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ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

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COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

2009 DEC -1 A 11: 09

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
GLOBAL WATER - PALO VERDE UTILITIES
COMPANY FOR THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES FOR UTILITY
SERVICE DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE OF ITS
PROPERTY THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. SW-20445A-09-0077

IN THE MATTER OF THE APPLICATION OF
VALENCIA WATER COMPANY - GREATER
BUCKEYE DIVISION FOR THE ESTABLISHMENT OF
JUST AND REASONABLE RATES AND CHARGES FOR
UTILITY SERVICE DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON THE FAIR
VALUE OF ITS PROPERTY THROUGHOUT THE
STATE OF ARIZONA

DOCKET NO. W-02451A-09-0078

IN THE MATTER OF THE APPLICATION OF
WILLOW VALLEY WATER CO. FOR THE
ESTABLISHMENT OF JUST AND REASONABLE
RATES AND CHARGES FOR UTILITY SERVICE
DESIGNED TO REALIZE A REASONABLE RATE OF
RETURN ON THE FAIR VALUE OF ITS PROPERTY
THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-01732A-09-0079

IN THE MATTER OF THE APPLICATION OF
GLOBAL WATER - SANTA CRUZ WATER COMPANY
FOR THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES FOR UTILITY
SERVICE DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE OF ITS
PROPERTY THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-20446A-09-0080

IN THE MATTER OF THE APPLICATION OF
WATER UTILITY OF GREATER TONOPAH FOR
THE ESTABLISHMENT OF JUST AND REASONABLE
RATES AND CHARGES FOR UTILITY SERVICE
DESIGNED TO REALIZE A REASONABLE RATE OF
RETURN ON THE FAIR VALUE OF ITS PROPERTY
THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-02450A-09-0081

Notice Of Filing

Arizona Corporation Commission
DOCKETED

DEC - 1 2009

DOCKETED BY

1 IN THE MATTER OF THE APPLICATION OF
2 VALENCIA WATER COMPANY – TOWN DIVISION
3 FOR THE ESTABLISHMENT OF JUST AND
4 REASONABLE RATES AND CHARGES FOR UTILITY
5 SERVICE DESIGNED TO REALIZE A REASONABLE
6 RATE OF RETURN ON THE FAIR VALUE OF ITS
7 PROPERTY THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-01212A-09-0082

Notice Of Filing

8 Global Water – Palo Verde Utilities Company, Global Water – Santa Cruz Water
9 Company, Valencia Water Company – Town Division, Valencia Water Company – Greater
10 Buckeye Division, Water Utility of Greater Tonopah and Willow Valley Water Co. (collectively,
11 the “Global Utilities”) provide notice that last night, the City Council of Maricopa voted 5-1 to
12 adopt an emergency resolution that urges the Commission to “adopt a rate increase that is fair and
13 equitable to all parties”. The Resolution is attached to this Notice.

14 Also attached are copies of the letter Global provided to the Council and documentation of
15 all the communication and correspondence between Global and City Staff, Council, and
16 community members during the past ten months.

17 RESPECTFULLY SUBMITTED this 1st day of December 2009.

18 ROSHKA DEWULF & PATTEN, PLC

19 By Timothy J. Sabo
20 Michael W. Patten
21 Timothy J. Sabo
22 One Arizona Center
23 400 East Van Buren Street, Suite 800
24 Phoenix, Arizona 85004

25 *Attorneys for Global Utilities*
26
27

1 Original +13 copies of the foregoing
2 filed this 15th day of December 2009, with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, AZ 85007

7 Copies of the foregoing hand-delivered/mailed
8 this 16th day of December 2009, to:

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

15 Janice Alward, Esq.
16 Chief Counsel, Legal Division
17 Arizona Corporation Commission
18 1200 West Washington
19 Phoenix, AZ 85007

20 Steve Olea
21 Director, Utilities Division
22 Arizona Corporation Commission
23 1200 West Washington
24 Phoenix, AZ 85007

25 Daniel W. Pozefsky, Esq.
26 Chief Counsel,
27 Residential Utility Consumer Office
1110 West Washington Street, Suite 220
Phoenix, AZ 85007

Greg Patterson
WUAA
916 W. Adams - 3
Phoenix, AZ 85007

By *Robert Amundson*

RESOLUTION NO. 09-66

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF MARICOPA, ARIZONA, REQUESTING RELIEF FROM THE RATE INCREASE PROPOSED TO THE ARIZONA CORPORATION COMMISSION BY SANTA CRUZ WATER COMPANY AND PALO VERDE UTILITIES D/B/A GLOBAL WATER IN RATE CASE DOCKET NUMBERS W-03576A-09 AND SW-03575A-09 AND DECLARING AN EMERGENCY.

WHEREAS, Santa Cruz Water Company and Palo Verde Utilities d/b/a Global Water ("Global Water") provide water and wastewater services to the greater Maricopa area; and

WHEREAS, Global Water has applied to the Arizona Corporation Commission for a rate increase (the "Rate Increase") for the provision of water and wastewater services which would affect the citizens of the City of Maricopa and the greater Maricopa area; and

WHEREAS, the City of Maricopa recognizes Global Water as an important strategic partner in the area's development which has provided the water and wastewater infrastructure and operations to serve the greater Maricopa area at a time critical to the City of Maricopa's growth but believes that it is in the best interest of the citizens of Maricopa to obtain relief from the Rate Increase proposed to the Arizona Corporation Commission by Global Water;

WHEREAS, if approved, the Rate Increase would raise basic monthly service fees for 5/8" and 3/4" connections for water from \$25.00 to \$32.68, a monthly increase of 30.72%; and

WHEREAS, if approved, the Rate Increase would raise sewer rates by 119.2% over a 3-year period; and

WHEREAS, if approved, the Rate Increase would raise reclaimed water rates from \$.33/1,000 gallons to \$2.00/1,000 gallons, an increase of 506%; and

WHEREAS, the additional costs resulting from the proposed Rate Increase, if approved at the maximum range proposed, would result in undue hardships to residents in the greater Maricopa area that are already struggling to meet basic costs of living in a national recession

NOW, THEREFORE, BE IT RESOLVED BY the Mayor and City Council of the City of Maricopa, Arizona, as follows:

Section 1. The City of Maricopa requests relief from the Rate Increase proposed to the Arizona Corporation Commission by Global Water and urges the Arizona Corporation Commission to adopt a rate increase that is fair and equitable to all parties.

Section 2. The immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health and safety; therefore, an emergency is hereby declared to exist and this Resolution shall become immediately effective upon its passage and adoption.

PASSED, APPROVED AND ADOPTED by the Mayor and City Council of the City of Maricopa, Arizona, this 30th day of November, 2009.

Anthony Smith
Mayor

ATTEST:

APPROVED AS TO FORM:

LeeAnne Schirato
Acting City Clerk

Denis Fitzgibbons
City Attorney



November 30, 2009

Mayor Anthony Smith
Vice-Mayor Brent Murphree
Council members Brown, Diedrich, Estes, Farrell, Griffin
45145 West Madison Avenue
Maricopa, Arizona 85139

In Re: Proposed Resolution 09-66

Dear Mayor and Council:

I am profoundly troubled and personally offended by Proposed Resolution 09-66 which claims that the City faces an emergency affecting Maricopa's "public peace, health and safety". The Resolution suggests that a pending rate case at the Arizona Corporation Commission, a case which will not result in any rate increase being granted sooner than March of 2010 is "an emergency".

I am providing in the attached material copies of the emails that we have sent to the Council regarding our rate case. I am attaching copies of the letters sent to the Council and Staff regarding this rate case.

We have had 10 meetings with Council members on this rate increase. We have met with 22 community leaders, many more than once. We have met with HOA managers and board members. We have sent notice of our application, and detailed instructions on how to intervene and participate in this case to not just the Council, but indeed to every ratepayer in Maricopa. We have placed public notices in the newspaper, appeared on the Mayor's television program, and maintained every document in the case on our website.

There is no way that any member of Council can honestly state that the Global Water rate case is an 'emergency'.

Webster's Dictionary defines 'emergency' as: "*an unforeseen combination of circumstances or the resulting state that calls for immediate action*".

There is nothing 'unforeseen' about our rate case. In addition to the 10 meetings we have had with Council members, the numerous email updates we have sent Council and Staff, and the detailed July 22, 2009 letter we sent to Council and Staff, we have also sent 30,000 thousand notices to customers and participated in 12 public meetings throughout the Community.

Mayor Anthony Smith
Vice-Mayor Brent Murphree
Council members Brown, Diedrich, Estes, Farrell, Griffin
November 30, 2009
Page 2 of 3

The City and Global Water have had a tremendous relationship in the past. We have worked together on extremely hard issues, a period of hyper-growth, and the realization that the Pinal AMA faced a major water shortfall and had no CAP allocation to support its growth. We worked together to resolve the 387 Districts issue. Our Staffs have met extensively to coordinate permitting, GIS, SCADA, public health and safety issues, and economic development.

Global has voluntarily provided \$1.5 million dollars to the City as part of our partnership. We have provided meeting space for years. Our regional manager, Ed Borrromeo, attends every Council meeting, and addressed the Council last month with yet another update on this case.

A brief timeline is in order, and for the record, I am attaching a complete chronology of every meeting we have had with Council and Staff, every mailing we sent, every interview we participated in, every event we attended to explain the case, every interaction we have had in this community on this case has been carefully documented.

January 30, 2009 Meetings with Staff and Council began,

May 1, 2009 Commission grants our Application "sufficiency" and begins the legal process,

May 6, 2009 Meetings with all HOA Managers

May 29, 2009 Commission issues Procedural Order setting forth case schedule and means of participation. The Order requires Global to provide public notices.

July 2, 2009 Global issues press release detailing its Application and the effect on rates.

July 2, 2009 Global launches a website which provides electronic copies of all filings in the case.

July 24, 2009 Public Notices begin being mailed to every customer.

August 3, 2009 Global publishes notice of the case, means of intervention, and schedule in various newspapers serving Maricopa.

August 6, 2009 Global provides City PIO with detailed points on the rate case.

August 7, 2009 Global begins emailing notice to its eBilling customers.

Mayor Anthony Smith
Vice-Mayor Brent Murphree
Council members Brown, Diedrich, Estes, Farrell, Griffin
November 30, 2009
Page 3 of 3

August 14, 2009 Public Notices of rate case are mailed to customers.

August 14, 2009 Public Notices of rate case are also e-mailed to customers.

August 17, 2009 Global website updated with copies of letters and public notices.

August 21, 2009 Global President Trevor Hill appears on Mayor's television program and answers extensive questions on the rate case.

August - October 2009, Global conducts 6 HOA presentations, 3 declined to have a presentation, 1 never responded, and 3 have scheduled for 2010, 3 deferred to Global's own meetings.

September 24, 2009 Global hosts a Rate Case update for the public.

October 1, 2009 Global hosts a second Rate Case update for the public.

October 12, 2009 Last day for intervention in the case.

October 16, 2009 Global updated the Council on this case during Council's retreat.

November 17, 2009 Global presented to Council on this case.

November 23, 2009 Global provides letter to Council and Staff a second letter with detailed information on the case.

I urge the Council to reject the Resolution. Our history and our record indicate that there is no basis for the Resolution. Attached please find extensive copies of correspondence and documents affirming my statement today.

Very Truly Yours,



Trevor Hill
President and CEO

Carmelle Rodriguez

From: Carmelle Rodriguez
Sent: Thursday, July 02, 2009 2:52 PM
To: Carmelle Rodriguez
Subject: Press Release - Global Water Rate Case
Attachments: image001.png; press release - rate case (final) - 2 jul 2009.pdf.htm

GLOBAL WATER FILES RATE APPLICATIONS FOR SIX OF ITS UTILITIES

Phoenix – July 2, 2009 – Global Water Resources (“Global Water”) announced today that the Arizona Corporation Commission (“ACC”) has begun its evaluation of the Applications for Rate Increases for six of their utilities. Global Water filed the rate applications in late February and the applications were found “sufficient” by the ACC on April 30, 2009.

Please see the attached press release for more information.

Thank you,
Carmelle



Carmelle Rodriguez Phn 623.580.9600 x124
Director of Human Capital and Communications Fax 623.518.4014
carmelle.rodriguez@gwresources.com Cell 602.689.9326

Global Water
21410 N. 19th Avenue, Suite 201, Phoenix, AZ 85027
www.gwresources.com

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PRESS RELEASE
For Immediate Release

GLOBAL WATER FILES RATE APPLICATIONS FOR SIX OF ITS UTILITIES

Phoenix – July 2, 2009 – Global Water Resources (“Global Water”) announced today that the Arizona Corporation Commission (“ACC”) has begun its evaluation of the Applications for Rate Increases for six of their utilities. Global Water filed the rate applications in late February and the applications were found “sufficient” by the ACC on April 30, 2009.

One of the key reasons for the rate request is the over \$200 million that Global Water invested in building integrated water, wastewater and recycled water infrastructure in the city of Maricopa, AZ. In the West Valley, over \$25 million has been invested in capital improvements over the last three years, including substantial amounts associated with meeting new federally mandated water quality standards. In addition, the rates for all of the utilities in the application were established eight to 10 years ago. Since then, many of Global Water’s expenses have increased dramatically - costs for chemicals, energy, equipment and maintenance have far outpaced the rate of inflation.

Many communities in the U.S. are facing crumbling water infrastructure and drastic rate hikes because they chose to defer necessary maintenance and delay investments. The U.S. Environmental Protection Agency recently reported that the nation's water utilities need \$335 billion in infrastructure investments over the next 20 years to replace thousands of miles of pipe and for upgrades to treatment plants, storage tanks and other assets to ensure public health.

“The timing of our proposed rate increases is not ideal,” stated Trevor Hill, President and CEO. “We understand that our customers are feeling the effects of a severe recession and an unprecedented real estate market collapse. But we have to ensure that our utilities remain financially stable so they can continue to provide quality service through sound operations and maintenance, capital improvements, and sustainable practices. Even though we are seeking considerable rate increases, we have also proposed several significant steps to help reduce the rate increase – steps which give the consumer the ability to control their own costs.”

Under Global Water’s proposed “Conservation Tariff”, customers who use less water than the average will see their water consumption rates reduced by 45 to 65 percent. “Global believes that conservation savings should benefit customers in both the near term and the long term,” said Hill. “Our entire business model is based on our belief that conserving water is good for the environment, the community, and for us. Under our Conservation Tariff, we would provide customers with significant financial incentives to join Global Water in our efforts to conserve water.”

Global Water has been recognized as a national leader in water conservation during its five-year history. Its efforts to maximize the use of recycled water have saved over 1.65 billion gallons of groundwater in Pinal County. In Maricopa County, Global Water has recharged over 1.9 billion gallons of Colorado River water into the aquifer.

The review of the rate cases is expected to last throughout 2009 and Global Water does not expect a decision until 2010.

Global Water owns and operates 14 water and wastewater utilities in the state of Arizona serving more than 60,000 people. The company is committed to planning for and managing future water scarcity by investing in and improving the regulated water and wastewater companies it owns and conserving the world’s precious water resources through water recycling and the deployment of sector leading technology for utility optimization.

For more information, contact:

Paul Walker
Public Relations for Global Water Resources
602-703-4205



www.gwresources.com/rate-case.php



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- Engineering Docs
- Home Builders
- News
- Jobs
- About Water

Rate Case

[Visit our Global Water Rate Case page](#)



New! ACC Notice of Public Comment Meeting in Maricopa

[Click here to read the notice](#)



Willow Valley Update

[Visit our System Improvement Plan page](#)



Global Water Center

A new home for water.
A new force for green.

[Learn more](#)



Outreach Materials

We love to talk about water recycling.

[Learn more](#)



At Global Water, we serve many kinds of customers. One of our biggest is the environment. By reclaiming and reusing residential wastewater, we 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. We think that's valuable for all our customers.

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Subject	Due Date	Categories
Categories: Internal Meetings (9 items)		
Categories: Mailing (24 items)		
Categories: Meetings (39 items)		
Categories: Public Meeting (16 items)		
Categories: Rate Case Email Inquiries (20 items)		
Categories: Rate Case Phone Inquiries (11 items)		
Categories: SCPV (104 items)		
Meeting with City Manager Kevin Evans	Fri 1/30/2009	SCPV
Meeting with Mayor Tony Smith	Tue 2/3/2009	SCPV
Meeting with Vice Mayor Brent Murphree	Tue 2/3/2009	SCPV
Meeting with Councilmember Marquisha Griffin	Fri 3/20/2009	SCPV
Meeting with Councilmember Edward Farrell	Wed 3/25/2009	SCPV
Meeting with Councilmember Carl Diedrich	Wed 4/22/2009	SCPV
Sufficiency Issued	Fri 5/1/2009	SCPV
Meeting with Gina D'Abela	Tue 5/5/2009	SCPV
Meeting with County Supervisor David Snider	Tue 5/5/2009	SCPV
Meeting with all HOA Managers	Wed 5/6/2009	SCPV
Meeting with Chamber Exec Dir Terri Kingery	Wed 5/6/2009	SCPV
Meeting with Chamber President Bill Wasowicz	Wed 5/6/2009	SCPV
Meeting with AAM HOA Regional Mgr Pam Hilliard	Wed 5/6/2009	SCPV
Meeting with Community Activist Joyce Hollis	Wed 5/6/2009	SCPV
Meeting with Community Activist Dr. James Hull	Mon 5/11/2009	SCPV
Meeting with Chamber Board Member Keith Kirkman	Tue 5/12/2009	SCPV
EPA WaterSense Partner Agreement	Wed 5/13/2009	SCPV
Meeting with ED3 GM Bill Stacy	Fri 5/15/2009	SCPV
Meeting with Councilmember Marvin Brown	Mon 5/18/2009	SCPV
Meeting with MUSD Superintendent John Flores	Mon 5/18/2009	SCPV
Meeting with USDA Partner Jean McLain	Mon 5/18/2009	SCPV
Meeting with Councilmember Joe Estes	Thu 5/28/2009	SCPV
Procedural Order Issued	Fri 5/29/2009	SCPV
Landscape Watering Guides Arrive	Mon 6/1/2009	SCPV
Meeting with Journalist Shelley Gillespie	Tue 6/2/2009	SCPV
Leak Tablets Arrive	Fri 6/5/2009	SCPV
HOA Analysis	Tue 6/23/2009	SCPV
FAQs Forwarded to Customer Service Teams	Tue 6/30/2009	SCPV
Press Release	Thu 7/2/2009	SCPV
Website Launched	Thu 7/2/2009	SCPV
Event - 4th of July Great American BBQ	Sat 7/4/2009	SCPV
Meeting - MCGR HOA Board Members	Thu 7/16/2009	SCPV
Shower Timers Arrive	Fri 7/17/2009	SCPV
Responded to Phil Mesarosh Request	Wed 7/22/2009	SCPV
Email Correspondence with Province HOA Mgr	Thu 7/23/2009	SCPV
SCPV Cycle 3 Public Notice Mailing	Fri 7/24/2009	SCPV
Rate Case Calls (5) - W/E 7/24/09	Fri 7/24/2009	SCPV
Responded to Phil Mesarosh 2nd Request	Fri 7/24/2009	SCPV
SCPV Cycle 4,5,6 Public Notice Mailing	Fri 7/31/2009	SCPV
SCPV Cycle 4,5,6 Customer Notification Letter	Fri 7/31/2009	SCPV
Public Notice in Media (various newspapers)	Mon 8/3/2009	SCPV
Responded to Stacey Justice Request	Thu 8/6/2009	SCPV
Email to City PIO with Talking Points as Requested	Thu 8/6/2009	SCPV

Subject		Due Date	Categories
<input type="checkbox"/>	SCPV Cycle 1 Public Notice Mailing	Fri 8/7/2009	SCPV
<input type="checkbox"/>	SCPV Cycle 1 Customer Notification Letter	Fri 8/7/2009	SCPV
<input type="checkbox"/>	SCPV Cycle 4,5,6 Public Notice Email to eBill Customers	Fri 8/7/2009	SCPV
<input type="checkbox"/>	Responded to Marianne Gonzales Request	Sat 8/8/2009	SCPV
<input type="checkbox"/>	SCPV Cycle 1 Public Notice Email to eBill Customers	Tue 8/11/2009	SCPV
<input type="checkbox"/>	SCPV Cycle 2 Customer Notification Letter	Fri 8/14/2009	SCPV
<input type="checkbox"/>	SCPV Cycle 2 Public Notice Mailing	Fri 8/14/2009	SCPV
<input type="checkbox"/>	SCPV Cycle 2 Public Notice Email to eBill Customers	Fri 8/14/2009	SCPV
<input type="checkbox"/>	Responded to Nathaniel Trent Request	Sun 8/16/2009	SCPV
<input type="checkbox"/>	Responded to Kay O'Neil Request	Sun 8/16/2009	SCPV
<input type="checkbox"/>	Website - Updated with Public Notices & Customer Notification Letters	Mon 8/17/2009	SCPV
<input type="checkbox"/>	Responded to Joni Childs Request	Tue 8/18/2009	SCPV
<input type="checkbox"/>	Responded to Joni Childs 2nd Request	Tue 8/18/2009	SCPV
<input type="checkbox"/>	SCPV Cycle 3 Public Notice Email to eBill Customers	Thu 8/20/2009	SCPV
<input type="checkbox"/>	Mayor Smith's Television Q&A with Trevor	Fri 8/21/2009	SCPV
<input type="checkbox"/>	Email Invite - Presentation - Maricopa Meadows	Sun 8/23/2009	SCPV
<input type="checkbox"/>	Email Invite - Sorrento/Rancho Mirage - Presentation to your HOAs	Sun 8/23/2009	SCPV
<input type="checkbox"/>	Email Invite - Presentation - Glennwilde	Sun 8/23/2009	SCPV
<input type="checkbox"/>	Email Invite - Presentation - Desert Cedars	Sun 8/23/2009	SCPV
<input type="checkbox"/>	Email Invite - Presentation - Santa Rosa Springs	Sun 8/23/2009	SCPV
<input type="checkbox"/>	Email Invite - Presentation - Tortosa	Sun 8/23/2009	SCPV
<input type="checkbox"/>	Email Invite - Councilmember Farrell Follow Up Meeting	Sun 8/23/2009	SCPV
<input type="checkbox"/>	Email Invite - Presentation - Villages	Sun 8/23/2009	SCPV
<input type="checkbox"/>	Email Invite - Presentation - Desert Passage	Sun 8/23/2009	SCPV
<input type="checkbox"/>	Email Invite - Presentation - Alterra	Sun 8/23/2009	SCPV
<input type="checkbox"/>	Email Invite - Presentation - Senita	Sun 8/23/2009	SCPV
<input type="checkbox"/>	Email Invite - Presentation - RED	Sun 8/23/2009	SCPV
<input type="checkbox"/>	Email Invite - Councilmember Diedrich Follow Up Meeting	Sun 8/23/2009	SCPV
<input type="checkbox"/>	Rate Case Call - HOA Estimate	Tue 8/25/2009	SCPV
<input type="checkbox"/>	Meeting - Sorrento HOA	Tue 8/25/2009	SCPV
<input type="checkbox"/>	Meeting - Rancho Mirage HOA	Wed 8/26/2009	SCPV
<input type="checkbox"/>	Responded to Jeanie Burdi Request	Thu 8/27/2009	SCPV
<input type="checkbox"/>	Email Invite - Presentation - Acacia Crossings	Thu 8/27/2009	SCPV
<input type="checkbox"/>	Responded to LaNora Klatt Request	Thu 8/27/2009	SCPV
<input type="checkbox"/>	Responded to Shawn Ridnour Request	Thu 8/27/2009	SCPV
<input type="checkbox"/>	Responded to Terri Clark Request	Mon 8/31/2009	SCPV
<input type="checkbox"/>	Responded to Terri Clark 2nd Request	Tue 9/1/2009	SCPV
<input type="checkbox"/>	Responded to Stephanie Palmer Request	Fri 9/4/2009	SCPV
<input type="checkbox"/>	Responded to Stephanie Palmer 2nd Inquiry	Tue 9/8/2009	SCPV
<input type="checkbox"/>	Meeting - Follow Up with Councilmember Edward Farrell	Tue 9/8/2009	SCPV
<input type="checkbox"/>	Meeting - Province HOA	Wed 9/9/2009	SCPV
<input type="checkbox"/>	Responded to Melissa Mondie Inquiry	Thu 9/10/2009	SCPV
<input type="checkbox"/>	Responded to Colin Downie Inquiry	Fri 9/11/2009	SCPV
<input type="checkbox"/>	Meeting - Senita HOA	Tue 9/15/2009	SCPV
<input type="checkbox"/>	Meeting - Desert Cedars HOA	Wed 9/16/2009	SCPV
<input type="checkbox"/>	Meeting - GWC Tour/Information - hosted by Global	Thu 9/24/2009	SCPV
<input type="checkbox"/>	Meeting - Follow Up with Councilmember Carl Diedrich	Thu 9/24/2009	SCPV
<input type="checkbox"/>	Event - Chamber Inaugural Golf Tournament	Fri 9/25/2009	SCPV
<input type="checkbox"/>	Meeting - Villages HOA	Tue 9/29/2009	SCPV
<input type="checkbox"/>	Meeting - GWC Tour/Information - hosted by Global	Thu 10/1/2009	SCPV
<input type="checkbox"/>	Website - Updated with Conservation and Communications Materials	Thu 10/1/2009	SCPV

☐ ! 0	Subject	Due Date	Categories
<input checked="" type="checkbox"/>	Event - Founders Day	Sat 10/10/2009	SCPV
<input checked="" type="checkbox"/>	Last Day to File Motions to Intervene	Mon 10/12/2009	SCPV
<input checked="" type="checkbox"/>	Event - Farm Day	Sat 10/24/2009	SCPV
<input checked="" type="checkbox"/>	Website - Updated with SCPV Notice of Public Comment Meeting	Wed 11/11/2009	SCPV
<input checked="" type="checkbox"/>	Website - Updated with Staff & RUCO Testimony	Wed 11/11/2009	SCPV
<input checked="" type="checkbox"/>	Emailed ACC Notice of Public Comment Meeting to HOA Managers	Thu 11/12/2009	SCPV
<input checked="" type="checkbox"/>	SCPV Notice of Public Comment Meeting - emailed to HOA Managers	Thu 11/12/2009	SCPV
<input checked="" type="checkbox"/>	SCPV Notice of Public Comment Meeting - emailed to City Council & Mana...	Tue 11/17/2009	SCPV
<input checked="" type="checkbox"/>	Email to Mayor and Council after 11/17 work session presentation	Mon 11/23/2009	SCPV
<input checked="" type="checkbox"/>	Meeting - Cobblestone HOA	Fri 1/29/2010	SCPV
Categories: VWC (41 items)			
Categories: WUGB (39 items)			
Categories: WUGT (25 items)			
Categories: WWC (20 items)			

Carmelle Rodriguez

From: Ed Borromeo
Sent: Friday, March 27, 2009 12:00 AM
To: edwardfarrell@orbitelcom.com
Cc: Carmelle Rodriguez
Subject: Thank You

Councilmember Farrell,

Thank you for your time yesterday. Carmelle and I are grateful for the opportunity to share our plans with you. We will keep you updated as we progress.

There are a few points regarding rates I wasn't able to discuss yesterday, and wanted to quickly cover some important ones here.

- Per our MOU, we pay the City franchise fees comprised of a percentage of our revenue plus a fixed fee for every new connection (home hooked up). Total fees paid between 2006-2008 equate to approximately \$1.2MM. If and when we are able to adjust our rates, we foresee an increase paid to the City.
- We recognize the impact this will have, and in anticipation of that, we've done the following to lessen the rate payer burden in addition to the tiered rates and rebates we discussed:
 - Excluded over \$30MM in infrastructure (rate base) the developers and the ACC required us to build; the infrastructure sits dormant with no usage, as do the returns.
 - 85% of exec pay and 100% of outreach, education, advertising, lobbying, etc are excluded from justification of the proposed rates.
 - Downsized personnel base by 25%, cut all bonuses indefinitely, froze all pay increases indefinitely, and cancelled all non-essential spending including several service contracts, employee appreciation functions, etc.
 - PVUC rates will be phased in over 3 yrs.
 - Embarked on a solar project to lock in a portion of power costs and eliminate some volatility in power going forward.

The remainder of the details I can present at my next update to you. In the meantime, I committed to you some followup actions with respect to examples of how we work with landowners/developers to bring regional, consolidated infrastructure to their developments. We can back into the numbers on a per unit cost of infrastructure basis as a simple demonstration. As well, a sample timeline of fees due may be helpful; often landowners/developers we've worked with integrate the required fees into the sale of their improved land, as the majority of the fees can be deferred until sale. And lastly, we can brainstorm some terms for the smaller developments, as you suggested; know that the figures we discussed re: the Dunn parcels were based on historical estimates, with no insight into facilities or use. Hence, I will followup with you soon.

Again, thank you for your time and consideration.

Respectfully,
Ed



Ed Borromeo Phn 520.233.2910 x410
General Manager, Maricopa/Casa Grande Region Fax 520.568.6367
ed.borromeo@gwresources.com Cell 602.653.5923

Global Water

Carmelle Rodriguez

From: edwardfarrell@orbitelcom.com
Sent: Friday, March 27, 2009 8:09 AM
To: edwardfarrell@orbitelcom.com; Ed Borromeo
Cc: Carmelle Rodriguez
Subject: Re: Thank You

Ed, I t was a pleasure meeting with you and Camelle as well. I look forward to closer communication with you, and your help making Maricopa prosper in the future.

Please don't hesitate to call me if there is anything that I could do for you.

Regards,

Edward

On Fri Mar 27 0:59 , "Ed Borromeo" sent:

Councilmember Farrell,

Thank you for your time yesterday. Carmelle and I are grateful for the opportunity to share our plans with you. We will keep you updated as we progress.

There are a few points regarding rates I wasn't able to discuss yesterday, and wanted to quickly cover some important ones here.

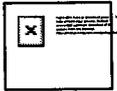
- Per our MOU, we pay the City franchise fees comprised of a percentage of our revenue plus a fixed fee for every new connection (home hooked up). Total fees paid between 2006-2008 equate to approximately \$1.2MM. If and when we are able to adjust our rates, we foresee an increase paid to the City.
- We recognize the impact this will have, and in anticipation of that, we've done the following to lessen the rate payer burden in addition to the tiered rates and rebates we discussed:
 - Excluded over \$30MM in infrastructure (rate base) the developers and the ACC required us to build; the infrastructure sits dormant with no usage, as do the returns.
 - 85% of exec pay and 100% of outreach, education, advertising, lobbying, etc are excluded from justification of the proposed rates.
 - Downsized personnel base by 25%, cut all bonuses indefinitely, froze all pay increases indefinitely, and cancelled all non-essential spending including several service contracts, employee appreciation functions, etc.
 - PVUC rates will be phased in over 3 yrs.
 - Embarked on a solar project to lock in a portion of power costs and eliminate some volatility in power going forward.

The remainder of the details I can present at my next update to you. In the meantime, I committed to you some followup actions with respect to examples of how we work with landowners/developers to bring regional, consolidated infrastructure to their developments. We can back into the numbers on a per unit cost of infrastructure basis as a simple demonstration. As well, a sample timeline of fees due may be helpful; often landowners/developers we've worked with integrate the required fees into the sale of their improved land, as the majority of the fees can be deferred until sale. And lastly, we can brainstorm some terms for the smaller developments, as you suggested; know that the

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Again, thank you for your time and consideration.

Respectfully,
Ed



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Phn 520.233.2910 x410

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Global Water

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www.gwresources.com

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Carmelle Rodriguez

From: Ed Borromeo
Sent: Monday, November 30, 2009 2:14 PM
To: Carmelle Rodriguez
Subject: FW: Active Accounts
Attachments: image001.png

From: Ed Borromeo
Sent: Friday, May 22, 2009 10:12 AM
To: 'marvin.brown@maricopa-az.gov'
Subject: Active Accounts

Marvin,

A followup to our meeting. As a snapshot, we have 14,706 active accounts among our near 17,000 homes in Maricopa. Of that 14,706...1,902 are occupied by renters according to our records.

Ed



Ed Borromeo Phn 520.233.2910 x410
General Manager, Maricopa/Casa Grande Region Fax 520.568.6367
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Please consider the environment before printing this email.

Carmelle Rodriguez

From: Ed Borrromeo
Sent: Monday, November 30, 2009 2:01 PM
To: Carmelle Rodriguez
Subject: FW: Global Water rate increases

From: Ed Borrromeo
Sent: Tuesday, July 21, 2009 4:04 PM
To: Kevin Evans
Subject: RE: Global Water rate increases

Kevin,

This I timely as I was preparing a letter for you.

Yes, this is close to true but only scratches the surface. Also, the percentages sound worse than the dollar amounts. The numbers actually check out, and the ACC and the Residential Utility Consumer Office (RUCO) is auditing us to make sure. Our returns have been very low. Returns are regulated (historically no more than 10%), no matter if the economy is good or bad. In good times, other companies see much higher, even uncapped returns; in bad times, they can close branches, decrease packaging, or downsize. We however, cannot decrease operational service levels, no matter how bad. Hence, the rate case.

For example, recycled water is proposed to go up 6 fold percentage, but it brings it to \$2.00/1000 closer to the actual cost of the service, versus \$0.31/1000. Note that other utilities are at that or more already for water used to irrigate. With respect to tiers, some utilities are already at \$4-\$12/1000 for large users. The large usage HOAs will be affected, and we're reaching out to them to assist in mitigation throughout the rate case and thereafter. [Additionally, between you and me, given all the watering I see during the middle of the day, the HOAs are probably not tracking and managing their usage as well as they can.]

Based on our conversation last week, I've prepared a letter to send to you and Mayor Smith. However, given the pressure I'm sensing, do you advise I also send to all councilmembers? Specifically, it addresses our public information campaign, recap of rate details, and FAQs.

Thnx.

Ed

From: Kevin Evans [mailto:Kevin.Evans@maricopa-az.gov]
Sent: Tuesday, July 21, 2009 2:41 PM
To: Ed Borrromeo
Subject: FW: Global Water rate increases

Is this anywhere close to true?

Kevin P. Evans
City Manager
City of Maricopa, AZ
P.O. Box 610
Maricopa, AZ 85239
520.280.3337 cell
520.316.6811 office

Sent: Tuesday, July 21, 2009 10:20 AM
To: Kevin Evans
Subject: Global Water rate increases

Hi Kevin. Hope all is well with you. I am not sure how much the City has been told about the proposed rate increases Global is going after but here is what we know so far:

Reclaimed water rate increase request amounts to 500% over what we pay now! No HOA out there can afford this and we will have brown communities if this goes through.
Sewer increase over the next 3 years amounts to 200% increase.
Base potable water rate increase requested is 40% PLUS they are trying to put a 6 tier use billing rate in that would bankrupt HOA's that are on potable water for their common areas.

All the HOA Boards are working together to fight this. AAM has involved the Home Builders Association as it impacts the builders and developers as much as those of us already in Maricopa.
Web sites of all the communities that have them will have links to the ACC posted on them and encourage our residents to let the ACC know their feelings on this increase.

What concerns most of us the most is the reasoning behind this increase request. The investors for Global and their subsidiaries are earning about a 3% overall return on their investment. Boy, in today's economy, we all feel that is a pretty good return! None of our HOA CD rates are any where near that high. They are trying to increase the investors earnings up to 8%. Does not make sense to us!

Just wondered if the City is involved in fighting this. You know, brown landscape is not going to draw new building nor buyers when they find out how high the utilities are out here!

Carmelle Rodriguez

From: Ed Borromeo
Sent: Wednesday, July 22, 2009 4:07 PM
To: Kevin Evans
Subject: RE: Global Water rate increases
Attachments: 20090722155345243.pdf; Rate Case SCPV Summary_FINAL.pdf; FAQs Final.pdf

Kevin,

Hard copies of the attached will be delivered to you and the City Council today (at City Hall).

Regards,
Ed

From: Kevin Evans [mailto:Kevin.Evans@maricopa-az.gov]
Sent: Tuesday, July 21, 2009 6:10 PM
To: Ed Borromeo
Subject: Re: Global Water rate increases

Send to all council please
Kevin Evans



22 July 2009

Mayor Anthony Smith
City of Maricopa
45145 W. Madison Ave.
P.O. Box 610
Maricopa, AZ 85239

Re: Update – Global Water Rate Case and Public Information Campaign

Dear Mayor Smith:

The partnership for growth we established in 2005 has been hugely beneficial to the City of Maricopa and to Global Water. Together, we've managed to grow the boundaries of an outstanding community; maintain control of area water resources; establish long-term development and water management plans; provide a reliable stream of revenue to the City; allow for Global to invest over \$200 million in the community; and create a total water management model that ensures the quality of life for Maricopans is truly sustainable – as you know, others have followed our example.

Unfortunately, these economic times – which will surely improve in the fullness of time – have deeply affected Global Water, as it has the City of Maricopa and virtually every agency in the state, public and private. Difficult decisions have had to be made. As we explained in our earlier briefing to the Council, Global began a restructuring in 2008 that included layoffs (workforce reduction by 35% to-date); cost-cutting; deferral of capital projects; and renegotiation of leases and purchase contracts large and small.

At the turn of this year, Global Water set in motion the process of adjusting rates for six of its utilities through the Arizona Corporation Commission (ACC), to include the water and wastewater utilities that serve the City of Maricopa. In late January, we began our public information campaign, meeting first with City officials and then other community leaders. We informed local leaders of our intent to request relief of rates established in 1999; explained the urgent reasons behind our decision; and outlined an aggressive public information campaign that would continue throughout the entire rate case process.

In late February, Global Water filed rate relief applications with the ACC and in April 2009, those applications were deemed 'sufficient' by the ACC. Meanwhile, Global's outreach to community leaders has continued, as well as final development of our proposed rate relief and our campaign schedule. To date, we have met with all City Councilmembers, the City Manager, business leaders, school district leadership, Pinal County officials, and many other community stakeholders regarding our rate case.

Most recently, we've met with HOA managers and HOA board presidents and members. We have offered to assist in exploring rate impact mitigation actions with the HOAs, as they budget for the coming fiscal year. We are also in the process of scheduling Global Water attendance at HOA monthly public meetings, to disseminate information about our rate case and gather feedback from the communities. We issued our first press release on the topic on 2 July, and simultaneously launched our rate case website (www.gwresources.com/rate-case.php). In accordance with the ACC's required public

information timeline, written public notices shall be included with bills beginning with the late July billing cycle; a similar notice will hit media sources in early August. Information regarding conservation will be disseminated with bills in the third and fourth quarters this year. At least two open-to-the-public Global Water Center tours and public information meetings are scheduled through October. Global Water has also ordered thousands of conservation guides, shower timers, and leak tablets to serve as collateral during meetings with the public. Finally, Global Water established a dedicated email address – ratecase@gwresources.com – for consumers to make inquiries through, and for us to respond with information including tailored modeling for specific customers.

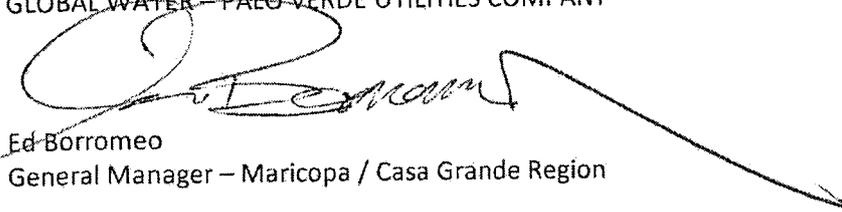
For your information, enclosed is a summary of our rate case, which includes a brief outline of the services we provide with the infrastructure emplaced since 2004, as well as our efforts towards the vision of sustainability of our City. It explains our efforts in navigating the current economic climate, and it culminates with a summary of our proposed rates, which we discussed in preliminary meetings. I have also enclosed a copy of the Frequently Asked Questions that can be found within the rate case tab of our website. This is one of many items we have available for customers, and we will continue to update the website as the case proceeds through the ACC. The company is in the process of answering the eighth request for data from ACC Staff; the hearing is set for December, and any changes in rates are not expected to be effective until late first quarter or second quarter of 2010. We will keep you updated as the rate case progresses.

Global Water profoundly values its relationship with the City of Maricopa. We are grateful for your continued leadership, consideration, and support. Our collective resolve in enduring this economic period will make for a bright future and a continually beneficial partnership.

I am at your disposal always. Should you have any questions, please feel free to contact me at 602-653-5923 (mobile) or at 520-233-2910 (office).

Sincerely,

GLOBAL WATER – SANTA CRUZ WATER COMPANY
GLOBAL WATER – PALO VERDE UTILITIES COMPANY



Ed Borromeo
General Manager – Maricopa / Casa Grande Region

cc: Vice Mayor Brent Murphree
Councilmember Marvin Brown
Councilmember Carl Diedrich
Councilmember Joe Estes
Councilmember Edward Farrell
Councilmember Marquisha Griffin
Kevin Evans, City Manager

Enclosures: Rate Case Summary
Rate Case Frequently Asked Questions



What does Global Water provide?

- Highly treated potable water
 - Produced and delivered on-demand
 - Water that meets all federal and state standards
 - Chlorinated for disinfection
 - Treated to remove Arsenic, Fluoride, Nitrate, and Uranium
- Waste transport, on demand, away from your house
 - Liquids
 - Solids
 - Treated and stabilized
- Fire protection water supply
- Highly treated recycled water for community amenities
- Access to knowledgeable staff for questions on water/wastewater services

Why is Global filing a rate case?

- Rates are 10 years old
- Over \$200 million in new infrastructure since 2004
- Significant efforts to reduce size of increase including:
 - Cost cutting
 - Rate Phase-In for Palo Verde
 - Rates that reward customers for conserving water
- 10% vacancy rate in Maricopa
- Negative or very low returns in both utilities
 - Palo Verde has a rate of return of .24%

Global Cost Cutting and Rate-Reducing Measures

We looked for ways to avoid any need to increase rates and for ways to reduce our rate request. We also cut operating expenses, laid-off staff, froze all cost-of-living and pay adjustments, cancelled all bonuses, and went line by line through our budget.

We have reduced staffing from 111 in summer 2008 to 77 today.

As a result we reduced our proposed revenue requirement by \$11 million.

Rate Reducing Measures

1. We requested a phase-in of rates for our largest utility (Palo Verde).
2. We excluded \$32,391,318 of plant from our rate request – plant that Global built because developers and the ACC told us we would need it by 2008, but that today sits idle.
3. We excluded 84% of executive pay from our rate request.
4. We excluded 100% of advertising, lobbying and public outreach costs from our rate request.
5. We proposed water rates that would provide a significant discount (65% of the volumetric charges) to every user who gets their water usage below 90% of the average. Customers who use less water than the average would see a discount to our proposed rates (“rebate threshold”).

Resource Conservation and Consolidation

Global Water has achieved two major objectives, water conservation and utility consolidation. Conservation and consolidation are the two most critical elements in regional water planning – without them communities lose control of water resources.

Global's achievements include:

- 1.65 billion gallons of groundwater saved in Pinal County
 - By using recycled water instead of groundwater, Global's service area uses nearly 50% less groundwater than neighboring communities.



- \$200 million of infrastructure emplaced in five years, including:
 - Groundbreaking recycled water systems throughout Maricopa
- Remote meter reading installed, significantly reducing costs, maximizing accuracy of reads, and dramatically reducing miles traveled and vehicle emissions
- Economies and efficiencies efforts have helped Global to continue providing excellent service while reducing staff 30%
- Global's recycling and recharge approach means that Global utilities will have much less exposure to ever-increasing water costs. There are two measures being proposed in Arizona, "Add Water" and Groundwater Replenishment Fees, that will dramatically increase the costs of surface water in Arizona. Global's water management model will dramatically decrease those costs.
- Global's recycling approach means that Global utilities will have much less exposure to ever-increasing treatment and delivery costs. With the ability to use recycled water in lieu of treated potable water for non-potable water purposes, Global is able to reduce production and delivery costs and has less exposure to increasing costs in the future.

Global's recommendations in this rate case will further environmentally sustainable and economically affordable utility service:

- We propose a renewable energy adjustor that would allow Global to install solar power around their facilities to reduce our exposure to ever-increasing electric costs (in our APS-served territories, rates have increased over 40%, and in our ED3 territories 12 %).
 - Solar power complements our existing "green technology focus" e.g. remote meter reads, which as noted earlier, reduce staff costs, decrease vehicle usage and emissions, and increase the accuracy of our meter reads.

Global Water's filing with the ACC includes the following:

- Global Water - Palo Verde Utilities Company (recycled water and wastewater services)
 - Serving 15,000 connections
 - Rates established in 1999
 - **Current residential rate: \$33.00 (fixed)**
 - **Requested residential rate: \$45.70 in Year 1 (goes to \$58.41 in Year 2 and \$71.11 in Year 3)**
 - Rate increase of \$12.70/month in Year 1
 - Cost of recycled water is increasing from \$0.31 per 1000 gallons to \$2.00 per 1000 gallons
- Global Water - Santa Cruz Water Company (water services)
 - Serving 15,000 connections
 - Rates established in 1999
 - **Current rate for average usage of 7,827 gallons (5/8" meter): \$42.75**
 - **Requested rate for average usage of 7,827 gallons (5/8" meter): \$49.75**
 - Rate increase of \$7.00/month
- Maricopa Combined Rates
 - **Current monthly average: \$75.75**
 - **Requested monthly average: \$95.45 (Year 1)**

With Global Water's innovative Rebate Threshold, water customers who conserve can save even more:

- Rebate Threshold set at 90% of the 2008 average usage – 7,001 gallons and below
 - **Current rate for usage of 7,001 gallons per month (5/8" meter): \$43.20**
 - **Requested rate for 7,001 gallons per month (5/8" meter): \$37.93**
 - Rate decrease of \$5.27/month

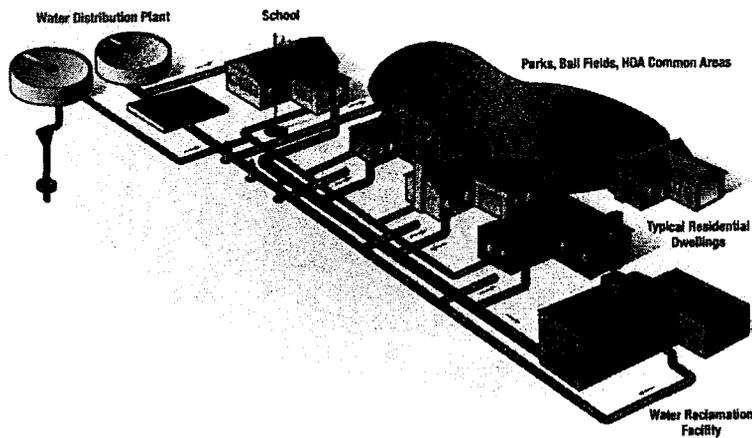
What is Global Water?

Global Water is a water resource company. We provide water, wastewater and recycled water services.

Recycled water is what we produce when we treat and purify wastewater. We distribute recycled water throughout the communities we serve in its own, separate system of pipes. We use recycled water for a variety of outdoor uses.

We call our approach **"Total Water Management,"** or **"TWM"**. We manage the entire water cycle, conserving water by using the right water for the right use. TWM protects water supplies in places where growth threatens to use all available water.

Advanced Recycling – 100% Ground Water



Why is Global Water's TWM approach so important?

Many people view water as a limitless resource. This is clearly not the case. Water is actually a very scarce resource in some of the fastest growing areas of the Nation, and especially so in Arizona. Apart from the air we breathe, water is probably the most vital and most urgent need that people have, but our public policy response to water doesn't convey its importance.

In Arizona, managing water supplies is hard because of two factors: high growth rates and limited availability of water. Because of that, many believe that Arizona may run out of water in the future.

In addition to growth and limited water supplies, drought has been a problem. Arizona had severe drought conditions over the past few years.

Whether we have water in the future will depend on what actions we take today. We must preserve and protect our limited and increasingly valuable water resources.

What has Global done to preserve our water resources?

In just five years Global has changed the water utility approach in Arizona. So much so, that the state's regulator of private water and wastewater companies, the Arizona Corporation Commission, now requires private utilities to use recycled water for golf courses and green spaces.

We plan for a 'worst-case' scenario – running low on groundwater. We joined with the Cities and Indian Communities to plan over 300 square miles. More than 500,000 homes will be in those cities someday. And to make sure they would have water, we made water conservation the number one priority.

We made water conservation possible by:

- Investing over \$200 million in Maricopa,
- Building state-of-the-art water, wastewater and recycled water systems,
- Installing 25 miles of "purple pipe" to deliver recycled water,
- Using recycled water throughout our community to keep parks, school grounds, and green spaces healthy and usable.

Recycling is an important part of conservation. The bags we get at the grocery store contain recycled material. People understand that the paper bag has been recycled – and that we don't have to cut down as many trees. At its core, *total water management means using the right water for the right purpose. When we water grass with water we can drink, we are wasting resources and money.*

Utilities and cities work together to plan for the water they will need. They cooperate and develop plans for very large areas. But the most important issue facing recycled water use is something else. It is the public's attitude.

Global reaches out to customers and to regulatory agencies to explain recycled water use; we have worked on research projects with many partners, including, the University of Arizona, Arizona State University, and the United States Department of Agriculture; and we have focused on public outreach with award-winning messages designed to educate and inform. All of our efforts are included in our award-winning 25,000 square foot operations center, which was built to the highest energy and water conservation standards; in fact we flush the toilets in that building with recycled water.

How much water has Global Water saved using its "total water management approach?"

Global Water has saved over one and a half billion gallons of water in the City of Maricopa. And we did that in just four years by using recycled water *instead of groundwater for numerous outdoor uses*. To put this into context, if you put that much water into a 12" pipe, it would stretch 1.25 times around the equator. It's enough water to fill 100,000 pools.

What are the benefits of using recycled water? And what does it mean for water sustainability?

Global Water focuses on using recycled water. To make recycled water, we take wastewater from homes and treat it to the highest standards so that it can be used again for a variety of applications. We don't put recycled water into drinking water systems. By using recycled water, we can reduce our fresh water use by 40% or more.

To put this into perspective we need to do some math.

By 2030, 5.6 million more people will live in Arizona. Each person uses an average of 135 gallons of water a day.

5,600,000 new people * 135 gallons = 756,000,000 more gallons a day
756,000,000 gallons a day * 365 days = 275,940,000,000 more gallons a year

Recycling is the **only** water source that grows as our population does. More people means more water, but it also means more showers, more baths, and more laundry – so we will have more wastewater.

If we use Global Water's recycling model, we could reduce that water use by 40%. That would save over 300 million gallons of fresh water per day – and over 110 billion gallons a year. Water recycling protects Arizona's future.

Our planet is nearly 75% water...how could we run out?

Earth is the "water planet", but only 3% of the Earth's water is actually fresh water. And two-thirds of fresh water is frozen in glaciers and icecaps. [Source: <http://ga.water.usgs.gov/edu/earthwherewater.html>] Making it harder, water isn't always where people need it. In fact more than 1 billion people do not have access to clean water.

What is the Global Water Center?

The Global Water Center is our Pinal County headquarters. It is where we have our laboratory, our operations and administrative staff, and our water reclamation facility. This building is the prototype for water conservation—it uses 80% less potable water than a traditional building of the same size. *It doesn't use one drop of drinkable water to flush toilets, water plants and grass, or fill a water feature.* It consumes much less electricity than a typical building—taking maximum advantage of natural light and high-efficiency heating and AC; it uses only two-thirds the electricity of a typical commercial structure.

The Global Water Center is the first Leadership in Energy and Environmental Design (LEED) certified utility facility in Pinal County.

- The countertops are 100% recycled material,
- Precast insulated concrete form walls contain 85% recycled materials,
- Ceiling tiles contain 76% recycled materials,
- Plywood backers are 100% recycled materials,
- Carpet contains 50% recycled materials,
- Asphalt paving contains 75% recycled materials, and
- The metal parking canopies contain 75% recycled materials.
- At least 50% of the construction, demolition and land clearing waste was recycled or salvaged, diverting it from landfills.

Our goal was to make the building a community resource. The City Council and dozens of local groups meet there on a regular basis. It is full of educational exhibits about water and we have hosted many water conferences in the building.

What are "purple pipes"?

Purple pipes are used to carry recycled water. In our service area, new developments are built with two totally separate water systems: a traditional system for drinking water, and a purple system for recycled water. We treat the recycled water to "Class A+ Standards" - the highest quality of recycled water for non-drinking purposes.

The concept is simple, why would anyone use Perrier to wash a car, water a lawn or flush toilets? But that's basically what people are doing when they use potable water for non-potable purposes. 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.

Where do you believe your industry is heading and what role do you foresee Global Water playing?

Long-term economic development will require long-term water supplies. In the southwestern United States, and many areas of our planet, water is the limiting factor. Population growth and the prospect of climate change further impact this equation. Global Water will play a large role in dealing with water scarcity. Our Total Water Management approach addresses those challenges.

Where does my water come from?

In Arizona, our main sources of water are groundwater and surface water. Ground water is found beneath the earth's surface in natural reservoirs called aquifers. Surface water comes from rivers and lakes.

How does Global get the water to my house?

All Global Water service areas are currently served by groundwater. Groundwater is pumped from the underground aquifers and brought to the surface. Once at the surface, Global treats the water and delivers it to your home through a series of storage tanks, pumps and pipes. Global is currently working on plans to develop renewable surface water sources.

Does Global Water do anything to replace the groundwater that is pumped from Aquifers?

Absolutely, Global is actively managing the aquifer to remove as little water as possible. In Maricopa, our recycled water system reduces water use by 40%. In the West Valley, we actively recharge Colorado River Water into the aquifer. We recharge over 20,000 acre feet a year into that aquifer - enough water to serve 100,000 homes a year under the Global development model.

Is our water safe to drink?

Absolutely, Global Water is regulated by the following agencies:

- U.S. Environmental Protection Agency,
- Arizona Department of Environmental Quality,
- Maricopa County Environmental Services Department,
- Arizona Department of Water Resources, and
- The Arizona Corporation Commission.

All of those agencies ensure that the water we provide is safe to drink, that we are responsibly planning for future water needs, and that we are making prudent and reasonable investments into our water and wastewater systems. Global Water also conducts its own testing to ensure your water is safe to drink. Our consumer confidence report can be found at <http://www.gwresources.com/water-quality-report.php>.

How does arsenic get in my water and why does it need to be removed?

Arsenic is naturally occurring in Arizona – it is in the rocks and soil of our desert. Arsenic dissolves into the water from the rocks and soil. The Environmental Protection Agency determined that the maximum amount of arsenic in your water should be less than 10 parts per billion. This is a very small amount – about 10 drops of water in your standard swimming pool is about 10 parts per billion.

How does a water company reduce the amount of arsenic in my drinking water?

Water companies use a variety of techniques to ensure water is safe to drink. In Maricopa, we mix all of Global Water's well water together. Then we test and monitor it constantly to produce safe drinking water. In the West Valley, where arsenic concentrations are higher, we use specialized treatment systems to capture arsenic and remove it from the water. All of these approaches are highly regulated and approved by the many agencies that govern the utilities. In addition, we frequently check the water quality to ensure your water is safe to drink.

What are some of the costs associated with delivering water?

When we talk about the cost of water, we must look at a number of components – the cost of the water itself (historically this has been low, but as supplies grow scarce, the "cost of the molecules" will increase), the cost of getting the water from where it is to where it is needed; the cost of treating the water to the required standard; and the cost of managing the systems.

There are many expenses associated with the planning, design, construction, operations and maintenance of a water system, as well as the actual treatment process. These include the facilities used to pump, treat and supply the water; upgrading and maintaining these facilities; the electricity and materials needed to treat the water, such as arsenic-removing filters; water testing and treatment in order to comply with all safety laws; and the personnel required to manage and maintain the water system. In addition, in some cases we remove elements from the water that are not health risks but have aesthetic impacts, such as iron and manganese.

Among the main costs: the electricity used to pump the water from its source and across terrain, and the purchase and maintenance of pipes.

Am I paying for the Global Water Center?

As an asset of Global Water, technically, yes. However, as a LEED certified building, the Global Water Center was constructed with the utilities' operating costs in mind. It is dual-plumbed throughout – which means it uses recycled water for toilet and urinal flushing and potable water for faucets and fountains. We also built it to consume only two-thirds the electricity of an average commercial structure by taking maximum advantage of natural light and high-efficiency heating and AC. By making it more efficient, we reduce the costs we would need to recover through rates.

As a regulated utility, the ACC determines the rates you pay for water and wastewater. They do that through what is called a rate case. To date, our customers have not been paying for the Global Water Center as this is Global Water's first rate case since building the facility.

Why can water rates vary so much from area to area in the same state?

The cost of delivering safe, reliable water depends on a number of factors. The cost of the electricity used to pump the water from its source to homes and businesses varies depending on the depth of the water. The quality of the water itself varies – in some systems water must undergo expensive treatment to make sure the water is safe to drink. The age of the system matters as well, in cities like Phoenix, the systems are older and were paid for long ago so rates haven't had to increase to recover costs.

What is the difference between a municipal-owned system and a privately-owned system?

Municipal systems are owned and operated by the cities or towns they serve. Municipal systems are under the management of the mayor or other elected officials. Privately-owned systems range from small non-profit associations that provide service to a dozen families to large corporations that own several water service

companies. Whether public or private, all water utilities must abide by the strict water quality standards established by the EPA as well as state and local regulations. Private company rates are generally established by state public utilities commissions (PUCs), whereas municipal system rates are determined by City Councils.

How are rates determined?

City-owned water utilities generally set their own rates. They do not have to go through a state public utility commission approval process. Private-sector companies, on the other hand, need to apply with the Public Utilities Commission when they need to raise rates.

Rate setting is a complex function. In its simplest terms, rates are determined by calculating the investment in infrastructure, multiplying by a percentage rate of return, and adding in operational expenses. PUCs use this formula to attract investment in infrastructure and to ensure that water companies provide service at a fair price.

When determining whether to allow a rate increase, the regulators look at the capital invested, and decide whether the system is reasonable and whether the company is operating in a prudent fashion.

Why do I have to pay for building or replacing pipes and treatment plants?

When water is charged to your home it reflects the services provided in order to transport, treat, and distribute water from a source to your tap. In order to provide you with water of the highest purity, the infrastructure and facilities used to supply the water must be maintained so that the water is kept safe and clean. As such, investments must be made in maintaining and/or upgrading systems to ensure safety and compliance standards are met.

Why am I charged for water and service even if I don't use it?

Every home which has been approved for occupancy has associated with it an assured water supply, water treatment capacity, delivery infrastructure, wastewater collection infrastructure, wastewater treatment capacity and all the investment and operating costs of that infrastructure. The consumptive portion of the water bill is a small part of the total bill. Most of the bill is to support the investment in and maintenance of the systems which ensure safe clean drinking water on demand, and safe reliable recycled water to green spaces in your city.

Why do water rates keep going up?

When you pay for water, you are mainly paying for a service. This means labor, infrastructure, capital investments, compliance laws, and other operating costs. Rate increases are based on how much it costs a water service provider to supply water in any given area. One main driver of increasing rates is capital investment, or the money water providers need to invest to repair and upgrade the water supply infrastructure. Analysis estimates that repairs to the United States' water infrastructure will cost between \$276 billion and \$1 trillion over the next 20 years. It is likely that rates will rise for all communities across the country in the next few years. In some areas, water scarcity raises rates as well. When clean water sources have been exhausted or polluted, additional capital investments must be made to find new water sources.

Who is Global Water regulated by in the state of Arizona?

The Arizona Corporation Commission (ACC) - <http://www.cc.state.az.us/>

The Arizona Department of Water Resources - www.azwater.gov/dwr

The Arizona Department of Environmental Quality - www.azdeq.gov

Global Water Rate Case

Global Water filed a rate case with the Arizona Corporation Commission (ACC) on February 20, 2009.

Did Global Water file more than one rate case?

Yes. Global Water owns and operates 16 water and wastewater utilities in the state of Arizona. We filed six (6) rate applications, although we have asked for consolidation into one rate case proceeding. The six (6) utilities involved are:

Global Water – Palo Verde Utilities Company
Global Water – Santa Cruz Water Company
Valencia Water Company – Town Division
Valencia Water Company – Greater Buckeye Division
Water Utility of Greater Tonopah
Willow Valley Water Company

What is the ACC's role in setting water rates?

The Arizona Corporation Commission (ACC) regulates investor-owned water companies throughout the state. The ACC monitors service quality, sets rates and inspects utility facilities to ensure they are in proper working order.

Utilities are entitled to recover the expenses associated with operating the utility, plus a reasonable return on infrastructure investments. This money is collected through the rates that customers pay. When a utility requests a rate adjustment from the ACC, several steps are taken. The ACC reviews the company's financial condition and ensures the company is fulfilling its obligations to customers. The ACC Staff prepares a staff report which lays out staff's position. A public hearing is held presided over by an Administrative Law Judge. The judge considers the facts as presented in the testimony and prepares a Recommended Opinion and Order (ROO) which advises the Commission of Staff's recommendations regarding the rate case. The Commission considers the ROO and may accept, modify or reject any or all of recommendations.

What is a water rate case?

Over the years a system has been developed to consider rate cases. The utility presents its case, and customers and regulators can challenge the utility's requests. In Arizona, an independent agency represents customers' interests, the Residential Utility Consumer Office (www.azruco.gov). RUCO has trained lawyers and accountants who represent customers in rate cases.

Early in the process, a schedule of public hearings is created that allows the public to follow and participate in the process. The utility is required to support its request through testimony and exhibits that must meet rigorously applied standards of evidence. During the hearing process, the utility is subject to cross examination and evidence presented in the proceeding can be challenged on a number of grounds.

The water rate case process involves the following players:

- the utility;
- members the public, including local government, public interest groups and other organizations and individuals;
- RUCO gets involved in certain cases, and
- the Arizona Corporation Commission Staff.

For more information, visit [Anatomy of a Rate Case](#) on the ACC website.

Why is Global Water asking for a rate increase?

One of the major reasons is that the rates for the companies in this rate case were established eight to 10 years ago. Since then, many of our costs have increased dramatically. In addition, Global Water has built significant amounts of infrastructure to service these regions. In Maricopa we have built over \$200 million worth of water, wastewater and recycled water infrastructure.

The timing of our proposed rate increases is not ideal. We are in the midst of a severe recession and an unprecedented real estate market collapse and our customers are suffering. But we have to ensure that our utilities remain financially stable so that they can continue to provide quality service. Even though we are seeking considerable rate increases, we have also proposed several significant steps to help reduce the rate increase – steps which allow the consumer the ability to control their own costs.

Has Global asked for emergency or interim rate relief?

No. However, we have asked for an arsenic surcharge for Valencia Water Company – Town Division. The surcharge will be based on the Commission's standard Arsenic Cost Recovery Mechanism ("ACRM"). It will recover the costs of meeting the federal government's arsenic standard.

How much more will I be paying for my water and/or wastewater service?

The amount will vary depending on your meter size and usage. The ACC will have the final word in determining the amount of the rate increase, if any, that is approved.

When will the rate increase take effect?

The rate case process usually takes about one year. We expect any increase would become effective no sooner than February 2010.

What is the process for making a rate change?

Global Water started the process by filing a rate application with the ACC. The ACC staff has determined that the application has met the ACC's filing requirements. The ACC staff thoroughly reviews the application and may ask Global to provide additional information. A public hearing will be held before an Administrative Law Judge. Global Water will submit testimony supporting the rate case, and the ACC staff will submit testimony on the findings of their review. The Judge will write a recommended order for the five Commissioners to consider. The Commissioners can choose to accept the order, modify the order or reject the order. New rates, if approved, would go into effect once the Commissioners render a decision. This process typically takes 12-18 months from start to finish.

The proposed rate change seems like a big increase. How does it compare to other utility company increases?

The ACC has jurisdiction over the service and rates of all public service utilities in Arizona. The ACC staff does an extensive review and audits the process to ensure that all approved rate increases are required to meet the needs of the customers and the utility company.

How can I get additional questions answered?

There will be an official public comment period but we welcome your questions and comments at any time. You can submit questions by email to ratecase@gwresources.com.

Carmelle Rodriguez

From: Ed Borromeo
Sent: Monday, November 30, 2009 1:59 PM
To: Carmelle Rodriguez
Subject: FW: Rates and Comparisons
Attachments: image001.jpg

From: Ed Borromeo
Sent: Tuesday, August 04, 2009 5:00 PM
To: 'Roger Kolman'
Subject: RE: Rates and Comparisons

I have to analyze that data for the seasons, but average usage is about 7,768 gallons per month. So, if you hit 7,000, you'd be eligible for the rebate, which would make for a water bill less than what you're paying today. I actually hit 6,000 last billing cycle, which I'm stoked about, considering I have a family of four and a pool – but not a blade of grass.

From: Roger Kolman [mailto:Roger.Kolman@maricopa-az.gov]
Sent: Tuesday, August 04, 2009 4:45 PM
To: Ed Borromeo
Subject: RE: Rates and Comparisons

How much water does the average house consume in a month? Delineate between high and low usage months to account for watering and pools.

Roger Kolman
Assistant City Manager
City of Maricopa
45145 W. Madison Avenue
P.O. Box 610
Maricopa, AZ 85139
p: 520/316.6841
f: 520/316.6859
c: 520/280.7777
roger.kolman@maricopa-az.gov
www.maricopa-az.gov

The City of Maricopa will be open, responsive and accountable while serving the public with integrity.

From: Ed Borromeo [mailto:ed.borromeo@gwresources.com]
Sent: Tuesday, August 04, 2009 4:07 PM
To: Roger Kolman
Subject: Rates and Comparisons

Roger,

As requested, attached are our proposed rates.

With respect to comparisons, the closest comparison would be to other privately-owned, ACC-regulated utilities with service areas that experienced similar high growth. Hence, Johnson Utilities and Arizona American Water come to mind

first (Queen Creek and Anthem, respectively). The tier structures are different, but to keep it simple, assuming ¾" meter, at the 7,000 gal/month mark:

Water	Basic Charge	Volumetric Charge per 1,000 gallons (@ 7,000 gallon tier)
Global Water – SCWC	\$32.68	\$2.50 ¹
Johnson Utilities	\$22.47	\$1.94
AZ American Water (Anthem)	\$30.00	\$4.45
LPSCO	\$22.23	\$2.30
Sewer		
Global Water – PVUC	\$71.11 ²	None
Johnson Utilities	\$46.52	None
AZ American Water (Anthem)	\$30.22	\$5.73
LPSCO	\$49.22	None

All the above rates are currently being proposed.

1 – 65% rebate on volume charges if 7,001 or less is consumed.

2 – Phased in over 3 yrs; reflects the cost of conservation infrastructure (recycling) which has saved 1.6B gallons of groundwater to-date in Maricopa.

The cost of non-potable water (recycled) is being proposed to be within 60-80% of the cost of potable. It was arbitrarily set very low prior to Global. Industry experts are generally feeling the same necessity regarding true cost.

Regarding Cities and municipal operated utilities, I did not include comps here because it isn't an apples-to-apples comparison. Here's why:

- City-ran utility infrastructure and/or operations are either directly subsidized, or borrow money from other revenue streams. Whereas, private utilities only have the streams generated from providing service. I'm not saying this happens at all places – but it happens. I think of Eloy and the fact that their utilities just now are in the black, after a decade of being in the red; it was still paid for somehow.
- Age of infrastructure, implying when the infrastructure was built, the cost to do so then, the regulatory standards needing to be met then versus today, etc. Many Cities were established decades ago, with infrastructure the same age still in operation. Whereas, Maricopa and places like Anthem grew in the last 5-7 years. Also, to discharge any effluent today, it must be of A+ quality per permit, therefore requiring the highest form of treatment and therefore technology. Similarly, the cost to construct and operate continually went up; consider the cost of materials at the time Maricopa was growing; consider the continued increase in O&M costs, despite the down economy.
- Some Cities or Towns used property taxes to pay for large conveyance systems, such as the CAP canal; and thus today have an allocation and are in receipt of virtually free water – which affect rates. Newer areas, and with privately-owned utilities, did not have this opportunity.
- Consider IT, Customer Service, Engineering, and other departments within municipal entities. In many cases, these functions serve multiple departments. In other words, the cost of these departments are not borne by one enterprise. Whereas, for private, single-stream utilities such as Global or AzAm, such departments only serve the utilities, and therefore are 100% paid by them.
- Specifically to Global, the cost of service to rate payers is inclusive of the assured water supply. Whereas, in many other surrounding Cities, rate payers see an additional tax line item for replenishment district fees. In essence, it's a fee required for by CAGR, who is chartered to ensure sustainable groundwater supplies – they seek to buy water to put into the ground. The fee is in the order of a couple hundred dollars annually; non-existent here.

Hope this is helpful.

Ed

Carmelle Rodriguez

From: Ed Borromeo
Sent: Tuesday, August 04, 2009 4:07 PM
To: Roger Kolman
Subject: Rates and Comparisons
Attachments: SCPV Rates for City.pdf

Roger,

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Hope this is helpful.

Ed



Ed Borromeo

General Manager, Maricopa/Casa Grande Region Fax 520.568.6367

ed.borromeo@gwresources.com

Phn 520.233.2910 x410

Cell 602.653.5923

Global Water

22590 N. Powers Parkway, Maricopa, AZ 85238

www.gwresources.com

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Please consider the environment before printing this email.

Carmelle Rodriguez

From: Ed Borrromeo
Sent: Monday, November 30, 2009 2:08 PM
To: Carmelle Rodriguez
Subject: FW: Questions for Upcoming Global Water Interview with Maricopa Channel 20
Attachments: interview with global water.doc.htm

From: Tony Smith [mailto:Tony.Smith@maricopa-az.gov]
Sent: Wednesday, August 12, 2009 12:40 PM
To: Trevor Hill; Ed Borrromeo
Cc: Ruben Garcia; Jennifer Grentz; Kevin Evans
Subject: Questions for Upcoming Global Water Interview with Maricopa Channel 20

Trevor and Ed,
I attached the questions for our upcoming interview for the Mayor's Message on Friday, August 21st from 10:30am to noon. I realize some of the questions may be considered "hard-hitting", but these are the questions that are being asked by our residents. I believe the Mayor Message program gives you the perfect opportunity to share all the facts and answer even the hard questions.

If you have points you want to make that are not included in these questions, we're flexible. If I have errors in any of my questions, please let me know. Please understand I'm not Dan Rather. My style is to keep the program relaxed and interesting. I assure you, I'm not going to come off as being confrontational. If you have any questions or need to discuss, please contact me. I'm certain Ruben Garcia or Jennifer Grentz (producers of the Channel 20 program) will be in touch to share with you the final arrangements.

Anthony Smith
Mayor

City of Maricopa
45145 W. Madison Ave.
P.O. Box 610
Maricopa, AZ 85138
p: 520/316-6828
f: 520/568-9120
c: 520/251-2793
www.maricopa-az.gov

The City of Maricopa will be open, responsive and accountable while serving the public with integrity.

Carmelle Rodriguez

From: Ed Borrromeo
Sent: Monday, November 30, 2009 1:57 PM
To: Carmelle Rodriguez
Subject: FW: Talking Points for your Use
Attachments: image001.png

From: Ed Borrromeo
Sent: Monday, August 17, 2009 9:12 PM
To: Brent Murphree
Subject: Talking Points for your Use

Vice Mayor Murphree,

Thank you for your time this afternoon. Below is a short summary of what we discussed...some bullets that can be helpful to you as you're approached with concerns. Feel free to defer and send them my direction any time. Again, if you think it will be helpful for you and your constituents to moderate a controlled Q&A session with us, let me know.

Regards – Ed

1. The timing of the rate proceeding is unfortunate – Global appreciates this. However, in light of investment and increased vacancies/foreclosures, it essentially has no choice.
 - a. Financial viability is critical to sound O&M, compliance, and continuous infrastructure improvements. Additionally, nearly all operating costs have increased, particularly power and chemicals. Global already made a 40% reduction in staff, while continuing to provide safe water and high levels of service.
 - b. As a regulated private utility – our returns are essentially capped, good times or bad times, unlike other industries who can adapt more readily to economic changes.
2. Global has invested significantly in Maricopa, which is part of the reason that Maricopa is still growing and still has economic development prospects.
 - a. It is known that growth follows infrastructure availability. Global's investment and partnership with the City and Community allowed for the growth and quality of life people came for.
 - b. At the start, Global consolidated infrastructure, masterplanned, and even organized the 387 districts [recall these debacles which involved non-compliant, high nitrate water plus no wastewater services to some new homes being put online].
 - c. A comparison to the service levels of the domestic improvement districts is demonstrative of how Global has benefitted the City.
3. The rate proceeding is administered by an entirely autonomous state agency whose analysts are reviewing the case now.
 - a. Third party lawyers, accountants, etc are all over this, auditing Global and ensuring the proposal is legitimate and fair; this process is really independent of the City; it is a formal and public process.
 - b. The ACC works on a historic test year basis – which means rates are based on past costs, not projections or future plants. Future plants cannot be included in the calculations.
 - c. Customer service improvements have been made and continue to be made; many of the discrepancies people complain about now are dated and/or spurred from the increased delinquency rates. However, these concerns are not central to the rate-making process.
4. Sustainability is a community goal. It's the right thing to do. With Global as the utility provider, Maricopa is a strong leader in water conservation among desert communities.
 - a. Sustainability is not only the right thing to do but is a requirement given Pinal's water situation. There is a finite amount of sustainable water in the Pinal active management area (approximately 82,000 acre-

ft/yr). This is well over-subscribed. Sustainability of resources allows people to live in Maricopa. Without investment in recycled water infrastructure (which comes with a price), people would not be able to live in Maricopa in the long-run.



Ed Borromeo Phn-520.233.2910 x410
General Manager, Maricopa/Casa Grande Region Fax 520.568.6367
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Carmelle Rodriguez

From: webmaster
Sent: Thursday, August 20, 2009 4:51 PM
Subject: Public Notice of Hearing
Attachments: mcgr rate case customer notification final.pdf.htm; 09-0077 palo verde notice of public hearing.pdf.htm; 09-0080 santa cruz notice of public hearing.pdf.htm

Please do not reply to this email. For more information, visit our website at www.gwresources.com.



TO OUR VALUED GLOBAL WATER – SANTA CRUZ WATER COMPANY AND GLOBAL WATER – PALO VERDE UTILITIES COMPANY CUSTOMERS:

Do the simple math and Arizona's water future will shock you: 5.6 million new people by 2030, each using an average of 135 gallons per day, for a total increase in water demand of 276 billion gallons annually. Where will all of that water come from?

In the arid southwest where growth is a certainty and water resources are scarce, proper water management is vital to ensure resource sustainability. At Global Water, our mission is to grow an enduring utility whose professional staff is focused on quality in customer service and excellence in utility operations, and we are committed to planning for and managing future water scarcity by investing in and improving the regulated water and wastewater companies we own while preserving our most precious resource through water recycling, conservation programs, and the deployment of sector leading technology for utility optimization.

Global Water has successfully implemented our vision in seven Arizona utilities, including your Santa Cruz Water Company and Palo Verde Utilities Company. To-date, Global Water has invested over \$225 million dollars in Arizona communities to improve their utility service and align them with our water management principles. Preserving our water resources benefits customers, property owners, the communities in which we live, and the environment.

- In Maricopa, AZ, Global Water has saved over 1.65 billion gallons of groundwater by maximizing the use of recycled water. On average, this City uses 40% less groundwater than other communities in the state.
- In Western Maricopa County, Global Water has recharged over 1.9 billion gallons of Colorado River water into the local aquifer.

Global Water acquired Santa Cruz Water Company and Palo Verde Utilities Company in 2004. Since then, we have forged a strong partnership with the City of Maricopa and invested over \$200 million dollars to ensure our community saw improved and reliable integrated utility services, long-range water resource planning, and continued growth and economic development opportunities.

- Global Water completed necessary capacity expansions for water production, storage, and distribution facilities. These projects were necessary to ensure sufficient water availability to accommodate the rapid growth, attractive and affordable housing opportunities, and quality of life improvements our community experienced.
- Simultaneously, Global Water invested heavily to expand wastewater treatment facilities and its recycled water purple pipe network in order to ensure growth occurred in a sustainable fashion. Our City leads other Phoenix-Metro communities in groundwater savings.

In response to the economic downturn, Global Water restructured our organization at the end of 2008. We downsized our workforce by more than 35%, cancelled all pay raises and bonuses, and renegotiated our service and material contracts. Through these and several other measures, we were able to reduce our annual operating budget by \$3.1 million.

Despite this achievement, and only because it is absolutely necessary, Global Water filed an application for a rate increase with the Arizona Corporation Commission (ACC) in February 2009. The current rates were established in 1999, and in addition to the investment that was required to deploy masterplanned, regional infrastructure ahead of growth in your City, the costs of goods and services have increased dramatically since rates were established 10 years ago.



The driving force in our rate application was minimizing the impact on our customers, while supporting our conservation initiatives.

During this recession, we do not take raising rates lightly. We recognize that this is a very unfortunate situation; so we have taken drastic steps to cut costs and minimize our rate request. However, as a regulated entity providing an essential service, we need to ensure that our utilities remain financially viable – it's a matter of protecting the health of our consumers, protecting the environment, and ensuring we have adequate resources for the future.

Global Water has also asked the ACC to approve innovative mechanisms that would allow our residential customers to benefit from conservation. For example, by meeting the conservation threshold on monthly usage, our Santa Cruz Water Company customers would be able to save 65% of the consumptive rate.

In order to further promote water conservation within our utility service area and assist our customers in reducing their consumption *and their monthly bill*, Global Water is planning to hold informational seminars within your community.

YOU ARE INVITED TO ATTEND AND PARTICIPATE

Location: Global Water Center
22590 N. Powers Parkway
Maricopa, AZ 85139

Date: September 24, 2009
Residential Customer Informational Seminar
5:30-6:30pm Tour of Global Water Campus
6:30-7:30pm Seminar

OR

October 1, 2009
Residential Customer Informational Seminar
5:30-6:30pm Tour of Global Water Campus
6:30-7:30pm Seminar

The ACC's review of our rate case is expected to last throughout 2009, and Global Water does not expect a decision until early 2010. You can find more information about Global Water and the rate proceeding on our website at www.gwresources.com/rate-case.php.

PUBLIC NOTICE OF HEARING ON THE APPLICATIONS OF GLOBAL WATER — PALO VERDE UTILITIES COMPANY; VALENCIA WATER COMPANY — GREATER BUCKEYE DIVISION; WILLOW VALLEY WATER COMPANY; GLOBAL WATER - SANTA CRUZ WATER COMPANY; WATER UTILITY OF GREATER TONOPAH, INC.; AND VALENCIA WATER COMPANY — TOWN DIVISION FOR PERMANENT BASE RATE INCREASES FOR WATER SERVICE.

(DOCKET NOS. SW-20445A-09-0077; W-02451A-09-0078; W-01732A-09-0079; W-20446A-09-0080; W-02450A-09-0081 AND W-01212A-09-0082)

Summary of Application

On February 20, 2009, Global Water — Palo Verde Utilities Company ("Palo Verde"); Valencia Water Company — Greater Buckeye Division ("Valencia — Buckeye"); Willow Valley Water Company, Inc. ("Willow Valley"); Global Water — Santa Cruz Water Company ("Santa Cruz"); Water Utility of Greater Tonopah, Inc. ("Tonopah"); and Valencia Water Company — Town Division ("Valencia — Town") (collectively "Global Utilities" or "Company") filed with the Arizona Corporation Commission ("Commission") applications in the above-captioned dockets seeking increases in their respective permanent base rates and other associated charges. These dockets have been consolidated for purposes of hearing and consideration by the Commission.

For its **Palo Verde wastewater system**, Global Utilities is seeking an overall gross revenue increase of \$8,493,379 (130 percent) over current operating revenues. Under the Company's proposal, a residential customer served by a 5/8-inch water meter would experience an increase from the current monthly rate of \$33.00 to a rate of \$71.11 per month (\$38.11 monthly increase or 115 percent). **The actual percentage rate increase for individual customers would vary depending on the type of service provided.**

These examples are for illustrative purposes only, and the actual dollar and percentage increases for individual customers would vary depending on the type of customer served, and the quantity consumed for water service.

The Commission's Utilities Division Staff ("Staff") is in the process of auditing and analyzing the application, and has not yet made any recommendations regarding Global Utilities' proposed rate increase. The Residential Utility Consumer Office is also a party to this proceeding and will analyze the application and make recommendations to the Commission. The Commission will determine the appropriate relief to be granted based on the evidence presented by the parties. **The Commission is not bound by the proposals made by Global Utilities, Staff, or any other intervenors; therefore, the final rates approved by the Commission may differ from the rates requested by the Company.**

How You Can View or Obtain a Copy of the Rate Proposal

Copies of the application and proposed rates are available from **Global Utilities Offices, 21410 N. 19th Avenue, Suite 201, Phoenix, AZ 85027 (623) 580-9600** and at the Commission's Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours and on the Internet via the Commission's website (www.azcc.gov) using the e-Docket function.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning on December 14, 2009, at 10:00 a.m., at the Commission's offices, Hearing Room #1, 1200 West Washington Street, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may be submitted by mailing a letter referencing Docket Nos. SW-20445A-09-0077; W-02451A-09-0078; W-01732A-09-0079; W-20446A-09-0080; W-02450A-09-0081; and W-01212A-09-0082 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail.

For a form to use and instructions on how to e-mail comments to the Commission, go to the Commission, go to http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf. If you require assistance, you may contact the Consumer Services Section at 602-542-4251 or 1- 800-222-7000.

About Intervention

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you wish to intervene, you must file an original and 13 copies of a written motion to intervene with the Commission no later than **October 12, 2009**, and send a copy of the motion to Global Utilities or its counsel and to all parties of record. Your motion to intervene must contain the following:

1. Your name, address, and telephone number, and the name, address, and telephone number of any party upon whom service of documents is to be made, if not yourself;
2. A short statement of your interest in the proceeding (e.g., a customer of Global Utilities, a shareholder of Global Utilities, etc.); and
3. A statement certifying that you have mailed a copy of the motion to intervene to Global Utilities or its 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 **October 12, 2009**. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case.

ADA/Equal Access Information

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PUBLIC NOTICE OF HEARING ON THE APPLICATIONS OF GLOBAL WATER — PALO VERDE UTILITIES COMPANY; VALENCIA WATER COMPANY — GREATER BUCKEYE DIVISION; WILLOW VALLEY WATER COMPANY; GLOBAL WATER - SANTA CRUZ WATER COMPANY; WATER UTILITY OF GREATER TONOPAH, INC.; AND VALENCIA WATER COMPANY — TOWN DIVISION FOR PERMANENT BASE RATE INCREASES FOR WATER SERVICE.

(DOCKET NOS. SW-20445A-09-0077; W-02451A-09-0078; W-01732A-09-0079; W-20446A-09-0080; W-02450A-09-0081 AND W-01212A-09-0082)

Summary of Application

On February 20, 2009, Global Water — Palo Verde Utilities Company ("Palo Verde"); Valencia Water Company — Greater Buckeye Division ("Valencia — Buckeye"); Willow Valley Water Company, Inc. ("Willow Valley"); Global Water — Santa Cruz Water Company ("Santa Cruz"); Water Utility of Greater Tonopah, Inc. ("Tonopah"); and Valencia Water Company — Town Division ("Valencia — Town") (collectively "Global Utilities" or "Company") filed with the Arizona Corporation Commission ("Commission") applications in the above-captioned dockets seeking increases in their respective permanent base rates and other associated charges. These dockets have been consolidated for purposes of hearing and consideration by the Commission.

For its **Santa Cruz water system**, Global Utilities is seeking an overall gross revenue increase of \$3,081,292 (34 percent) over current operating revenues. Under the Company's proposal, a Santa Cruz residential water customer served by a 5/8-inch water meter, with average usage of 7,827 gallons per month, would experience an increase from current monthly charges of \$42.75 to charges of \$49.75 per month (\$7.00 monthly increase or 16 percent). **The actual percentage rate increase for individual customers would vary depending on the type of service provided.**

These examples are for illustrative purposes only, and the actual dollar and percentage increases for individual customers would vary depending on the type of customer served, and the quantity consumed for water service.

The Commission's Utilities Division Staff ("Staff") is in the process of auditing and analyzing the application, and has not yet made any recommendations regarding Global Utilities' proposed rate increase. The Residential Utility Consumer Office is also a party to this proceeding and will analyze the application and make recommendations to the Commission. The Commission will determine the appropriate relief to be granted based on the evidence presented by the parties. **The Commission is not bound by the proposals made by Global Utilities, Staff, or any other intervenors; therefore, the final rates approved by the Commission may differ from the rates requested by the Company.**

How You Can View or Obtain a Copy of the Rate Proposal

Copies of the application and proposed rates are available from **Global Utilities Offices, 21410 N. 19th Avenue, Suite 201, Phoenix, AZ 85027 (623) 580-9600** and at the Commission's Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours and on the Internet via the Commission's website (www.azcc.gov) using the e-Docket function.

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Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail. For a form to use and instructions on how to e-mail comments to the Commission, go to the Commission, go to http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf. If you require assistance, you may contact the Consumer Services Section at 602-542-4251 or 1- 800-222-7000.

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1. Your name, address, and telephone number, and the name, address, and telephone number of any party upon whom service of documents is to be made, if not yourself;
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Carmelle Rodriguez

From: Ed Borromeo
Sent: Sunday, September 13, 2009 10:11 PM
To: edwardfarrell@orbitelcom.com
Cc: Carmelle Rodriguez
Attachments: image001.png; EF_Rate Model.pdf

Councilmember Farrell,

Thank you for your time the other day. It was good to catchup with you.

As discussed, this email includes a projection of your future bills should the rates get approved as they are currently proposed. The attached pdf shows your three year projections for water AND sewer charges combined. Water rates would come into full effect if the current proposal passes; sewer rates would be phased in over 3 yrs, as the recovery required is much larger.

Below is a breakdown of your water only projection, to give you a closer idea of how it will impact you, modeled after your recent usage. You said your last bill was high. I looked at it, and you actually have a **credit** of \$151.38 (CR) on your account – you do not have to pay this amount. I did notice your usage rose dramatically around May of this year. Have you done anything differently? If not, it may be there is a leak on your property. If you'd like to discuss your usage further, we can setup a meet for you with our Client Services Supervisor. The following is your water only projection based on your usage over the last 6 months:

Read Date	Billed Usage	Current Water Bill	Proposed Water Bill	Proposed Water Increase
8/31/2009 0:00	14484	\$ 60.06	\$ 68.63	\$ 8.57
7/31/2009 0:00	11222	\$ 51.58	\$ 58.85	\$ 7.27
7/1/2009 0:00	14160	\$ 59.22	\$ 67.66	\$ 8.44
6/1/2009 0:00	14406	\$ 59.86	\$ 68.40	\$ 8.54
5/1/2009 0:00	5010	\$ 35.43	\$ 36.19	\$ 0.76
3/30/2009 0:00	5063	\$ 35.56	\$ 36.24	\$ 0.68

I've contacted Vanessa regarding scheduling a presentation before Council.

Lastly, the following are some talking points for your use, some bullets that may be helpful to you as you're approached with concerns. Feel free to defer and send them my direction any time at your discretion. Thanks again, and let me know if you have questions.

1. The timing of the rate proceeding is unfortunate – Global appreciates this. However, in light of dramatic increased costs; investment in infrastructure; and increased vacancies/foreclosures, it must be done.
 - a. Financial viability is critical to sound O&M, compliance, and continuous infrastructure improvements. Additionally, nearly all operating costs have increased, particularly power and chemicals. Global already made a 40% reduction in staff, while continuing to provide safe water and high levels of service.
 - b. As a regulated private utility – our returns are essentially capped, good times or bad times, unlike other industries who can adapt more readily to economic changes.
 - c. Independent of the economic climate, the ACC recommended to Global to file a rate increase by 2010 for similar drivers mentioned above; suffice to say, a rate increase has always been in the plans

2. Global has invested significantly in Maricopa, which is part of the reason that Maricopa is still growing and still has economic development prospects.
 - a. It is known that growth follows infrastructure availability. Global's investment and partnership with the City and Community allowed for the growth and quality of life people came for.
 - b. At the start, Global consolidated infrastructure, masterplanned, and even organized the 387 districts [recall these debacles which involved non-compliant, high nitrate water plus no wastewater services to some new homes being put online].
 - c. A comparison to the service levels of the domestic improvement districts is demonstrative of how Global has benefitted the City.
3. The rate proceeding is administered by an entirely autonomous state agency whose analysts are reviewing the case now.
 - a. Third party lawyers, accountants, etc are all over this, auditing Global and ensuring the proposal is legitimate and fair; this process is really independent of the City; it is a formal and public process.
 - b. The ACC works on a historic test year basis – which means rates are based on past costs, not projections or future plants. Future plants cannot be included in the calculations.
 - c. Customer service improvements have been made and continue to be made; many of the discrepancies people complain about now are dated and/or spurred from the increased delinquency rates. However, these concerns are not central to the rate-making process.
4. Sustainability is a community goal. It's the right thing to do. With Global as the utility provider, Maricopa is a strong leader in water conservation among desert communities.
 - a. Sustainability is not only the right thing to do but is a requirement given Pinal's water situation. There is a finite amount of sustainable water in the Pinal active management area (approximately 82,000 acre-ft/yr). This is well over-subscribed. Sustainability of resources allows people to live in Maricopa. Without investment in recycled water infrastructure (which comes with a price), people would not be able to live in Maricopa in the long-run. Hence, Global laid down the appropriate infrastructure early on, to secure a long-term future in the region for its inhabitants. It will be hugely more expensive in the future to do what we've already done today (e.g. Tucson is an example).



Ed Borromeo

General Manager, Maricopa/Casa Grande Region
ed.borromeo@gwresources.com

Phn 520.233.2910 x410

Fax 520.568.6367

Cell 602.653.5923

Global Water

22590 N. Powers Parkway, Maricopa, AZ 85238

www.gwresources.com

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Read Date	Billed Usage	Current	Yr 1 Proposed	% Increase Year 1	\$ Increase Year 1	Yr 2 Proposed	% Increase Year 1 to Year 2	\$ Increase Year 2	Yr 3 Proposed	% Increase Year 2 to Year 3	\$ Increase Year 3
8/31/2009 0:00	14484	\$ 93.06	\$ 114.33	23%	\$ 21.27	\$ 127.03	11%	\$ 12.70	\$ 139.73	10%	\$ 12.70
7/31/2009 0:00	11222	\$ 84.58	\$ 104.55	24%	\$ 19.97	\$ 117.25	12%	\$ 12.70	\$ 129.95	11%	\$ 12.70
7/1/2009 0:00	14160	\$ 92.22	\$ 113.36	23%	\$ 21.14	\$ 126.06	11%	\$ 12.70	\$ 138.76	10%	\$ 12.70
6/1/2009 0:00	14406	\$ 92.86	\$ 114.10	23%	\$ 21.24	\$ 126.80	11%	\$ 12.70	\$ 139.50	10%	\$ 12.70
5/1/2009 0:00	5010	\$ 68.43	\$ 81.89	20%	\$ 13.46	\$ 94.59	16%	\$ 12.70	\$ 107.29	13%	\$ 12.70
3/30/2009 0:00	5063	\$ 68.56	\$ 81.94	20%	\$ 13.38	\$ 94.64	15%	\$ 12.70	\$ 107.34	13%	\$ 12.70

Carmelle Rodriguez

From: Carmelle Rodriguez
Sent: Thursday, September 17, 2009 12:44 PM
To: 'Jennifer Grentz'
Subject: Global Water Seminar Flyer
Attachments: MCGR Seminar Flyer.pdf; image001.png

Hi Jennifer. We sent letters out to all of our customers, but wanted to send you this flyer in case you'd like to post as well. Just an FYI. Thanks!



Carmelle Rodriguez Phn 623.580.9600 x124
Director of Human Capital and Communications Fax 623.518.4014
carmelle.rodriguez@gwresources.com Cell 602.689.9326

Global Water
21410 N. 19th Avenue, Suite 201, Phoenix, AZ 85027
www.gwresources.com

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TO OUR VALUED **GLOBAL WATER** CUSTOMERS:

In order to further promote water conservation within our utility service area and assist our customers in reducing their consumption *and their monthly bill*, Global Water is planning to hold informational seminars within your community.

YOU ARE INVITED TO ATTEND AND PARTICIPATE

Location: Global Water Center
22590 N. Powers Parkway
Maricopa, AZ 85139

Date: September 24, 2009
Residential Customer Informational Seminar
5:30-6:30pm Tour of Global Water Campus
6:30-7:30pm Seminar

OR

October 1, 2009
Residential Customer Informational Seminar
5:30-6:30pm Tour of Global Water Campus
6:30-7:30pm Seminar

Carmelle Rodriguez

From: Ed Borromeo
Sent: Monday, November 30, 2009 1:55 PM
To: Carmelle Rodriguez
Subject: FW: Oct 20th City Council Work Session Presentation

From: Ed Borromeo
Sent: Monday, October 12, 2009 9:45 PM
To: Tony Smith
Subject: Re: Oct 20th City Council Work Session Presentation

Mr Mayor,

Absolutely. I appreciate your consideration.

Ed

On Oct 12, 2009, at 16:09, "Tony Smith" <Tony.Smith@maricopa-az.gov> wrote:

Ed,
During our October 20th City Council Work session, we're scheduled to hear (4) presentations. Are you ok with being moved to the first meeting in Nov? I'm concerned we won't be able to give you the time you need on the 20th.

Please let me know asap so I can finalize the agenda.

Thank you,

Anthony Smith
Mayor

Carmelle Rodriguez

From: Ed Borromeo
Sent: Wednesday, October 14, 2009 12:59 PM
To: Tony Smith
Subject: RE: Question on Rate Case Numbers

Mayor Smith,

Each docket number is associated with 1 of 6 Global Water utility companies that are currently before the ACC for a rate evaluation. Specifically:

SW-20445A-09-0077 – Palo Verde Utilities Company
W-02451A-09-0078 – Valencia Water Company – Greater Buckeye
W-01732A-09-0079 – Willow Valley Water Company
W-20446A-09-0080 – Santa Cruz Water Company
W-02450A-09-0081 – Water Utility of Greater Tonopah
W-01212A-09-0082 – Valencia Water Company – Town Division

Palo Verde Utilities Company and Santa Cruz Water Company are the wastewater and water companies, respectively, that serve your City.

Does this answer your question? Or were you asking about the meaning of the series of alpha-numeric figures within the docket numbers?

Thnx.
Ed

From: Tony Smith [mailto:Tony.Smith@maricopa-az.gov]
Sent: Wednesday, October 14, 2009 11:23 AM
To: Ed Borromeo
Subject: Question on Rate Case Numbers

Ed,
A resident asked me to find out the meaning of the docket numbers for the rate case before the ACC. There are six numbers involved. Can you respond with information interpreting the specific meaning of these docket numbers? I assume they apply to different portions of the same case.

Thanks,

Anthony Smith
Mayor

City of Maricopa
45145 W. Madison Ave.
P.O. Box 610
Maricopa, AZ 85138
p: 520/316-6828
f: 520/568-9120
c: 520/251-2793
www.maricopa-az.gov

Carmelle Rodriguez

From: Carmelle Rodriguez
Sent: Tuesday, November 17, 2009 3:38 PM
To: tony.smith@maricopa-az.gov
Cc: brent.murphree@maricopa-az.gov; edwardfarrell@orbitelcom.com;
marquisha.griffin@maricopa-az.gov; marvin.brown@maricopa-az.gov;
carl.deidrich@maricopa-az.gov; joe.estes@maricopa-az.gov; kevin.evans@maricopa-az.gov
Subject: ACC Notice of Public Comment Meeting
Attachments: 09-0077 Notice of Public Comment for Publication.pdf; image001.png

Mayor Smith,

Attached is the Arizona Corporation Commission's "Notice of Public Comment Meeting" for the special open meeting set for December 1, 2009. The notice has been distributed to all HOA managers and posted on the home page of our website, www.gwresources.com.

Thank you,
Carmelle



Carmelle Rodriguez Phn 623.580.9600 x124
Director of Human Capital and Communications Fax 623.518.4014
carmelle.rodriguez@gwresources.com Cell 602.689.9326

Global Water
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NOTICE OF PUBLIC COMMENT MEETING
GLOBAL UTILITIES' APPLICATIONS
FOR A PERMANENT BASE RATE INCREASES
(DOCKET NOS. SW-20445A-09-0077, W-02451A-09-0078, W-01732A-09-0079
W-20446A-09-0080, W-02450A-09-0081 and W-01212A-09-0082)

On February 20, 2009, Global Water – Palo Verde Utilities Company; Valencia Water Company – Greater Buckeye Division; Willow Valley Water Company, Inc.; Global Water – Santa Cruz Water Company; Water Utility of Greater Tonopah, Inc.; and Valencia Water Company – Town Division (collectively "Global Utilities") filed with the Arizona Corporation Commission ("Commission") applications in the above-captioned dockets seeking increases in their respective permanent base rates and other associated charges.

Copies of Global Utilities' applications are available at the Company's office at **Global Water, 21410 N. 19th Avenue, Suite 201, Phoenix, AZ 85027, 623-580-9600** and the Commission's offices at 1200 West Washington, Phoenix, AZ, for public inspection during regular business hours and on the internet via the Commission website (www.azcc.gov) using the eDocket function.

The Commission will hold a PUBLIC COMMENT MEETING on this matter on December 1, 2009, at 6:30 p.m., at the Maricopa Wells Middle School, 45725 W. Honeycutt Ave., Maricopa, Arizona 85239.

Written public comments may also be submitted via email (visit <http://www.azcc.gov/divisions/utilities/forms/publiccomment.pdf> for instructions), or by mailing a letter referencing Docket No. SW-0445A-09-0077 et al to: Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007.

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Carmelle Rodriguez

From: Ed Borromeo
Sent: Monday, November 23, 2009 12:34 PM
To: Carmelle Rodriguez
Subject: FW: Followup to 17 Nov Global Water Presentation
Attachments: Followup to 17-Nov-09 Presentation.pdf; image001.png

From: Ed Borromeo
Sent: Monday, November 23, 2009 12:31 PM
To: anthony.smith@maricopa-az.gov; brent.murphree@maricopa-az.gov; Carl Diedrich; Marvin Brown; Marquisha Griffin; edward.farrell@maricopa-az.gov; joe.estes@maricopa-az.gov
Cc: Kevin Evans
Subject: Followup to 17 Nov Global Water Presentation

Mr. Mayor and Members of the Council:

Please see attached letter with my responses to the questions I said I would followup on. I've also elaborated further on some key points and statements made.

I can address your questions. Have a great holiday.

Thank you.
Ed



Ed Borromeo Phn 520.233.2910 x410
General Manager, Maricopa/Casa Grande Region Fax 520.568.6367
ed.borromeo@gwresources.com Cell 602.653.5923

Global Water
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23 November 2009

Mayor Anthony Smith and Councilmembers
City of Maricopa
45145 W. Madison Ave.
P.O. Box 610
Maricopa, AZ 85239

Re: Followup to Global Water Work Session Presentation on 17 November 2009

Dear Mr. Mayor and Members of the Council,

Thank you for the opportunity to present before you during work session. I committed to getting back to you with answers to your questions for which I did not readily have details. Below is a recollection of your questions and my responses. Additionally, I've also elaborated further on other inquiries or statements made.

- 1. Question: If we already use 40% less water compared to our neighboring cities...why then the requirement for such rates given the conservation already achieved?**

It's a common misconception that conservation immediately translates to decreased costs. It will eventually. A ready example is the investment required for renewable energy initiatives. Consider the added initial costs of solar panels, intense water requirements, and so on. Similarly, Maricopa is unique in that it has taken an aggressive stance to stretch limited water resources. In doing so, an extended network of recycled water pipes was emplaced, which required added initial investment and associated O&M costs. However, this will allow Maricopa to avoid major costs in the future, caused by emerging contaminants, increased CAP costs, and water shortages. Already CAP has forecasted up to 300% increased costs because of EPA changes – but the City of Maricopa will not be affected due to the unique water resource management strategy Global Water has implemented.

The truth is, commodity prices are going up – water included. Gone are the days of decreasing rates for increased consumption. There are people who think water is a right, and therefore it should be cheap. This viewpoint is severely flawed, and other cities, states, and even first world countries experiencing crises as we are, know this first hand. Three years from now, if rates are approved as proposed, the average total bill for our most precious commodity will then be comparable to cable/internet packages.

- 2. Regarding Pinal County's scarcity issue: There is only 82,500 AF of renewable groundwater. ADWR projects 180,000 AF demand at buildout. Moreover, CAAG projects 400,000 AF at the greatest extent of buildout.**

I share this with you to demonstrate that Total Water Management (TWM) and the measures Global Water has taken are NOT optional, given these realities. Our TWM approach will also garner direct savings in terms of future costs associated with treatment of water, because we will have to treat less of it. Perchlorate, endocrine disrupting compounds, pharmaceuticals and personal care products – these are going to drive up the costs of potable water treatment across the country, and we have provided the City with a hedge against these costs.

Our efforts to-date have been in accordance with the City's direction – which is to ready ourselves for growth into approximately 200 square miles of well planned, sustainable, economically developed territory. The measures Global has taken are absolutely necessary to make this happen. If this is not the direction, or if the

City has alternatives to economic development and sustainability as it relates to water resources – please advise.

- 3. Statement: People have already emplaced and sized their landscaping and indoor appliances for today's rates, and they have no money to rip out grass, buy high efficiency washers, etc. in order to adapt to the new rates, if approved.**

I believe that the cost of water in no way entered into the decision matrix for people to landscape their yards. Most people never adjust their water heaters or irrigation controllers for the season. A common problem is overwatering in the order of three to five times the required amount and during the worst times of day. I've encountered countless high water usage/bill concerns, only to find out and demonstrate to customers that their irrigation practices have been neglected (using our continuous meter reading technology). The price signals we are proposing will now force people to recognize and act upon things like watering in the middle of the day or systems requiring repair. Price signals can be impactful. Already, communities within the City using recycled water for irrigation (\$0.31/1,000) use 60% more gallons per dwelling unit compared to the communities using potable water for irrigation (\$2.60/1,000). The City should consider implementing landscaping restrictions on residential lots. Global Water is proposing an extensive Demand Side Management (DSM) program to the Commission, aimed to help people conserve. We are also looking at placing watering restrictions, e.g. evening-only watering or watering every other day.

- 4. Statement: It is not true that developers did us a disservice by planning poorly and emplacing vast green spaces. They had a requirement for 20% useable open space.**

Nearly all of the developments we are serving were platted before Global Water's advent in 2004, as well as, many were planned by the 387 Water Improvement District. There are many developments where open space is irrigated with highly treated arsenic-free potable water today. Nonetheless, we established a limitation on turf/xeriscape and lakes that applies to new developments; this is a published code of practice. Unfortunately, the developments already underway did not meet those requirements at all. The requirement for open space did not mean that stormwater retention ditches, across and over the banks, ought to be turf. See Alterra and Meadows. The likely reason they put in grass, was because it was the cheapest treatment compared to others, and of course it was a sales strategy. There are countless examples across other cities in our state whereby open space requirements were met without emplacing vast expanses of water intense turf. Some cities even have ordinances limiting turf facilities, and advocating primarily desert landscaping.

- 5. Statement: Given only 142 total people showed up to your briefings and 23 to your open houses, your outreach has failed.**

First, I ask that you commit to me that you will forward to me all the complaints or requests for information you receive. I can field these readily, and in nearly all my personal interactions, I've managed to foster a greater level of understanding.

We've provided information to over 22 community leaders, and met with many more than once. We've had meetings with HOA managers and board members. We've sent invitations to over 17 owners associations, seeking collaboration to get the word out (7 of 17 declined, deferred, or did not respond). We've had plenty of media attention – I've lost track of the number of stories printed about us, many unfairly and inaccurately fueling dissent in the public. We've sent two notices to every customer. We've hosted two informational seminars which were advertised on those notices, posted on our website, sent to HOAs, etc. Our dedicated rate case website has been up for six months, and a link to it is on the City's homepage. We've fielded less than 40 phone and email inquiries combined. We've been televised in an hour-long Q&A with Mayor Smith, in rotation during September. We've attended every major City event, including a talk at the Citizen's Leadership Academy. Our outreach has been 100-fold that of our neighboring utilities. And we still have six months of outreach ahead of us; by no means is Global Water finished.

Given our efforts, what do you recommend we do in addition? Your advice is appreciated. As discussed at your strategic planning meeting, Global Water will participate in any utility forum the City facilitates. Consider this: is it totally unreasonable to contemplate that the vast majority of our populace understands the importance of water and that Global Water has been prudent in managing this resource? Or, the fact that, as of 1 October, 102 people have made public comment means that our outreach and communications *have* succeeded. We can only provide access to the information; we cannot make people engage us.

6. Question: What are the companies' returns presently?

Global Water's figures indicate:

- Palo Verde Utilities Company (sewer and recycled water) – 0.23%
- Santa Cruz Water Company (water) – 4.35%

According to the ACC's accounting department:

- Palo Verde Utilities Company – 2.18%
- Santa Cruz Water Company – 6.75%

This speaks nothing to Global Water's debt costs:

- Palo Verde Utilities Company – 6.34%
- Santa Cruz Water Company – 6.75%

This is the disparity we're attempting to address, while only asking for rate relief for 60% of the assets in place. Failure to adjust our revenue structure will keep us in a very precarious status. Compliance, O&M, and CIP will be at great risk. Currently, it is impossible for us to attract capital to address these requirements.

7. Question: Recycled water is \$0.31/1,000 gallons. What does it cost to produce and pump recycled water?

We must consider ALL costs associated with producing the product and service. We had to install the wastewater mains, lift stations, treatment plant, recycled water infrastructure, and then operate and maintain it all. These are directly correlated to the revenue requirement of Palo Verde Utilities Company. Hence, the cost is \$15MM per year.

8. Statement: If Global wants to continue being a valuable partner to the City, it must "overhaul" its customer service.

Delinquencies increased 100% between 2008 and 2009. The role of the customer service team increased four times as the economic climate deteriorated, all while faced with a moratorium on expenses. To combat this, we implemented an interactive voice response (IVR) system in February. We've found that people pay bills when we remind them, per the following chart.

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Customer Count	14,784	14,780	14,965	15,013	15,023	15,036	15,196	15,286	15,348
Past Due Notice	43%	34%	30%	23%	23%	37%	13%	22%	23%
Water Disconnected	11%	3%	2%	4%	1%	5%	3%	2%	3%

Since the implementation of IVR, a sharp decline in past due bills and service disconnections was realized in March. However, 23% of customers still do not pay their bill on time and require a past due notice. About 3% actually get their water turned off. If our cost of service must be lowered, then the administration associated with that must be reduced. It is imperative then that we both encourage our customers to make the water utility bill a high priority and pay timely.

Most complaints are about being shut off or having to pay a reconnect fee. I cannot stress enough that by ACC regulation, we must stick to our approved tariffs. The discipline in which we follow ACC rules is evaluated closely, ensuring the company is using all the tools it has to collect what it is already entitled to, before considering whether to grant further rate relief. Also, many late-paying customers have claimed that no bills or notices were received. The false statements made in the papers regarding this issue only fueled this excuse. Global Water received the enclosed letter from USPS. We've also sent dummy bills to local addresses, all of which were received within 1-3 days of postmark dates.

Mondays and Tuesdays are the heaviest call volume days. Staffing for discrete events is difficult. Nonetheless, we have brought on new staff, and continue to offer eight other ways to pay other than by phone.

Further, we are proposing a low income relief program to the ACC. The proposal stipulates that the utilities' parent company will cover administrative costs and provide matching funds. The City may consider participating in a similar program.

9. Statement: The only reason that the City isn't running and owning these utilities is because we don't have the money to buy them.

It is the City's right to run its own utilities, and we stand ready to negotiate when you think the partnership is no longer in the interest of the City's citizens and future.

However, I ask that you recall that Global Water took the risks to allow this City to grow to what we know it today. The City was able to apply focus on Public Safety, Parks and Recreation, administration, etc. Had these not transpired, Maricopa could be a very different place.

Furthermore, Global is among the most efficient run utilities in the state. Our leveraging of technology and innovative approaches to water management and operations is unique and acclaimed. The following charts, which can be found in our testimony, demonstrate these facts.

Chart 1: Operating Costs Per Customer (2008 Annual Reports)

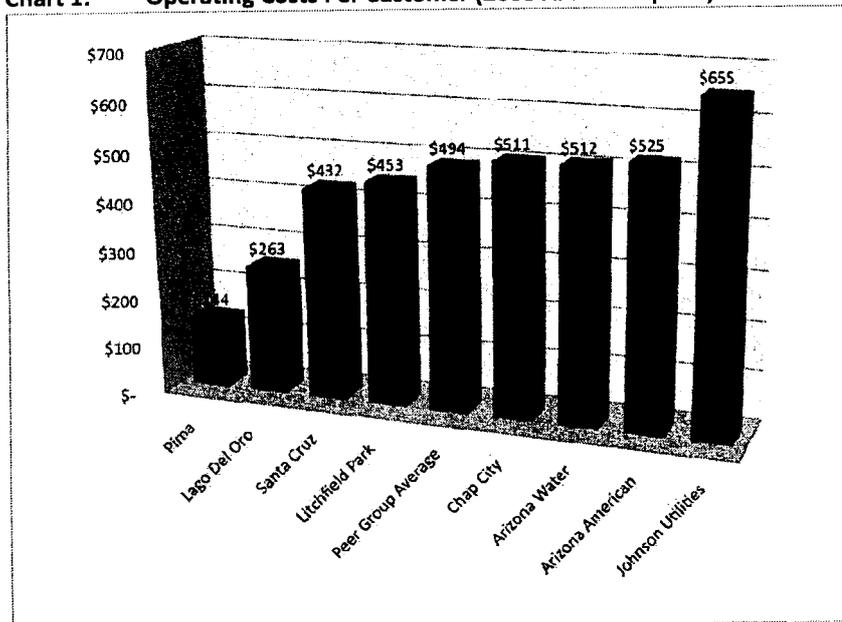


Chart 1 clearly shows that Santa Cruz's operating costs per customer are well below most of its peers. Santa Cruz's operating costs per customer are \$62 less than the average of the peer group. Since operating costs are passed on dollar for dollar to the customers, this represents a significant savings for Santa Cruz's customers.

Chart 2 below focuses on the labor costs of Santa Cruz and the peer group.

Chart 2: Labor Costs Per Customer (2008 Annual Report)

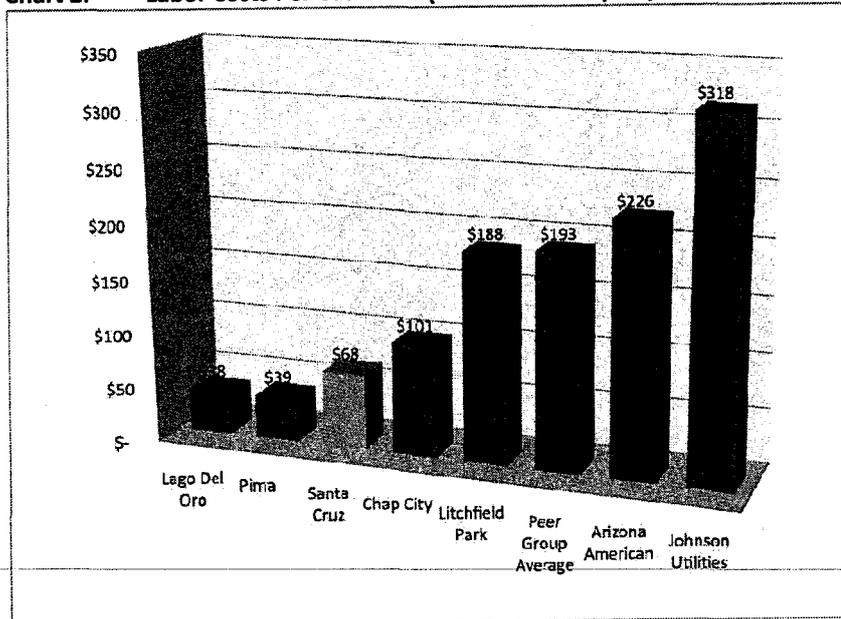


Chart 2 clearly shows that Santa Cruz's labor costs are significantly below most of its peers.

Chart 3 below shows the Repair and Maintenance expenses of Santa Cruz and the Peer Group.

Chart 3: Repairs and Maintenance Expense Per Customer (2008 Annual Report)

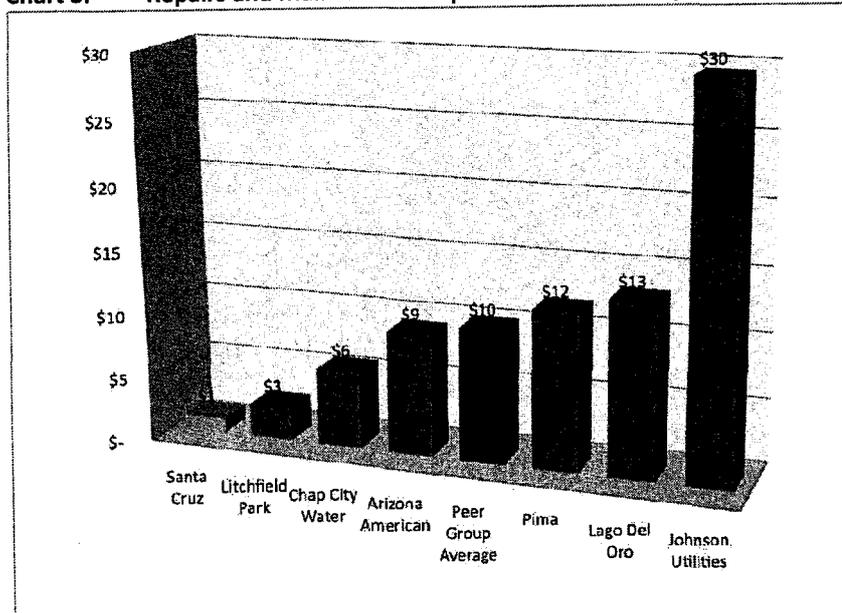
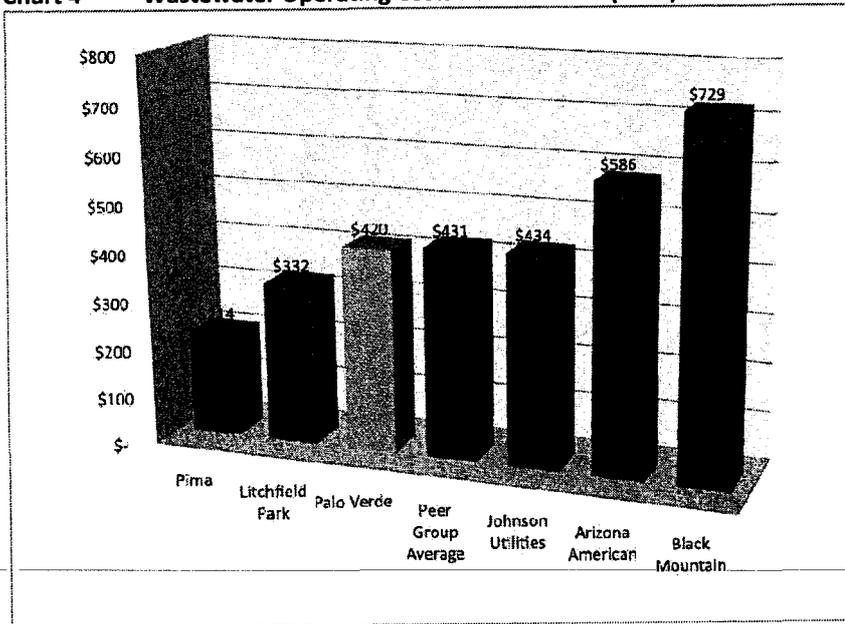


Chart 3 clearly shows that Santa Cruz's maintenance expenses are dramatically lower than its peers. While it is true that this may partially be attributable to Santa Cruz's relative youth, it is still quite impressive.

Turning to the wastewater industry, Chart 4 below shows Palo Verde's total operating costs relative to a peer group of other large wastewater operations.

Chart 4 Wastewater Operating Costs Per Customer (2008)



While not as dramatic as on the water side, Palo Verde's operating costs are below the average of the peer group. These results are all the more impressive when we consider that Palo Verde provides recycled water on a *distributed* basis. This is in contrast to the other wastewater companies that produce recycled water but do not distribute it to any significant degree, except perhaps to a few select customers. So Palo Verde is able to keep its operating expenses low relative to the peer group even though it provides this significant additional service.

The above charts are a few examples demonstrating how Global's unique management and approach to utility infrastructure and operations garners great efficiency and conservation benefits.

Global Water greatly values its relationship with the City of Maricopa. I hope this correspondence is helpful in your understanding of our case, and your role in it.

Should you have any questions, please feel free to contact me at 602-653-5923 (mobile) or at 520-233-2910 (office).

Sincerely,

GLOBAL WATER – SANTA CRUZ WATER COMPANY
GLOBAL WATER – PALO VERDE UTILITIES COMPANY

Ed Borromeo

2009.11.23

Ed Borromeo
General Manager – Maricopa / Casa Grande Region

12:02:39 -07'00'

cc: Kevin Evans, City Manager

Enclosure: Letter from USPS

ARIZONA DISTRICT



September 21, 2009

Mr. Ed Borromeo, General Manager
Global Water – Santa Cruz Water Company
Global Water – Palo Verde Utilities Company
21410 N. 19th Avenue, Suite 201
Phoenix, AZ 85027-2758

RE: Article About Global Water in *The Communicator*, issue August 19 – September 1 2009

Dear Mr. Borromeo:

This letter is to set the record straight that information regarding alleged problems with the delivery of Global Water bills referenced in the August 19, 2009 edition of Maricopa's *The Communicator* newspaper was inaccurate.

Specifically, the article stated that Global Water printed incorrect barcodes on bills, implying that was a cause of delayed delivery of those bills. Additionally, it was stated by a Post Office supervisor that it "took a while to get Global Water to correct the miscoding".

These statements are inaccurate. I am unaware of any issues at any time regarding the barcodes printed on Global Water bills or notices. I am also unaware of any issues involving the Postal Service's handling of the bills that would validate any reports of delays in delivery of Global Water's mailings.

Please accept my apologies that this incorrect information appeared in the local newspaper, and for any inconvenience it may have caused.

Sincerely,

A handwritten signature in black ink, appearing to read "David W. Galbraith".

David W. Galbraith
Postmaster, Maricopa Post Office

cc: Manager, Post Office Operations – Arizona District

Carmelle Rodriguez

From: Carmelle Rodriguez
Sent: Tuesday, November 24, 2009 11:10 AM
To: 'kevin.evans@maricopa-az.gov'
Subject: Global Water Public Service Announcement
Attachments: PSA - GW Rate Case - 24 Nov 2009_FINAL.pdf; image001.png

Kevin, Ed gave me your name as the contact for communications issues in the absence of the PIO. Do you have a contact you would like me to send these notices to or continue sending to you?

Attached is the PSA that Council requested of Ed about a month ago. Please let me know who I should distribute communications to in the future.

Thank you,
Carmelle



Carmelle Rodriguez Phn 623.580.9600 x124
Director of Human Capital and Communications Fax 623.518.4014
carmelle.rodriguez@gwresources.com Cell 602.689.9326

Global Water
21410 N. 19th Avenue, Suite 201, Phoenix, AZ 85027
www.gwresources.com

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Please consider the environment before printing this email.

Public Service Announcement

November 24, 2009

Global Water has made application to increase utility rates in several of our service areas.

In Arizona, the Arizona Corporation Commission (ACC) is the regulatory agency with jurisdiction over private water and wastewater companies' rates and services. Privately-owned utility providers are not under the jurisdiction of the municipalities within which they serve, but rather are regulated by the ACC. The ACC does not regulate municipal utilities. The reasons for this are that privately-owned utility service areas do not directly align with municipal boundaries. As such, it is very common for private water and wastewater entities to serve within several municipal jurisdictions.

Under the Arizona Constitution, the ACC has jurisdiction over the quality of service and rates charged by private utilities. Under our Constitution, utility rates are determined on the basis of several factors, including operating costs and the financial costs of infrastructure.

Decision Process

When a utility applies for a rate increase, several steps are taken. Testimony is submitted by the company, by the Commission's staff, and by any other parties that intervene in the case. A public hearing is then held, presided over by an Administrative Law Judge. The judge considers the facts as presented in the testimony and prepares a Recommended Opinion and Order (ROO) which is the Judge's recommended decision for the Commission to consider. The Commission considers the ROO at an Open Meeting, and may accept, modify or reject any or all recommendations.

All rate changes require approval of the Commission in an Open Meeting. The Commissioners have the ultimate responsibility for final decisions on granting or denying rate adjustments.

Consumer Interests

In Arizona, the Residential Utility Consumer Office (RUCO) represents customers' interests in all major rate proceedings. RUCO has expert lawyers and accountants who review filings and intervene in proceedings to provide a balanced view between the ACC, the Utility and Consumers. You can get more information about RUCO from their website: www.azruco.gov.

Learn More about Global Water's Rate Case from the following:

Global Water Resources

Website: <http://www.gwresources.com/rate-case.php>

Email: ratecase@gwresources.com

Residential Utility Consumer Office

Website: <http://www.azruco.gov/>

Phone: 602.364.4835

Arizona Corporation Commission

Website: <http://www.cc.state.az.us/default.asp>

Consumer Services:

- Within Metro Phoenix – 602.542.4251
- Within Metro Tucson – 520.628.6550

For more information, contact:

Paul Walker

Public Relations for

Global Water Resources

602-703-4205



www.gwresources.com

Written public comments may be submitted to:

Arizona Corporation Commission

Consumer Services Section

1200 West Washington

Phoenix, AZ 85007

Or for a form and instructions on how to email comments,

http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf.

All correspondence must reference all of the following Docket Nos.:

SW-20445A-09-0077;

W-02451A-09-0078;

W-01732A-09-0079;

W-20446A-09-0080;

W-02450A-09-0081;

W-01212A-09-0082.

For more information, contact:

Paul Walker

Public Relations for

Global Water Resources

602-703-4205



www.gwresources.com