTER OF WHICH BEARS SOUTH 89°48'29" EAST, HAVING A RADIUS OF 716.20 FEET, THROUGH A CENTRAL ANGLE OF 35°23'02", AN ARC LENGTH OF 442.30 FEET; THENCE NORTH 35°38'35" EAST A DISTANCE OF 97.27 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF THE UNION PACIFIC RAILROAD; THENCE NORTH 53 °49'25" WEST A DISTANCE OF 1160 FEET, MORE OR LESS, ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE TO THE INTERSECTION OF SAID SOUTHERLY RIGHT-OF-WAY LINE AND THE NORTH LINE OF SAID SECTION 28; THENCE SOUTH 89°48' 14" WEST A DISTANCE OF 1300 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING.

THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 33, TOGETHER WITH THE NORTHEAST QUARTER OF SAID SECTION 33 EXCEPT ANY PORTION THEREOF WHICH MAY LIE WITHIN THE AK-CHIN INDIAN COMMUNITY;

THE SOUTHWEST QUARTER OF SECTION 34.

TOWNSHIP 5 SOUTH, RANGE 3 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

ALL OF SECTION 2.

ALL OF SECTION 3; EXCEPT THE NORTH 210.00 FEET OF THE EAST 210.00 FEET OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER THEREOF; AND EXCEPT THE NORTH 220.00 FEET OF THE EAST 636.00 FEET OF THE WEST 264.00 FEET OF SAID NORTHEAST QUARTER OF THE NORTHWEST QUARTER.

ALL OF SECTION 11.

THE WEST ONE-HALF OF SECTION 12; EXCEPT THE EAST 229.58 FEET OF THE SOUTH 951.32 FEET.

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TOWNSHIP 4 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

THE SOUTH HALF OF SECTION 21.

ALL OF SECTION 28.

TOWNSHIP 5 SOUTH, RANGE 4 EAST, G&SRB&M, PINAL COUNTY, ARIZONA

THE NORTHEAST QUARTER OF SECTION 3.

END