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AZ CORP COMMISSION  
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Transcript Exhibit(s)

Docket #(s): SW-03575A-06-0155

W-03576A-06-0155

SW-20445A-06-0155 -

W-20446A-06-0155

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Exhibit #: A1, A2, A3, A4, , 51

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Arizona Corporation Commission

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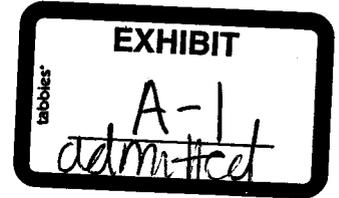
JAN 24 2007

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BEFORE THE ARIZONA CORPORATIVE COMMISSION

2006 MAR -9 P 4:37

AZ CORP COMMISSION  
DOCUMENT CONTROL



COMMISSIONERS

JEFF HATCH-MILLER, CHAIRMAN  
WILLIAM A. MUNDELL  
MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES

IN THE MATTER OF THE APPLICATION OF  
SANTA CRUZ WATER COMPANY, LLC TO  
TRANSFER ITS CERTIFICATE OF  
CONVENIENCE AND NECESSITY AND  
ASSETS TO GLOBAL WATER - SANTA CRUZ  
WATER COMPANY

Docket No. W-03575A-06-0155  
Docket No. SW-03576A-06-0155

Docket No. W-20446A-06-0155  
Docket No. SW- -06-  
20445A-06-0155

IN THE MATTER OF THE APPLICATION OF  
PALO VERDE UTILITIES COMPANY, LLC TO  
TRANSFER ITS CERTIFICATE OF  
CONVENIENCE AND NECESSITY AND  
ASSETS TO GLOBAL WATER - PALO VERDE  
UTILITIES COMPANY

**APPLICATION**

**I. INTRODUCTION.**

Santa Cruz Water Company, LLC ("Santa Cruz") and Palo Verde Utilities Company, LLC ("Palo Verde")(collectively, "Current Global Subsidiaries") request that the Commission transfer their Certificates of Convenience and Necessity ("CC&Ns") to Global Water - Santa Cruz Water Company ("Global Santa Cruz") and Global Water - Palo Verde Utilities Company ("Global Palo Verde")(collectively, "New Global Subsidiaries"), respectively. The Current Global Subsidiaries also request that the Commission approve the transfer of their assets to the New Global Subsidiaries.

The transfer will serve two purposes. First, the Commission has expressed a preference that utilities under its jurisdiction be formed as corporations rather than as limited liability companies ("LLCs"). The New Global Subsidiaries are corporations, while the Current Global Subsidiaries are LLCs. Second, the names of the New Global Subsidiaries include the phrase "Global Water". This indicates their affiliation with their ultimate parent, Global Water

1 Resources, LLC ("Global"). This will reduce customer confusion. The "Global Water" brand will  
2 be used in advertisements to promote water conservation and reuse in the service areas of the  
3 Current Global Subsidiaries. Global has already provided copies of these advertisements to the  
4 Commissioners and Staff.

5 **II. THE CURRENT GLOBAL SUBSIDIARIES.**

6 The Current Global Subsidiaries hold CC&Ns from the Commission. The Commission  
7 originally granted CC&Ns to the predecessors of the Current Global Subsidiaries in Decision No.  
8 61943 (Sept. 17, 1999). The CC&Ns were originally granted to corporations. The prior owners of  
9 the Current Global Subsidiaries transferred operations to LLCs in 2001. The Commission  
10 retroactively transferred the CC&Ns to the Current Global Subsidiaries in Decision No. 66394  
11 (October 6, 2003). That decision also extended the CC&Ns to additional territory in Pinal County.

12 In early 2004, Global obtained ownership of the Current Global Subsidiaries from the prior  
13 owners. The Commission approved further extensions of the CC&Ns of the Current Global  
14 Subsidiaries in Decision Nos. 67240 (Sept. 23, 2004), 67830 (May 5, 2005) and 68448 (February  
15 2, 2006). The Commission later modified the bond provisions of Decision No. 67830 in Decision  
16 No. 68186 (September 30, 2005). (Decisions No. 61943, 66394, 67240, 67830, 68186 and 68448  
17 will be called the "CC&N Orders").

18 The Current Global Subsidiaries have additional applications pending to extend their  
19 CC&Ns in the following dockets:

- 20 1) SW-03575A-05-0926 and W-03576A-05-0926
- 21 2) SW-03575A-05-0470 and W-03576A-05-0470 (order preliminary issued)

22 If the Commission issues final orders concerning these pending applications prior to ruling on this  
23 Application, no change in the pending applications is needed. If the Commission rules on this  
24 Application before it issues final orders concerning these pending applications, the applicants in  
25 those cases should be changed to the New Global Subsidiaries.

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

1 Global has several other subsidiaries that are not affected by this Application. These other  
2 subsidiaries are already corporations, so there is no need to transfer their CC&Ns. The other  
3 Global subsidiaries are:

<u>Name</u>	<u>State of Incorporation</u>	<u>Comment</u>
Cave Creek Water Co.	Arizona	CC&N holder
Pacer Equities, Inc.	Arizona	Affiliate of Cave Creek
Hassayampa Utility Company, Inc.	Arizona	CC&N Application Pending <sup>1</sup>
Global Water Resources, Inc.	Delaware	Direct parent of corporate operating subsidiaries

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7  
8  
9  
10 Global's intent is that any new subsidiaries that will apply for CC&Ns will be formed as  
11 corporations.

### 12 III. THE NEW GLOBAL SUBSIDIARIES.

13 The New Global Subsidiaries are corporations, in accordance with the Commission's  
14 preference that regulated utilities be corporations. The Articles of Incorporation of Global Santa  
15 Cruz are attached as Exhibit A. A Certificate of Good Standing for Global Santa Cruz is attached  
16 as Exhibit B. The Articles of Incorporation of Global Palo Verde are attached as Exhibit C. A  
17 Certificate of Good Standing for Global Palo Verde is attached as Exhibit D.

18 The New Global Subsidiaries are 100% owned by Global Water Resources, Inc., which  
19 also owns 100% of the Current Global Subsidiaries. In turn, Global Water Resources, Inc. is  
20 100% owned by Global.

21 Other than being corporations, little will change as a result of the proposed transfers. The  
22 officers and directors of the New Global Subsidiaries will be the same as the Current Global  
23 Subsidiaries. The certified operators will be the same. There will be no change in the existing or  
24 planned facilities due to the proposed transfer. For this reason, updated estimates of revenues,  
25 expenses, customers, and starting and completion dates for construction are not relevant and are

26  
27 <sup>1</sup> Docket No. SW-20422A-05-0659.

1 not being provided. The New Global Subsidiaries propose to charge the same rates as the Current  
2 Global Subsidiaries. There will be no change in capitalization or financing as a result of the  
3 proposed transfers. The financial condition of the New Global Subsidiaries will be the same as the  
4 Current Global Subsidiaries.

5 The New Global Subsidiaries will assume all compliance obligations under the CC&N  
6 Orders. This includes the obligation to obtain all required Arizona Department of Water  
7 Resources and Arizona Department of Environmental Quality approvals by the dates specified in  
8 the CC&N Orders. Likewise, the New Global Subsidiaries will also obtain all franchises by the  
9 dates required in the CC&N Orders. Similarly, the New Global Subsidiaries will also obtain all  
10 main extension agreements by the dates required in the CC&N Orders. The only change in tariffs  
11 will be that the names of the New Global Subsidiaries will replace the names of the Current Global  
12 Subsidiaries. The New Global Subsidiaries will maintain the bonds required by the CC&N  
13 Orders.

14 Global will publish notice of this Application in the form that will be specified by the  
15 Hearing Division. Global will also mail notice to the customers of the Current Global Subsidiaries  
16 in the form that will be specified by the Hearing Division. Global is current in all property taxes.

17 **IV. PUBLIC INTEREST ANALYSIS.**

18 The Commission has expressed concern about regulated utilities being formed as LLCs.  
19 The Commission issued a Notice of Inquiry on this topic. *See Notice of Inquiry regarding the*  
20 *Form of Organization of Public Service Corporations* dated December 3, 2004. Because the  
21 Commission prefers regulated utilities to be corporations, the proposed transfers are in the public  
22 interest, as they will result in the CC&Ns being held by corporations.

23 Global is preparing an advertising campaign to raise awareness of the importance of water  
24 conservation, and Global's efforts in that field. These advertisements will use the brand "Global  
25 Water". The brand "Global Water" is part of the names of the New Global Subsidiaries. This will  
26 reduce customer confusion. Further, by using the words "Global Water" as part of the names of  
27

1 the New Global Subsidiaries, the public and regulators will be able to clearly link the New Global  
2 Subsidiaries to Global. This is more convenient, and increases accountability.

3 **V. CONCLUSION.**

4 The proposed transfers will have no effect on customers, except that they will see a new  
5 name on their bills. The proposed transfers will allow the CC&Ns to be held by a type of entity  
6 that the Commission prefers. Global requests that the Commission approve the proposed transfers.

7 **WHEREFORE**, the Current Global Subsidiaries request that the Commission enter an  
8 order:

- 9 1) Approving this Application;
- 10 2) Transferring Santa Cruz's CC&N to Global Santa Cruz;
- 11 3) Transferring Palo Verde's CC&N to Global Palo Verde;
- 12 4) Authorizing under A.R.S. § 40-285, the transfer of the assets of Santa Cruz to  
13 Global Santa Cruz; and
- 14 5) Authorizing under A.R.S. § 40-285 the transfer of the assets of Palo Verde to  
15 Global Palo Verde; and
- 16 6) Granting any other approvals required to effectuate the transfers described herein.

17 RESPECTFULLY submitted this 9<sup>th</sup> day of March 2006.

18 ROSHKA DEWULF & PATTEN, PLC

19  
20  
21 By   
22 Michael W. Patten  
23 One Arizona Center  
24 400 East Van Buren Street, Suite 800  
25 Phoenix, Arizona 85004  
26 (602) 256-6100  
27

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

1 Original + 20 copies of the foregoing  
2 filed this 9<sup>th</sup> day of March 2006, with:

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

7 Copies of the foregoing hand-delivered/mailed  
8 this 9<sup>th</sup> day of March 2006, to:

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

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

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

25  
26 By Mary Appalito  
27

N:\Cases\Global Water Resources\Reorganization Plan (06-0103)\pleadings\CC&N Transfer Application FINAL.doc

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

EXHIBIT

"A"

AZ CORPORATION COMMISSION

FRON-BURCH & CRACCHIOLO

+8022548341

EXP  
FILED  
DEC 07 2005  
FILE NO. -12467404

01411399

ARTICLES OF INCORPORATION  
OF  
GLOBAL WATER - SANTA CRUZ WATER COMPANY

1. **NAME.** The name of the Corporation is GLOBAL WATER - SANTA CRUZ WATER COMPANY.
2. **INITIAL BUSINESS.** The purpose for which this Corporation is organized is for the purposes of operating a water utility company.
3. **AUTHORIZED CAPITAL.** The corporation shall have authority to issue Ten Thousand (10,000) shares of Common Stock. The sole shareholder of the Corporation shall be Global Water Inc., a Delaware Corporation.
4. **KNOWN PLACE OF BUSINESS.** The street address of the known place of business of the Corporation is:

22601 N. 19<sup>th</sup> Ave., Suite 210  
Phoenix, Arizona 85037

5. **STATUTORY AGENT.** The name and address of the Statutory Agent of the Corporation is:

Andrew Abraham, Esq.  
702 E. Osborn Rd., Suite 200  
Phoenix, Arizona 85014

6. **BOARD OF DIRECTORS.** The initial board of directors shall consist of the names and addresses of the persons who are to serve as the directors until the first annual meeting of the shareholders or until his/her successor is elected and qualifies is (are):

Trevor Hill  
22601 N. 19<sup>th</sup> Ave., Suite 210  
Phoenix, Arizona 85037

Cindy Liles  
22601 N. 19<sup>th</sup> Ave., Suite 210  
Phoenix, Arizona 85037

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**\$ PAID**  
12/07

-12447404

7. **OFFICERS.** The initial officer(s) of the Corporation who shall serve at the pleasure of the board of director(s) is (are):

Trevor Hill  
22601 N. 19<sup>th</sup> Ave., Suite 210  
Phoenix, Arizona 85037

Cindy Liles  
22601 N. 19<sup>th</sup> Ave., Suite 210  
Phoenix, Arizona 85037

8. **INCORPORATOR.** The name and address of the incorporator is:

Andrew Abraham, Esq.  
702 E. Osborn Rd., Suite 200  
Phoenix, Arizona 85014

All powers, duties, and responsibilities of the incorporator(s) shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission.

9. **INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS.** The Corporation shall indemnify any person who in good faith incurs expenses or liabilities by reason of the fact he or she is or was an officer, director, employee or agent of the Corporation or is or was serving at the request of the Corporation, the partnership, joint venture, trust or other enterprise. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law.

10. **LIMITATION OF LIABILITY.** To the fullest extent permitted by the Arizona Revised Statutes as the same exists or may hereafter be amended, a director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for any action taken or any failure to take any action in good faith as a director. No repeal, amendment or modification of this article, whether direct or indirect, shall eliminate or reduce its effect with respect to any act or omission of a director of the Corporation occurring prior to such repeal, amendment, or modification.

EXECUTED this 1<sup>st</sup> day of December, 2005 by the Incorporator.

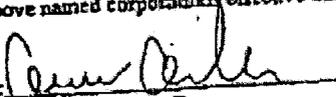
Signed:   
Andrew Abraham, Esq.  
Phone: (602) 234-9917  
Fax: (602) 234-0341

DEC-15-05 94:13PM FROM-BURCH & CRACCHIOLO #022310341 T-291 P 005/009 F-154

-12467404

**ACCEPTANCE OF APPOINTMENT BY STATUTORY AGENT**

The undersigned hereby acknowledges and accepts the appointment as statutory agent of the above named corporation effective this 7<sup>th</sup> day of December, 2005.

Signed:   
Andrew Abraham, Esq.  
Phone: (602) 234-9917  
Fax: (602) 234-0341

DEC-15-03 04:28PM FPO4-BURCH & CRACCIOLLO #822340341 T-231 P.107/808 F-254

ARIZONA CORPORATION COMMISSION  
CORPORATIONS DIVISION

Tucson Address 430 West Congress  
Tucson, Arizona 85701-1347

Main Address 1300 West Washington  
Phoenix, Arizona 85007-2919

PROFIT  
CERTIFICATE OF DISCLOSURE  
A.R.S. §10-202.D

GLOBAL WATER - SANTA CRUZ WATER COMPANY  
EXACT CORPORATE NAME

A. Has any person serving either by election or appointment as officer, director, trustee, incorporator and persons controlling or holding over 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation:

1. Been convicted of a felony involving a transaction in securities, securities fraud or otherwise in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
2. Been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or receipt of trade or property in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
3. Been or was subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order:
  - (a) involved the violation of fraud or registration provisions of the securities laws of that jurisdiction; or
  - (b) involved the violation of the contract or restraint of trade laws of that jurisdiction; or
  - (c) involved the violation of the contract or restraint of trade laws of that jurisdiction.

Yes  No

B. IF YES, the following information MUST be attached:

1. Full name, prior name(s) and dates, if used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7-year period).
5. Date and location of birth.

6. Social Security number.
7. The court and description of each conviction or judicial action, date and location, the court and public agency involved and file or case number of case.

C. Has any person serving as an officer, director, trustee or incorporator of the corporation served in any such capacity or held an ownership over 20% of the issued and outstanding common shares, or 20% of any other proprietary, beneficial or membership interest in any other corporation which has been placed in bankruptcy, receivership or had its assets sequestered, or subject to receivership or judicially dissolved by any state or jurisdiction?

Yes  No

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

1. Name and address of the corporation.
2. Full name (including aliases) and address of each person involved.
3. State(s) in which the corporation:
  - (a) Was incorporated. (b) Has transacted business.
4. Dates of corporate operation.
5. Date and state number of bankruptcy or date of receivership or judicial dissolution.

D. The fiscal year end adopted by the corporation is 12/31.

Under penalties of law, the undersigned incorporator(s) (or officer) declare(s) that (s)he/they have examined this Certificate, including any attachments, and to the best of (s)he/their knowledge and belief it is true, correct and complete, and hereby declare as indicated above. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY Andrew Abraham BY \_\_\_\_\_  
FRONT NAME Andrew Abraham PRINT NAME \_\_\_\_\_  
TITLE Incorporator TITLE \_\_\_\_\_ DATE 12/7/03 DATE \_\_\_\_\_

DOMESTIC CORPORATIONS: ALL INCORPORATORS MUST SIGN THIS INITIAL CERTIFICATE OF DISCLOSURE. Within sixty days, any person because an officer, director, trustee or person controlling or holding over 10% of the issued and outstanding shares or 10% of any other proprietary, beneficial or membership interest in the corporation and the person was not included in this disclosure, the corporation must file an AMENDED certificate signed by at least one duly authorized officer of the corporation.

FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.  
CF: 0622 - Business Corporations  
Rev: 04/94

EXHIBIT

"B"

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, **Brian C. McNeil**, Executive Director of the Arizona Corporation Commission, do hereby certify that

**\*\*\*GLOBAL WATER - SANTA CRUZ WATER COMPANY\*\*\***

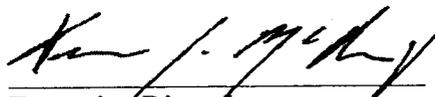
a domestic corporation organized under the laws of the State of Arizona, did incorporate on December 7, 2005.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 9th Day of March, 2006, A. D.



  
Executive Director

Order Number: 53374

EXHIBIT

"C"

DEC-15-05 04:14PM FROM-BURCH & STACCO/LOD

#022361341

AZ CORPORATION COMMISSION

01411397

FILED

DEC 07 2005  
FILE NO. -12467379

ARTICLES OF INCORPORATION

OF

GLOBAL WATER - PALO VERDE UTILITIES COMPANY

1. **NAME.** The name of the Corporation is **GLOBAL WATER - PALO VERDE UTILITIES COMPANY.**
2. **INITIAL BUSINESS.** The purpose for which this Corporation is organized is for the purposes of operating a waste water facility/utility company.
3. **AUTHORIZED CAPITAL.** The corporation shall have authority to issue Ten Thousand (10,000) shares of Common Stock. The sole shareholder of the Corporation shall be Global Water Inc., a Delaware Corporation.
4. **KNOWN PLACE OF BUSINESS.** The street address of the known place of business of the Corporation is:
 

22601 N. 19<sup>th</sup> Ave., Suite 210  
Phoenix, Arizona 85037
5. **STATUTORY AGENT.** The name and address of the Statutory Agent of the Corporation is:
 

Andrew Abraham, Esq.  
702 E. Osborn Rd., Suite 200  
Phoenix, Arizona 85014
6. **BOARD OF DIRECTORS.** The initial board of directors shall consist of the names and addresses of the persons who are to serve as the directors until the first annual meeting of the shareholders or until his/her successor is elected and qualifies is (are):

Trevor Hill  
22601 N. 19<sup>th</sup> Ave., Suite 210  
Phoenix, Arizona 85037

Cindy Liles  
22601 N. 19<sup>th</sup> Ave., Suite 210  
Phoenix, Arizona 85037

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1246737-9

7. **OFFICERS** The initial officer(s) of the Corporation who shall serve at the pleasure of the board of director(s) is (are):

Treyor Hill  
22601 N. 19<sup>th</sup> Ave., Suite 210  
Phoenix, Arizona 85037

Cindy Liles  
22601 N. 19<sup>th</sup> Ave., Suite 210  
Phoenix, Arizona 85037

8. **INCORPORATOR** The name and address of the incorporator is:

Andrew Abraham, Esq.  
782 E. Osborn Rd., Suite 200  
Phoenix, Arizona 85014

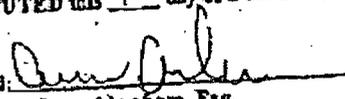
All powers, duties, and responsibilities of the incorporator(s) shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission.

9. **INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS** The Corporation shall indemnify any person who in good faith incurs expenses or liabilities by reason of the fact he or she is or was an officer, director, employee or agent of the Corporation or is or was serving at the request of the Corporation, the partnership, joint venture, trust or other enterprise. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law.

10. **LIMITATION OF LIABILITY** To the fullest extent permitted by the Arizona Revised Statutes as the same exists or may hereafter be amended, a director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for any action taken or any failure to take any action in good faith as a director. No repeal, amendment or modification of this article, whether direct or indirect, shall eliminate or reduce its effect with respect to any act or omission of a director of the Corporation occurring prior to such repeal, amendment, or modification.

EXECUTED this 7<sup>th</sup> day of December, 2005 by the Incorporator.

Signed:



Andrew Abraham, Esq.  
Phone: (602) 234-9917  
Fax: (602) 234-0341

DEC-15-05 04:14PM FROM: BURCH & CRACCHIOLO

+6022348341

T-230 P 10E/008 F-252

-1244737-9

**ACCEPTANCE OF APPOINTMENT BY STATUTORY AGENT**

The undersigned hereby acknowledges and accepts the appointment as statutory agent of the above named corporations effective this 15<sup>th</sup> day of December, 2005.

Signed: Andrew Abraham  
Andrew Abraham, Esq.  
Phone: (602) 234-9917  
Fax: (602) 234-0341

DEC-15-05 04:14PM FROM-BURCH & CRACCHIOLO

95022340341

T-230 P 007/008 F-252

ARIZONA CORPORATION COMMISSION  
CORPORATIONS DIVISION

Address: 1350 West Washington  
Phoenix, Arizona 85007-3723

Tolson Address: 400 West Congress  
Tucson, Arizona 85701-1247

PROFIT  
CERTIFICATE OF DISCLOSURE  
A.R.S. §10-202.D

GLOBAL WATER - PALO VERDE UTILITIES COMPANY

EXACT CORPORATE NAME

to any person serving as an officer, director, trustee, incorporator and person controlling or holding over 10% of the total outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation.

has been provided of a library containing a inspection in accordance, consistent trend or address in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?

been completed of a library, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or receipt of funds or property in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?

been in any subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order:

- (a) involved the violation of the contract provisions of the securities laws of that jurisdiction?;
- (b) involved the violation of the contract provisions of the securities laws of that jurisdiction?;
- (c) involved the violation of the contract provisions of the securities laws of that jurisdiction?;

No

YES, the following information MUST be attached:

- 1. Full name, title and address of each person.
- 2. Full birth dates.
- 3. Present home address.
- 4. Prior addresses (for jurisdiction preceding 7-year period).
- 5. Date and location of birth.

- 6. Social Security number.
- 7. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and the case number of each.

to any person serving as an officer, director, trustee or incorporator of the corporation served in any such capacity or held or controlled over 20% of a issued and outstanding common shares, or 10% of any other proprietary, beneficial or membership interest in any other corporation which has been used in bankruptcy, reorganization or had its charter revoked, or administratively or judicially dissolved by any state or jurisdiction?

No

FOR ANSWER TO THE ABOVE QUESTIONS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

- 1. Name and address of the corporation.
- 2. Full name (including aliases) and address of each person involved.

- 3. State(s) in which the corporation (a) was incorporated, (b) has conducted business.
- 4. Dates of corporate operation.
- 5. Date and cause number of Bankruptcy or state of revocation/administrative dissolution.

The fiscal year end adopted by the corporation is calendar

or pursuant to law, the undersigned incorporator(s) and/or director(s) that I/we have examined this Certificate, including any attachments, and to the best of my/our knowledge and belief it is true, correct and complete, and hereby declare as indicated above. THE SIGNATURE(S) MUST BE DATED THIRTY (30) DAYS OF THE DELIVERY DATE.

BY: Andrew Abraham  
PRINT NAME: Andrew Abraham  
DATE: 12/7/05  
TITLE: Incorporator

NEED TO CORRECT: ALL INCORPORATORS MUST SIGN CONFIDENTIAL CERTIFICATE OF DISCLOSURE. If within any state, any person serving as an officer, director, trustee or person controlling or holding over 10% of the issued and outstanding shares or 10% of any other proprietary, beneficial membership interest in the corporation and the person was not included in this disclosure, the corporation must file an AMENDED certificate signed by the one duly authorized officer of the corporation.

REGIONS CORPORATIONS MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.  
REG - Business Corporations  
REG - LLC

DEC-15-05 04:14PM FROM:BEREN & CRACCHIOLO

41022240341

T-200 P 005/006 F-252

COMMISSIONERS  
JEFF WATSON, LEGISLATIVE COUNSEL  
WILLIAM A. BRUNDAGE  
NANCY WITTEBERG  
MIKE GLEASON  
KATHLEEN E. WATERS



ARIZONA CORPORATION COMMISSION

BRIAN G. MCKEL  
Executive Director  
DAVID ASBER  
Director, Corporate Law Division

GLOBAL WATER - PALO VERDE UTILITIES COMPANY  
ANDREW ARBHAM, ESQ  
702 E OSBORN RD # 200

PHOENIX AZ 85014-

Effective Date: 12/15/2005  
File No: -1246737-9

We are returning the enclosed document regarding the above-referenced Corporation/Limited Liability Company for the following reasons:  
NOTE: Domestic Limited Liability Companies must return the corrected document within twenty (20) days of the rejection date to retain the original file date.

The filing fee has been deposited.

Indicate a brief statement of the character of business that the company initially intends to conduct in the state of Arizona.

If you have any questions, please feel free to give us a call at (602) 542-3135, or Arizona residents (only) may use the toll free number (800) 345-5819. You may also contact our Tucson location at (520) 628-6560.

\*\*\*\*\* IMPORTANT \*\*\*\*\*

To successfully process your document, it is imperative you return:  
1) A copy of this letter,  
2) Any changes which accompanied this letter (corrections made),  
3) Any filings fees.

FILE: 001  
REV. 05/2005

EXHIBIT

"D"

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

**\*\*\*GLOBAL WATER - PALO VERDE UTILITIES COMPANY\*\*\***

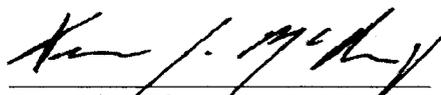
a domestic corporation organized under the laws of the State of Arizona, did incorporate on December 7, 2005.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 9th Day of March, 2006, A. D.



  
Executive Director

Order Number: 53376

BEFORE THE ARIZONA CORPORATION COMMISSION

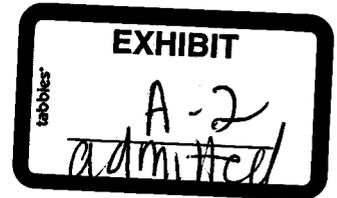
RECEIVED

COMMISSIONERS

JEFF HATCH-MILLER, CHAIRMAN  
WILLIAM A. MUNDELL  
MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES

2006 DEC 29 A 11: 37

AZ CORP COMMISSION  
DOCUMENT CONTROL



IN THE MATTER OF THE APPLICATION OF  
PALO VERDE UTILITIES COMPANY, LLC TO  
TRANSFER ITS CERTIFICATE OF  
CONVENIENCE AND NECESSITY AND  
ASSETS TO GLOBAL WATER - PALO VERDE  
UTILITIES COMPANY.

Docket No. SW-3575A-06-0155

Docket No. W-3576A-06-0155

Docket No. SW-20445A-06-0155

Docket No. W-20446A-06-0155

IN THE MATTER OF THE APPLICATION OF  
SANTA CRUZ WATER COMPANY, LLC TO  
TRANSFER ITS CERTIFICATE OF  
CONVENIENCE AND NECESSITY AND  
ASSETS TO GLOBAL WATER - SANTA CRUZ  
WATER COMPANY.

NOTICE OF FILING

Global Water - Santa Cruz Water Company and Global Water - Palo Verde Utilities  
Company hereby submit the attached affidavits of publication.

RESPECTFULLY submitted this 29<sup>th</sup> day of December 2006.

ROSHKA DEWULF & PATTEN, PLC

By

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

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

1 Original + 20 copies of the foregoing  
2 filed this 29<sup>th</sup> day of December 2006, with:

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

7 Copies of the foregoing hand-delivered/mailed  
8 this 29<sup>th</sup> day of December 2006 to:

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

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

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

25  
26  
27  
28 By Mary Appolite

**Affidavit of Publication**

STATE OF ARIZONA

COUNTY OF PINAL

DONOVAN M. KRAMER SR., first being duly sworn deposes and says: That he is a native born citizen of the United States of America, over 21 years of age, that he is publisher of the Casa Grande Dispatch, a daily newspaper published at Casa Grande, Pinal County, Arizona. Monday through Saturday of each week; that a notice, a full, true and complete printed copy of which is hereto attached, was printed in the regular edition of said newspaper, and not in a supplement thereto, for ONE consecutive issues the first publication thereof having been on the 4TH day of DECEMBER A. D. 2006

Second publication \_\_\_\_\_  
Third publication \_\_\_\_\_  
Fourth publication \_\_\_\_\_  
Fifth publication \_\_\_\_\_  
Sixth publication \_\_\_\_\_

**CASA GRANDE DISPATCH**

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

Sworn to before me this 15th day of December A. D. 2006

Robert R. Mierme  
Notary Public State of Arizona  
Debbert Mierme, State of Arizona  
My Commission Expires 10/23/2009

**PUBLIC NOTICE OF HEARING ON THE APPLICATION OF SANTA CRUZ WATER COMPANY, LLC, AND PALO VERDE UTILITIES COMPANY, LLC, FOR THE TRANSFER OF THEIR ASSETS AND CERTIFICATES OF CONVENIENCE AND NECESSITY TO GLOBAL WATER - SANTA CRUZ WATER COMPANY, AND GLOBAL WATER - PALO VERDE UTILITIES COMPANY**

Docket Nos. W-03576A-06-0155, W-20446A-06-0155, SW-03575A-06-0155 and SW-20445A-06-0155  
On March 9, 2006, Santa Cruz Water Company, LLC and Palo Verde Utilities Company, LLC (jointly "Applicants") filed with the Arizona Corporation Commission ("Commission") a joint application for the transfer of their assets and Certificates of Convenience and Necessity to Global Water - Santa Cruz Water Company and Global Water - Palo Verde Utilities Company, respectively. The Commission's Utilities Division Staff issued a Staff Report recommending approval of the application subject to certain conditions.

The application is available for inspection during regular business hours at the offices of the Commission in Phoenix, at 1200 West Washington Street, Phoenix, Arizona, and at the offices of the Company, Global Water Resources, 21410 North 19th Avenue, Suite 201, Phoenix, Arizona 85207 and on the internet via the Commission website ([www.azcc.gov](http://www.azcc.gov)) using the e-docket function.

The Commission will hold a hearing on this matter beginning January 12, 2007, at 10:00 a.m., at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona. Public comment will be taken on the first day of the hearing.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Intervention shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in the matter. Person desiring to intervene must file a written motion to intervene with the Commission, which motion should be sent to the Applicant or its counsel and to all parties of record, and which at the minimum, shall contain the following:

1. The name, address, and the telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g.: a customer of the Applicant, a shareholder of the Applicant, etc.).
3. A statement certifying that a copy of the motion to intervene has been mailed to the Applicant or their counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before December 22, 2006. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. Failure to intervene will not preclude any person with interest in this proceeding from appearing at the hearing and making a statement for such person's own behalf. You will not, however, receive any further notice of the proceeding unless requested by you.

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

No. of publications: 1, date of publication: Dec. 4, 2006

**Affidavit of Publication**

STATE OF ARIZONA  
COUNTY OF PINAL

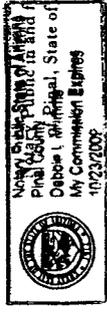
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Second publication \_\_\_\_\_  
Third publication \_\_\_\_\_  
Fourth publication \_\_\_\_\_  
Fifth publication \_\_\_\_\_  
Sixth publication \_\_\_\_\_  
\*\*MARIKOPIA MONITOR\*\*

**CASA GRANDE DISPATCH**

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

Sworn to before me this 12th day of December A. D. 2006  
Donnie R. Munn



**PUBLIC NOTICE OF HEARING ON THE APPLICATION OF SANTA CRUZ WATER COMPANY, LLC AND PALO VERDE UTILITIES COMPANY, LLC FOR THE TRANSFER OF THEIR ASSETS AND CERTIFICATES OF CONVENIENCE AND NECESSITY TO GLOBAL WATER - SANTA CRUZ WATER COMPANY AND GLOBAL WATER - PALO VERDE UTILITIES COMPANY.**

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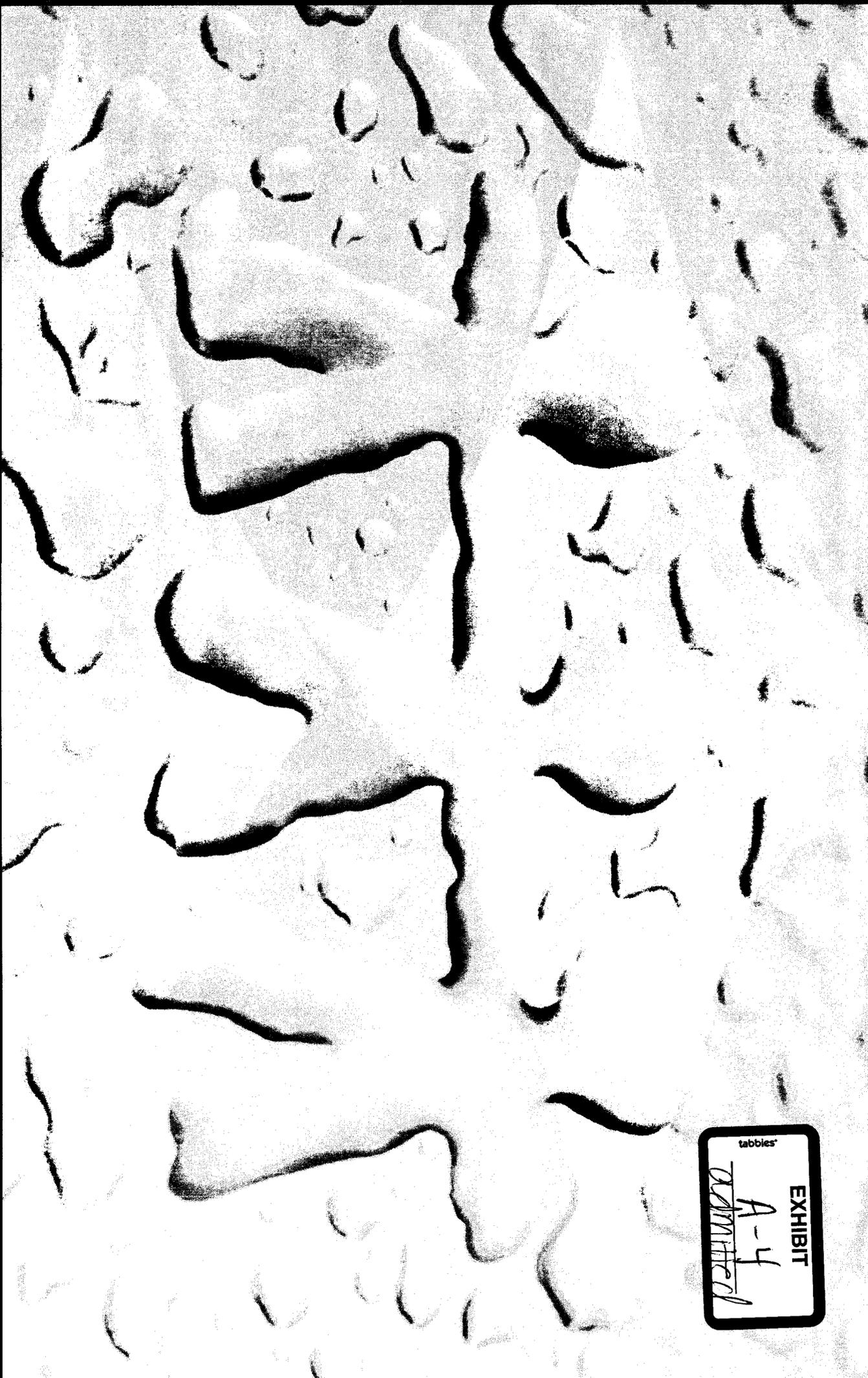
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No. of publications: 1; date of publication: Dec. 8, 2006





tabbles®  
**EXHIBIT**  
A-4  
admitted

# Working for your children's children.

How do you ensure that a vital resource will be there 100 years from now? At Global Water we plan for the future by investing in water reclamation today. By ensuring the quality of reclaimed water, we expand its potential as an alternative to groundwater and other limited supplies. So the water you wash clothes with can be cleaned and used again to keep your neighborhood park green. And the same source we rely on today will still be providing for our grandchildren tomorrow.

[gwresources.com](http://gwresources.com)

**GLOBAL WATER**  
RELIABLE • RENEWABLE • REUSABLE

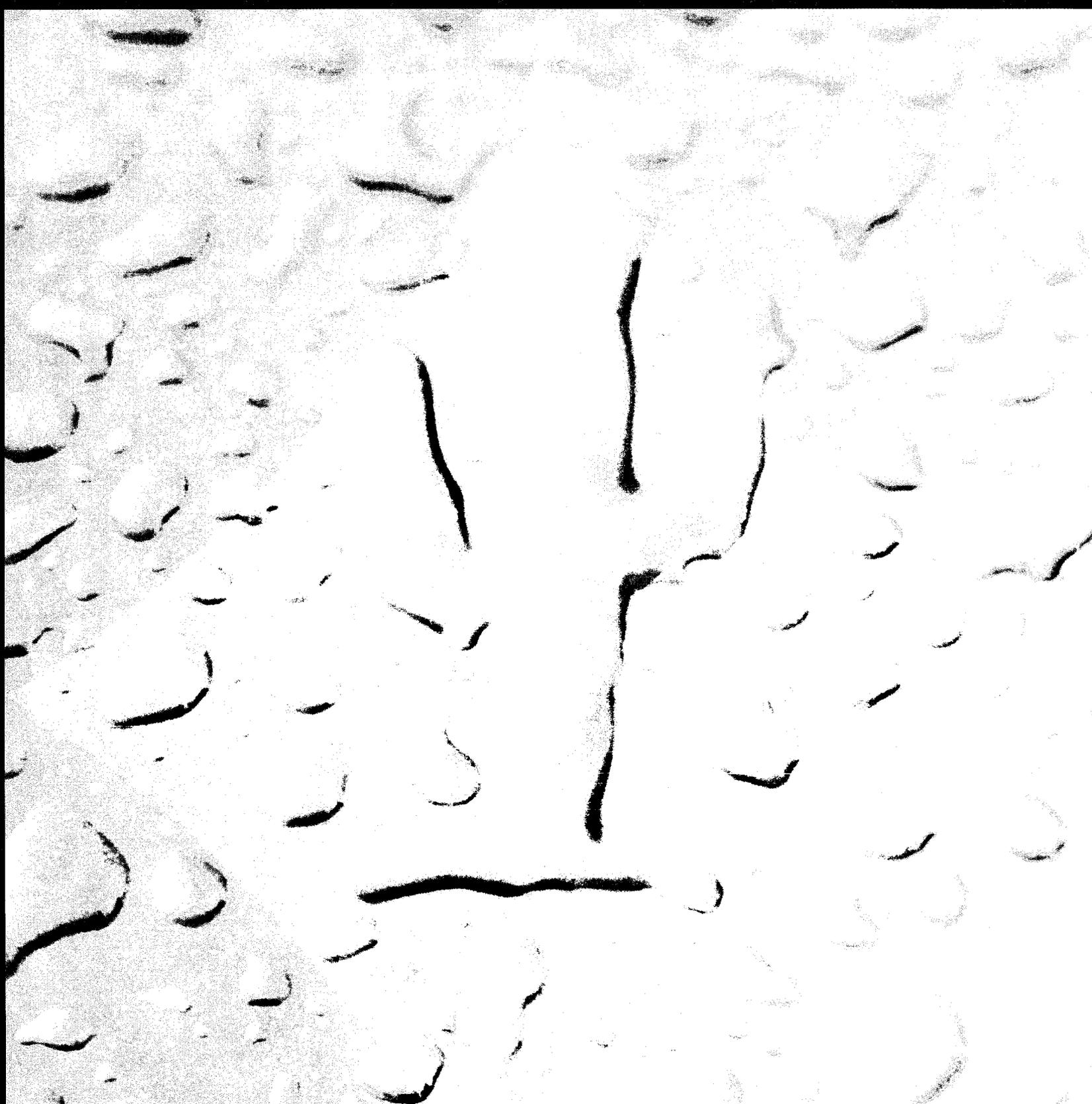


**We turn your  
water use into  
a water source.**

Here in Arizona, providing water begins with protecting it. That's why, as the state's fastest growing private water utility, we're so committed to water reclamation and reuse. By cleaning and treating the water that goes down your drain, we make it useful again for things like irrigating neighborhood parks, schools, and golf courses. And that makes every drop go a lot farther. Because even in the Desert Southwest, there's more than enough water for all of us, as long as we all become smarter about conserving it.

[gwresources.com](http://gwresources.com)

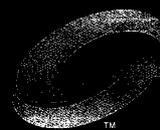
**GLOBAL WATER**  
RELIABLE • RENEWABLE • REUSABLE



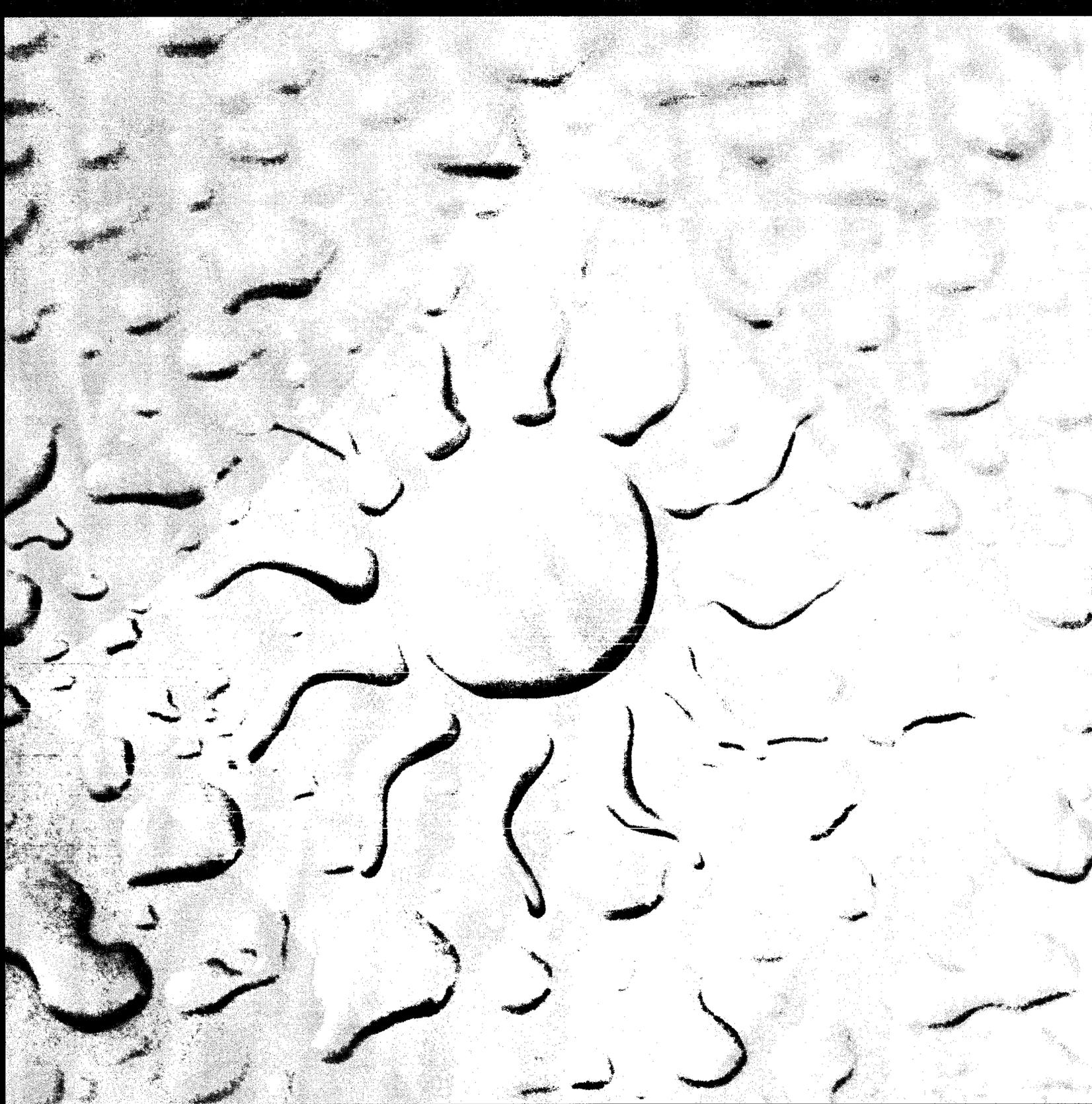
## Not all our customers have a meter.

Water utilities serve a wide variety of customers. At Global Water, one of our biggest is the environment. By reclaiming and reusing residential wastewater, we're able to provide water for many residential and commercial uses without making additional demands on natural aquifers. It keeps our communities and the desert that surrounds them more livable. And that's valuable for all our customers.

[gwresources.com](http://gwresources.com)



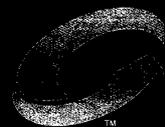
**GLOBAL WATER**  
RELIABLE • RENEWABLE • REUSABLE



## Water should be just as reliable.

In Arizona we can count on sunshine. Global Water is working to make your water resources just as dependable. Instead of traditional water facilities, we're creating renewable water systems where wastewater from homes is treated and used again for a variety of outdoor applications. This recycling helps reduce our demands on limited water sources so they're better able to provide for us over the long term. Because in a state with so much sun and growth, smarter water use is something we all need to rely on.

[gwresources.com](http://gwresources.com)



**GLOBAL WATER**  
RELIABLE · RENEWABLE · REUSABLE



Water from your  
house goes to another  
good home — your  
neighborhood park.

Reliable water helps both plants and communities grow. So how do we develop more water sources? At Global Water we've found that the best place to start is with the water we already use. By improving the process of cleaning and treating residential wastewater, we're creating a new water source for irrigating a wide variety of public spaces. So the potential of every gallon grows dramatically. And water down your drain becomes flowers in your park.

[gwrresources.com](http://gwrresources.com)

**GLOBAL WATER**  
RELIABLE • RENEWABLE • REUSABLE

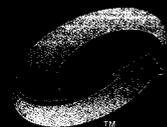




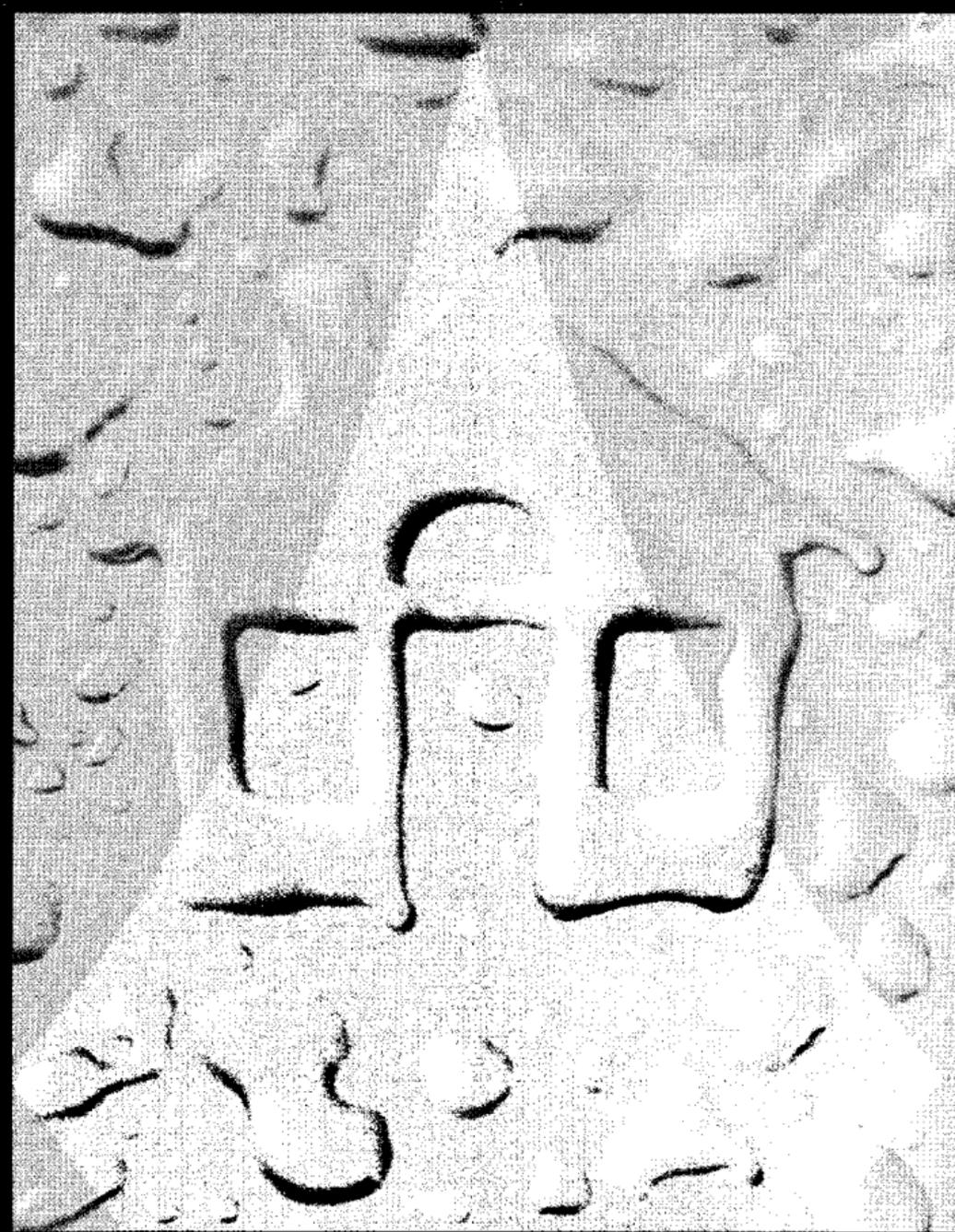
## Water that shapes communities.

Desert living requires a deep respect for water. That respect forms the foundation of every community Global Water serves. We partner with developers to create thriving, lasting neighborhoods with renewable water systems. By reclaiming and reusing residential wastewater, we're able to provide more water for public spaces without taking more from the environment. And when water conservation works this well, both communities and deserts stay in great shape.

[gwresources.com](http://gwresources.com)



**GLOBAL WATER**  
RELIABLE • RENEWABLE • REUSABLE



## Reliable water has a new home

Thanks to the growth of our customers and their needs, Arizona's fastest-growing private water utility has moved to a new address. Our new Global Water headquarters is located at:

**21410 North 19th Avenue, Suite 201  
Phoenix, AZ 85027**

**Customer Service**

Phone: 520.568.4452

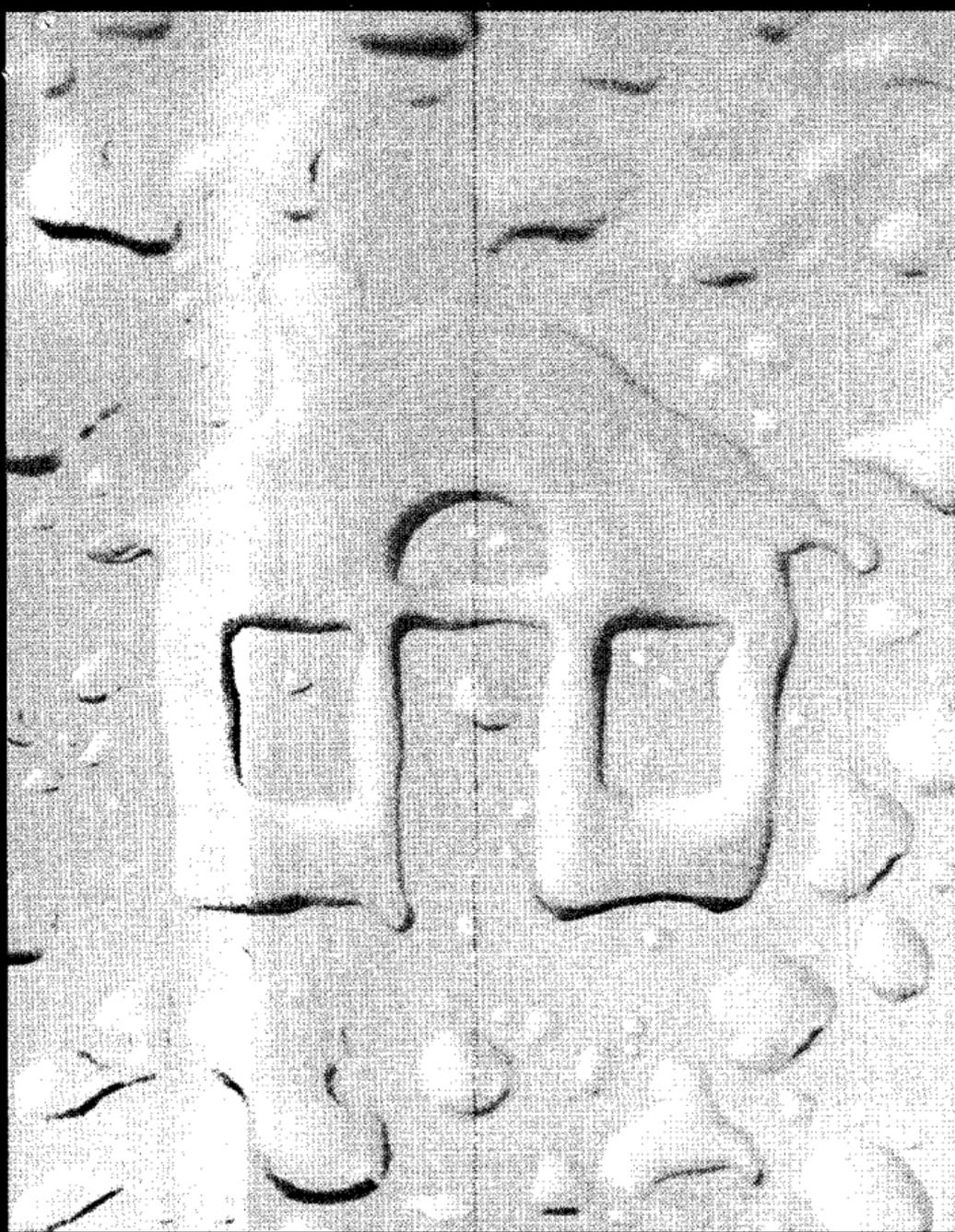
Phone: 623.518.4000

Fax: 623.518.4100

This new home will help us provide you and our growing community with a higher level of water service as we find better ways to conserve, reclaim and reuse our most precious resource.



**GLOBAL WATER**  
RELIABLE · RENEWABLE · REUSABLE



## El agua confiable tiene un nuevo hogar

Gracias al crecimiento de nuestros clientes y sus necesidades, la compañía privada de servicio de agua de mayor crecimiento en Arizona ha cambiado de dirección. Las nuevas oficinas de Global Water están localizadas en:

**21410 North 19th Avenue, Suite 201  
Phoenix, AZ 85027**

### **Servicio al Cliente**

Teléfonos: 520.568.4452

Teléfonos: 623.518.4000

Fax: 623.518.4100

Estas nuevas instalaciones nos ayudarán a ofrecer a nuestra creciente comunidad un mejor servicio de agua al tiempo que encontramos mejores alternativas para conservar, recuperar y reutilizar nuestro más preciado recurso.



**GLOBAL WATER**  
CONFIABLE · RENOVABLE · REUTILIZABLE



## It's for you

Pick up and talk to us. As we work to provide you with a more reliable, reusable water source, it's important that you're able to provide us with input and feedback on how we're doing. That's why we've invested in a new customer service line to connect you directly to us. So give us a call, we're listening. Because nothing helps the flow of water like the flow of communication.

### **Customer Service**

623.518.4000

520.568.4452 (In Maricopa)

623.518.4100 (fax)



**GLOBAL WATER**  
RELIABLE · RENEWABLE · REUSABLE



## Es para usted

Tome el teléfono y hable con nosotros. Mientras trabajamos para ofrecerle una fuente más confiable de agua recuperada, es importante que nos de su opinión y comentarios sobre la manera en la que trabajamos. Por ello hemos invertido en una nueva línea de servicio al cliente la cual lo conecta directamente con nosotros. Así que llámenos, nosotros lo vamos a escuchar... ¡porque el agua fluye mejor con una buena comunicación!

Servicio al Cliente

623.518.4000

520.568.4452 (en Maricopa)

623.518.4100 (fax)



**GLOBAL WATER**  
CONFIABLE · RENOVABLE · REUTILIZABLE



## Surf's up at Global Water online

A resource as important as water needs an information resource to match. That's why we're constantly improving gwresources.com. Log on and check out the new look and feel we've given to all your online water capabilities. With a few clicks you can pay your bill, answer your customer service questions, stay informed on local water issues, discover simple water-saving tips, and more. Get more from your water and your water provider by going online to the new gwresources.com.



**GLOBAL WATER**  
RELIABLE • RENEWABLE • REUSABLE

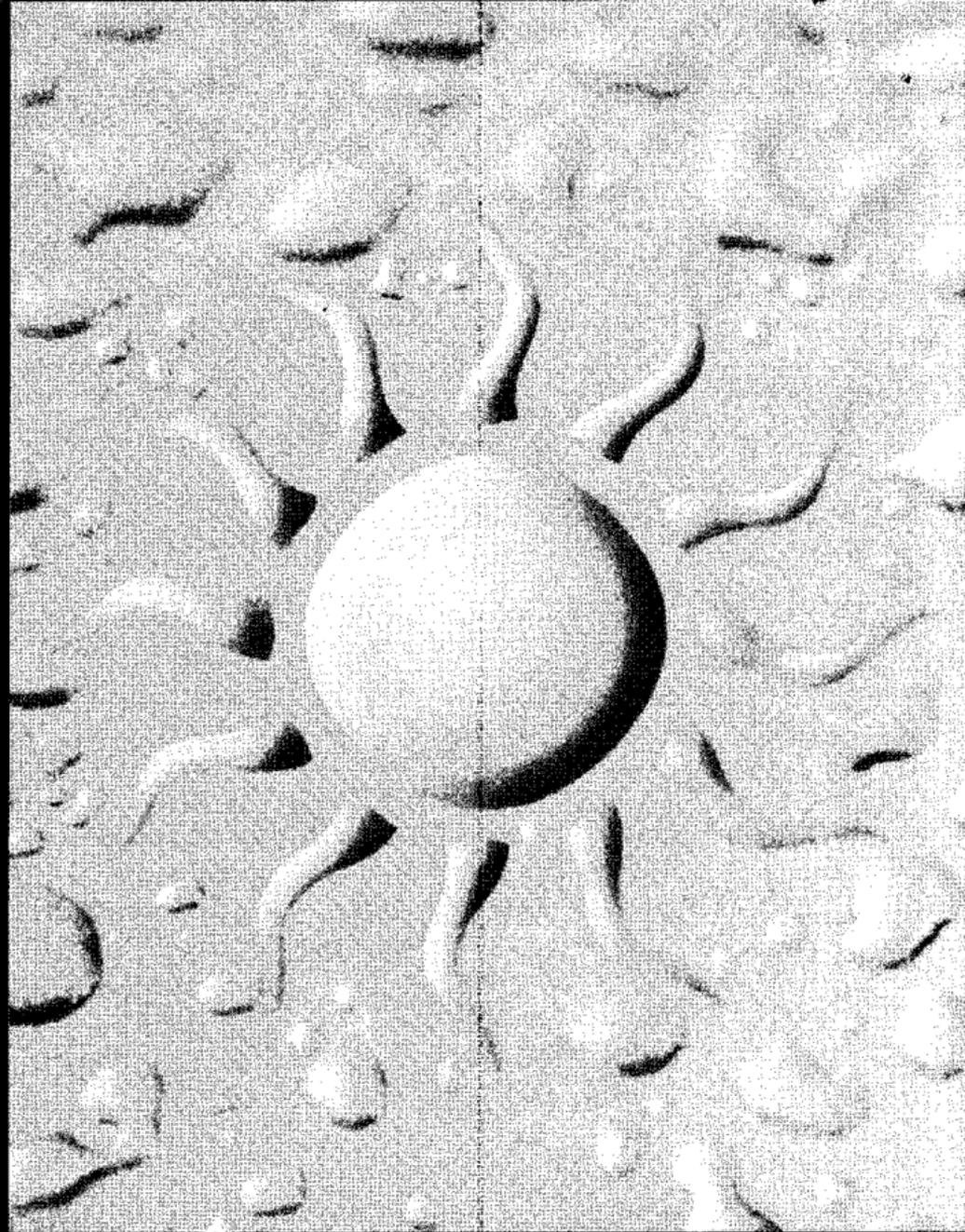


## Anímesese a surfear con Global Water

Un recurso tan importante como el agua necesita un recurso de información que lo complementa. Es por ello que constantemente mejoramos nuestro sitio [gwresources.com](http://gwresources.com). Visítenos, revise la nueva presentación y compruebe cómo hemos fortalecido todas sus capacidades acuáticas en línea. Con unos cuantos "clicks" puede pagar su recibo, obtener respuestas de servicio, mantenerse informado sobre asuntos locales relacionados con el agua, descubrir consejos sencillos de ahorro de agua y mucho más. Obtenga mayor provecho de su agua y de su proveedor de agua a través de la red de Internet, [gwresources.com](http://gwresources.com).



**GLOBAL WATER**  
CONFIABLE · RENOVABLE · REUTILIZABLE



## More hours in your day

Global Water is expanding its customer service hours to meet your busy schedule. Both our front desk and customer service lines are now open from 7:30 am to 5:30 pm, Monday thru Friday. So even though your day is busier, we can still find a few minutes to keep the communication and the water flowing. And if expanded hours still aren't enough, try our new website, [gwresources.com](http://gwresources.com), for bill paying, information and answers anytime.

### **Customer Service**

7:30am - 5:30pm, Mon - Fri

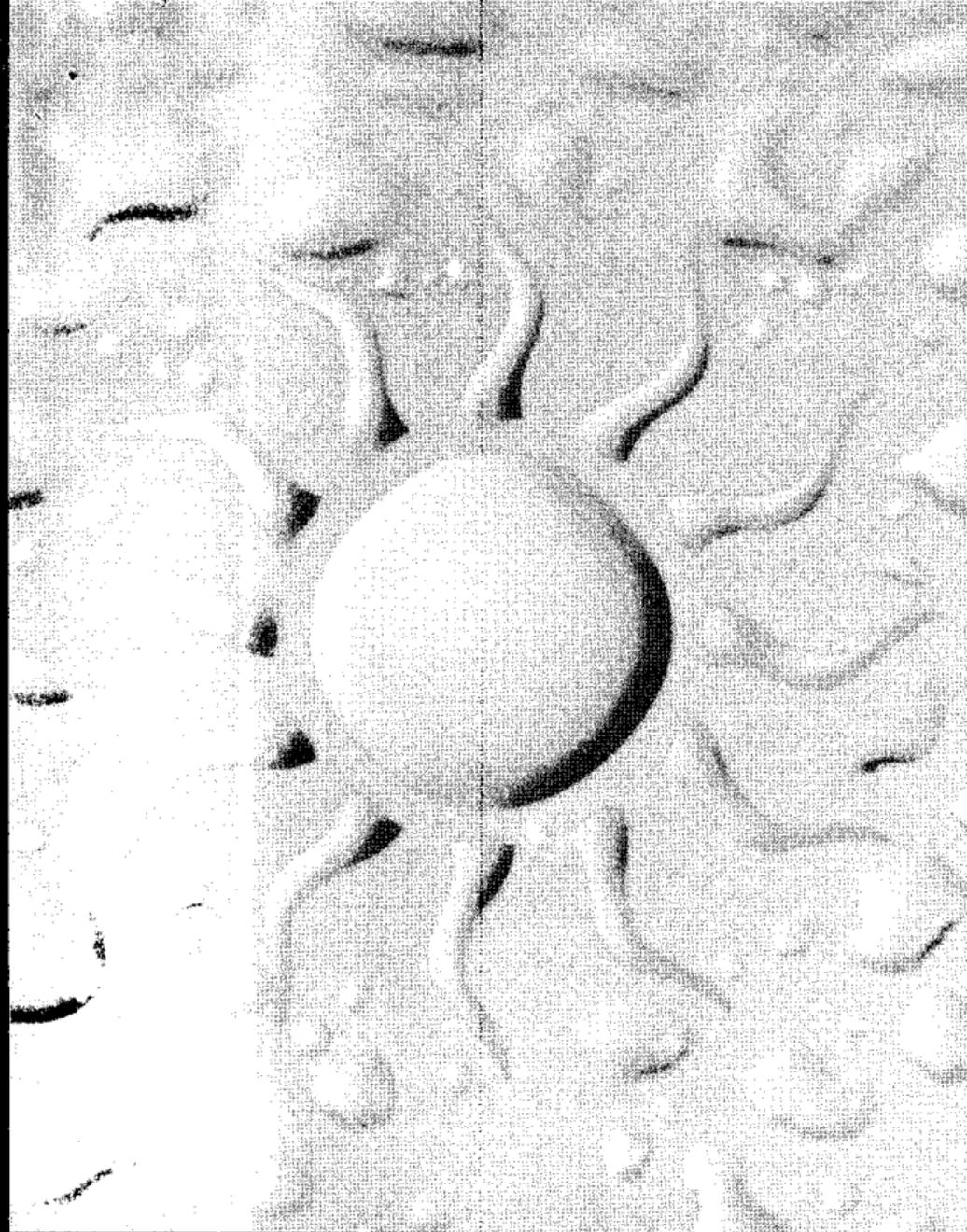
623.518.4000

520.568.4452 (Maricopa)

623.518.4100 (fax)



**GLOBAL WATER**  
RELIABLE · RENEWABLE · REUSABLE



## Más horas en su día

Global Water amplía su horario de servicio al cliente para responder a las necesidades de sus ocupados clientes. Nuestros mostradores y líneas de servicio al cliente están abiertos ahora de 7:30 a.m. a 5:30 p.m., de lunes a viernes. De modo que, aunque su día esté muy ocupado, todavía podemos encontrar unos minutos para mantener la comunicación y el flujo del agua. Y si este horario todavía no es suficiente, visite nuestro nuevo sitio electrónico, [gwresources.com](http://gwresources.com), en donde podrá pagar su recibo y obtener información y respuestas a toda hora.

### Servicio al cliente

7:30am - 5:30pm, lunes - viernes

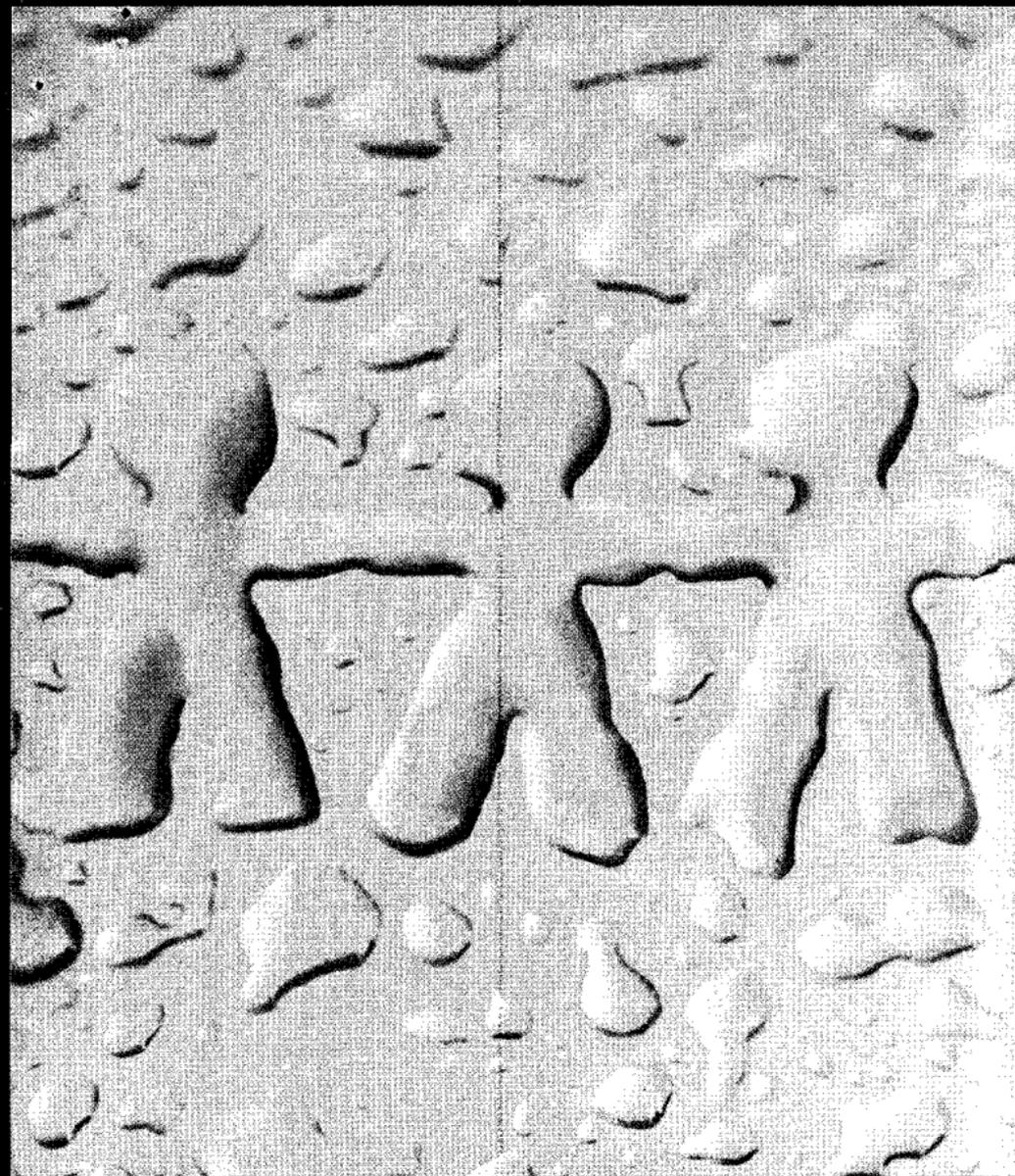
623.518.4000

520.568.4452 (Maricopa)

623.518.4100 (fax)



**GLOBAL WATER**  
CONFIABLE · RENOVABLE · REUTILIZABLE

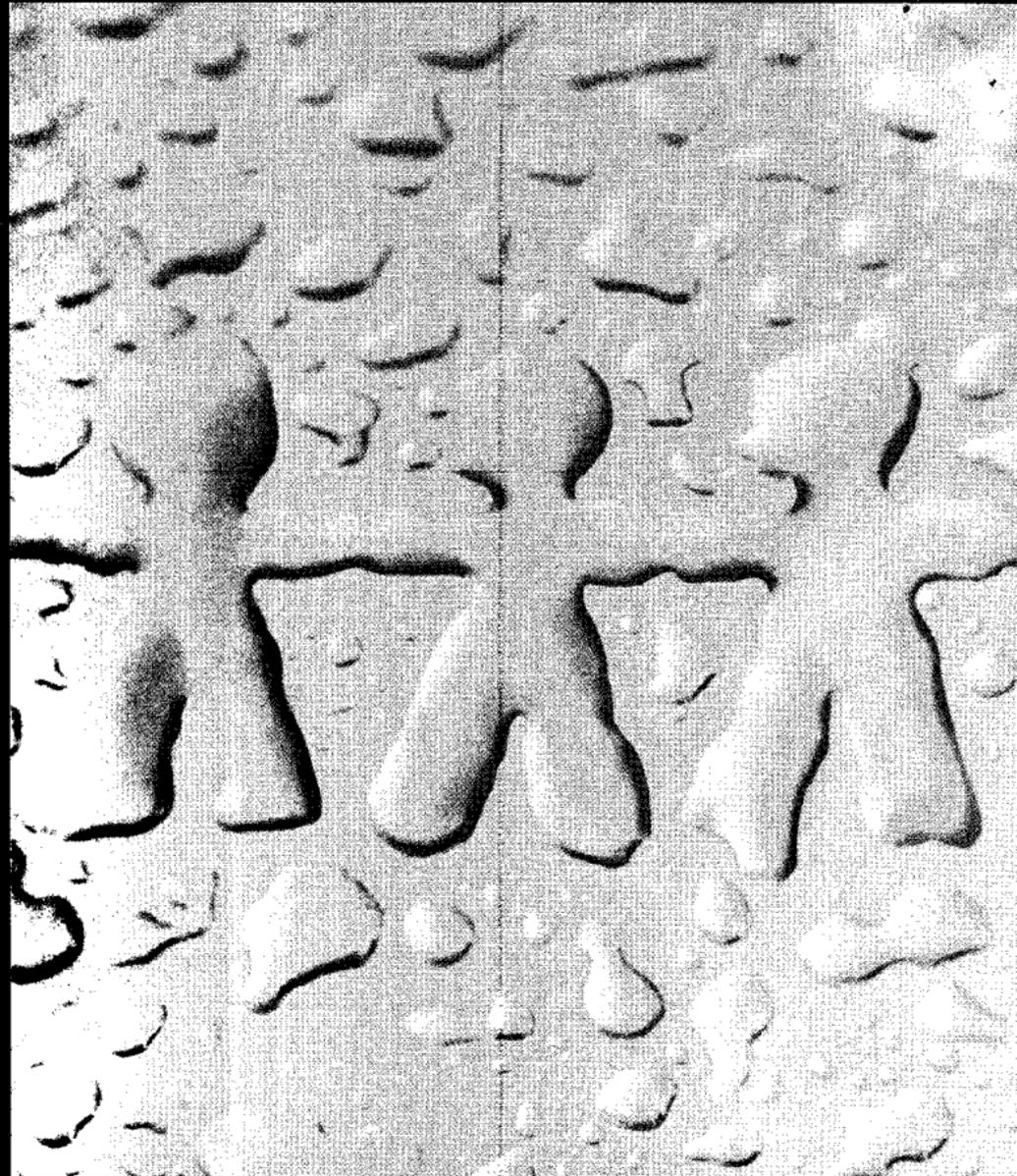


## Providing smarter water for lasting communities

This month we're introducing a new look to match our environmentally responsible approach to providing pure, reliable water. As Maricopa's private water utility, we're as committed to the community as we are to fulfilling your water needs. One of the ways we show that commitment is through water reclamation and reuse. By cleaning and treating wastewater from your home, we make it useful again for things like irrigating your parks, playfields, and golf courses. And that helps our natural water sources last longer, supporting our needs for generations to come. Because even in the Desert Southwest, there's enough water for all of us, as long as we all become smarter about conserving it.



**GLOBAL WATER**  
RELIABLE · RENEWABLE · REUSABLE



## Distribuyendo agua confiable para comunidades duraderas

Este mes estrenamos una nueva presentación, más acorde con nuestro enfoque responsable del medio ambiente en la distribución de agua pura y confiable. Como la compañía privada de servicios de agua de Maricopa, estamos tan comprometidos con la comunidad como con sus necesidades de agua. Una de las maneras de demostrar este compromiso es a través de la recuperación y reutilización del agua. Al limpiar y tratar el agua residual de su hogar, la hacemos útil nuevamente y puede usarse en la irrigación de parques, canchas de juego y campos de golf. Eso contribuye a la prolongación de nuestros recursos naturales y al apoyo de nuestras necesidades para las futuras generaciones; porque incluso en el desierto del suroeste, hay agua suficiente para todos, siempre y cuando seamos suficientemente inteligentes para conservarla.



**GLOBAL WATER**  
CONFIABLE · RENOVABLE · REUTILIZABLE

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MEMORANDUM

2006 OCT 25 A 9:12

TO: Docket Control  
FROM: Ernest G. Johnson *EGJ*  
Director  
Utilities Division

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AZ CORP COMMISSION  
DOCUMENT CONTROL

DATE: October 25, 2006

LEGAL DIV.  
ARIZ. CORPORATION COMMISSION

RE: IN THE MATTER OF THE APPLICATION OF SANTA CRUZ WATER COMPANY, LLC TO TRANSFER ITS CERTIFICATE OF CONVENIENCE AND NECESSITY AND ASSETS TO GLOBAL WATER - SANTA CRUZ WATER COMPANY, DOCKET NOS. W-03576A-06-0155 & W-20446A-06-0155

IN THE MATTER OF THE APPLICATION OF PALO VERDE UTILITIES COMPANY, LLC TO TRANSFER ITS CERTIFICATE OF CONVENIENCE AND NECESSITY AND ASSETS TO GLOBAL WATER - PALO VERDE UTILITIES COMPANY, DOCKET NOS. SW-03575A-06-0155 AND SW-20445A-06-0155

Attached is the Staff Report for Santa Cruz Water Company, LLC and Palo Verde Utilities Company, LLC application to transfer their Certificates of Convenience and Necessity and related assets to Global Water – Santa Cruz Water Company and Global Water – Palo Verde Utilities Company, respectively. Staff recommends approval of the transfers subject to conditions.

EGJ:JJD:tdp

Originator: James J. Dorf

Service List for: Santa Cruz Water Company, LLC and Palo Verde Utilities Company, LLC  
Docket Nos. W-03576A-06-0155, et al

ROSKA DEWULF & PATTEN, PLC

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

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

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

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

**STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION**

**SANTA CRUZ WATER COMPANY, LLC AND  
GLOBAL WATER – SANTA CRUZ WATER COMPANY  
DOCKET NOS. W-03576A-06-0155 & W-20446A-06-0155**

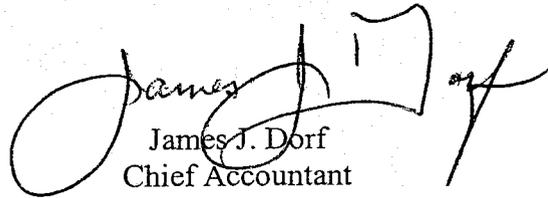
**PALO VERDE UTILITIES COMPANY, LLC AND  
GLOBAL WATER – PALO VERDE UTILITIES COMPANY  
DOCKET NOS. SW-03575A-06-0155 & SW-20445A-06-0155**

**IN THE MATTER OF THE APPLICATIONS TO TRANSFER  
CERTIFICATES OF CONVENIENCE AND NECESSITY AND ASSETS**

**OCTOBER 25, 2006**

## STAFF ACKNOWLEDGMENT

The Staff Report for Santa Cruz Water Company, LLC and Palo Verde Utilities Company, LLC, Docket Nos. W-03576A-06-0155, W-20446A-06-0155 & SW-03575A-06-0155, SW-20445A-06-0155, was the responsibility of Staff member James J. Dorf who was responsible for the review and analysis of the applications.



James J. Dorf  
Chief Accountant

**EXECUTIVE SUMMARY**  
**SANTA CRUZ WATER COMPANY, LLC ET AL**  
**DOCKET NOS. W-03576A-06-0155**

Santa Cruz Water Company, LLC and Palo Verde Utility Company, LLC (collectively "Current Global Subsidiaries") filed with the Arizona Corporation Commission ("Commission") an application to transfer their Certificates of Convenience and Necessity ("CC&Ns") to Global Water – Santa Cruz Water Company ("Global Santa Cruz") and Global Water – Palo Verde Utilities Company ("Global Palo Verde") (collectively "New Global Subsidiaries").

The Current Global Subsidiaries also request that the Commission approve the transfer of their assets to the New Global Subsidiaries. The Current Global Subsidiaries and the New Global Subsidiaries are direct or indirect wholly-owned subsidiaries of Global Water Santa Cruz Water Company, LLC and Palo Verde Utilities Company, LLC (collectively "Global Subsidiaries").

Staff acknowledges that the corporations are more transparent than limited liability companies and including Global Water in the names of the New Global Subsidiaries will improve recognition of the Global controlled companies.

Staff recommends that the proposed transfer of the Current Global Subsidiaries CC&Ns and assets, as described in the application, to the New Global Subsidiaries be approved subject to the following compliance items:

1. The New Global Subsidiaries will utilize the existing rates and charges of the Current Global Subsidiaries.
2. The New Global Subsidiaries will continue to comply with all compliance obligations of the CC&Ns and obtain all Arizona Department of Water Resources and Arizona Department of Environmental Quality approvals by the dates specified in the CC&N Orders.
3. The New Global Subsidiaries will maintain the bonds required by the CC&N Orders.
4. The New Global Subsidiaries will maintain the existing financial condition of the Current Global Subsidiaries and confirm as much, as a compliance item in this docket, by docketing the pre and post transfer balance sheets for each of the Current and New Global Subsidiaries within 90 days subsequent to the completion of the transfers.
5. The new Global Subsidiaries will comply with all requirements related to Advances in Aid of Construction, customer deposit and other Commission ordered financial conditions.

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## **Introduction**

On March 9, 2006, Santa Cruz Water Company, LLC and Palo Verde Utility Company, LLC (collectively "Current Global Subsidiaries") filed with the Arizona Corporation Commission ("Commission") an application to transfer their Certificates of Convenience and Necessity ("CC&Ns") to Global Water – Santa Cruz Water Company ("Global Santa Cruz") and Global Water – Palo Verde Utilities Company ("Global Palo Verde") (collectively "New Global Subsidiaries"). The Current Global Subsidiaries also request that the Commission approve the transfer of their assets to the New Global Subsidiaries. The Current Global Subsidiaries and the New Global Subsidiaries are direct or indirect wholly-owned subsidiaries of Global Water Resources, LLC ("Global").

The New Global Subsidiaries have been formed as corporations. Global's intent is that any new subsidiaries that apply for CC&Ns will be formed as corporations.

The Commission transferred the CC&Ns to the Current Global Subsidiaries in Decision No. 66394 (October 6, 2003). In early 2004, Global obtained ownership of the Current Global Subsidiaries from their prior owners. Global has subsequently acquired additional water and other companies. A current Global ownership chart is provided as Exhibit A.<sup>1</sup>

The Current Global Subsidiaries have additional applications pending at the Commission in the following dockets:

1. SW-03575A-05-0926 and W-03576A-05-0926
2. SW-03575A-05-0470 and W-03576A-05-0470
3. SW-03575A-06-0545 and W-03576A-06-0545

If the Commission issues final orders concerning these pending applications prior to ruling on this Application, no change in the pending applications is needed. If the Commission rules on this Application before it issues final orders concerning the pending applications, the applicants in those cases should be changed to the New Global Subsidiaries.

## **Proposed Transfer**

The New Global Subsidiaries are 100 percent owned by Global Water Resources, Inc which is in turn 100 percent owned by Global. Other than being corporations, the New Global Subsidiaries will retain the same officers and directors of the Current Global Subsidiaries. The certified operators will be the same and there are no planned changes to existing or planned facilities. The New Global Subsidiaries will utilize their existing rates and charges and there will be no changes in the capitalization and financing of the subsidiaries as a result of the proposed transfers.

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<sup>1</sup> The following Commission Decision Nos. either granted or extended the CC&N's for the Current Global Subsidiaries and will be referred to as the CC&Ns: 61943, 66394, 67240, 67830, 68186 and 68448.

The New Global Subsidiaries indicate that they will continue to comply with all compliance obligations of the CC&Ns and obtain all Arizona Department of Water Resources ("ADWR") and Arizona Department of Environmental Quality ("ADEQ") approvals by the dates specified in the CC&N Orders.

The New Global Subsidiaries will maintain the bonds required by the CC&N Orders. Their financial conditions will remain the same as all of the assets, liabilities and capital will be transferred to the New Global Subsidiaries.

The New Global Subsidiaries will assume the same tax basis for all assets transferred. Global is current on all property taxes.

Global has indicated that once it has received approval and the transfers are completed, the Current Global Subsidiaries will be dissolved.

To the extent that the corporation may be subject to federal and state income taxes, Staff recommends that Global's income tax obligations be evaluated when the New Global Subsidiaries file for new rates.

### **Public Interest Analysis**

Global asserts that the proposed transfers are in the public interest because the Commission prefers regulated utilities to be corporations and the transfers result in the CC&Ns being held by corporations. Global cites the *Notice of Inquiry Regarding the Form of Organization of Public Service Corporations* dated December 3, 2004.

The Commission has taken no action regarding the responses to the notice of inquiry.<sup>2</sup> Although Staff is aware that Commissioners have expressed some concerns regarding limited liability company transfers of ownership interests, no formal Commission decision has been reached regarding which types of entities the Commission favors for public service companies.

Global also asserts that the new corporate names will reduce customer confusion as to which entity provides their water and/or wastewater service. Global has implemented an advertising campaign utilizing a new logo and "Global Water" in each ad. See Exhibit B for a recent advertisement in the Wall Street Journal.<sup>3</sup> By using Global Water as part of the New Global Subsidiaries names, the public and regulators will be able to clearly link the new subsidiaries to Global.

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<sup>2</sup> The Commission received 14 responses to the notice of inquiry.

<sup>3</sup> Wall Street Journal, October 11, 2006, page B5G.

### **Staff Evaluation**

Staff does not object to the proposed transfer. Staff concludes that the corporate form of ownership is appropriate and provides additional transparency. Corporations are typically more formal than limited liability companies. For example corporations typically require formal articles of incorporation, require that minutes of board meetings be maintained, etc.

There are no negative income or property tax matters related to the transfers as the assets of the New Global Subsidiaries will have the same tax basis as the Current Global Subsidiaries.

Staff also acknowledges that the New Global Subsidiaries which includes Global Water as part of the company name will be less confusing to customers and regulators.

### **Staff Recommendation**

Staff recommends that the proposed transfer of the Current Global Subsidiaries CC&Ns and assets, as described in the application, to the New Global Subsidiaries be approved subject to the following compliance items:

1. The New Global Subsidiaries will utilize the existing rates and charges of the Current Global Subsidiaries.
2. The New Global Subsidiaries will continue to comply with all prior Commission Decisions and all compliance obligations of the current CC&Ns and obtain all ADWR and ADEQ approvals by the dates specified in those CC&N Orders.
3. The New Global Subsidiaries will maintain the bonds required by the current CC&N Orders. Their financial conditions will remain the same as all of the assets, liabilities and capital will be transferred to the New Global Subsidiaries.
4. The New Global Subsidiaries will maintain the existing financial condition of the Current Global Subsidiaries and confirm as much, as a compliance item in this docket, by docketing the pre and post transfer balance sheets for each of the Current and New Global Subsidiaries within 90 days subsequent to the completion of the transfers.
5. The new Global Subsidiaries will comply with all requirements related to Advances in Aid of Construction, customer deposit and other Commission ordered financial conditions.





## Not all our customers have a meter.

Water utilities serve a wide variety of customers. At Global Water, one of our biggest is the environment. By reclaiming and reusing residential wastewater, we're able to provide water for many residential and commercial uses without making additional demands on natural aquifers. It keeps our communities and the desert that surrounds them more livable. And that's valuable for all our customers. [gwresources.com](http://gwresources.com)

