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AZ CORP COMMISSION  
DOCKET CONTROL

- 1 COMMISSIONERS
- 2 Kristin K. Mayes – Chairman
- 3 Gary Pierce
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- 5 Sandra D. Kennedy
- 6 Bob Stump

**BEFORE THE ARIZONA CORPORATION COMMISSION**

8 IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, FOR AN  
 9 EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY. AT CASA  
 10 GRANDE, PINAL COUNTY, ARIZONA

DOCKET NO. W-01445A-06-0199

11 IN THE MATTER OF THE APPLICATION OF PALO VERDE UTILITIES COMPANY FOR AN  
 12 EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY.

DOCKET NO. SW-03575A-05-0926

13 IN THE MATTER OF THE APPLICATION OF SANTA CRUZ WATER COMPANY FOR AN  
 14 EXTENSION OF ITS CERTIFICATE OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND  
 15 NECESSITY.

DOCKET NO. W-03576A-05-0926

16 IN THE MATTER OF THE APPLICATION OF PALO VERDE UTILITIES COMPANY FOR AN  
 17 EXTENSION OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY.

DOCKET NO. SW-03575A-07-0300

18 IN THE MATTER OF THE APPLICATION OF SANTA CRUZ WATER COMPANY FOR AN  
 19 EXTENSION OF ITS CERTIFICATE OF ITS EXISTING CERTIFICATE OF CONVENIENCE AND  
 20 NECESSITY.

DOCKET NO. W-03576A-07-0300

21 ARIZONA WATER COMPANY, AN ARIZONA CORPORATION,  
 22 COMPLAINANT,  
 23 VS.

DOCKET NO. W-01445A-06-0200  
 DOCKET NO. SW-20445A-06-0200  
 DOCKET NO. W-20446A-06-0200  
 DOCKET NO. W-03576A-06-0200  
 DOCKET NO. SW-03575A-06-0200

24 GLOBAL WATER RESOURCES, LLC, A FOREIGN LIMITED LIABILITY COMPANY;  
 25 GLOBAL WATER RESOURCES, INC., A DELAWARE CORPORATION; GLOBAL  
 26 WATER MANAGEMENT, LLC, A FOREIGN LIMITED LIABILITY COMPANY; SANTA  
 27 CRUZ WATER COMPANY, LLC, AN ARIZONA LIMITED LIABILITY CORPORATION; PALO  
 28 VERDE UTILITIES COMPANY, LLC, AN

Arizona Corporation Commission

**DOCKETED**

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DOCKETED BY

1 ARIZONA LIMITED LIABILITY  
2 CORPORATION; GLOBAL WATER – SANTA  
3 CRUZ WATER COMPANY, AN ARIZONA  
4 CORPORATION; GLOBAL WATER – PALO  
5 VERDE UTILITIES COMPANY, AN ARIZONA  
6 CORPORATION; JOHN AND JANE DOES 1-20;  
7 ABC ENTITIES I-XX,

8 RESPONDENTS.

9 IN THE MATTER OF THE JOINT  
10 APPLICATION OF CP WATER COMPANY  
11 AND FRANCISCO GRANDE UTILITIES  
12 COMPANY TO TRANSFER THEIR  
13 CERTIFICATES OF CONVENIENCE AND  
14 NECESSITY AND ASSETS TO PALO VERDE  
15 UTILITIES COMPANY AND SANTA CRUZ  
16 WATER COMPANY.

DOCKET NO. WS-01775A-07-0485  
DOCKET NO. SW-03575A-07-0485  
DOCKET NO. W-02442A-07-0485  
DOCKET NO. W-03576A-07-0485

**RESPONSE TO MAY 11, 2010 LETTER  
FROM MICHAEL SAUNDERS &  
COMPANY TO JUDGE NODES**

17 Arizona Water Company (the "Company"), a party in the above-referenced Consolidated  
18 Proceedings, files this response (per A.A.C. R14-3-313 D.3) to a May 11, 2010 letter to Judge  
19 Dwight Nodes from Michael Saunders, the sale of whose stock in Francisco Grande Utilities  
20 Company ("Francisco Grande"), also a party, prompts the application for Commission approval to  
21 transfer the Francisco Grande CCNs in this case. A copy of that letter is Attachment A hereto (the  
22 "Saunders Letter").

23 The Consolidated Proceedings were the culmination of several applications for certificates  
24 of convenience and necessity ("CCNs"), a formal complaint, and an application for approval of the  
25 transfer of certain CCNs and related assets held and owned by Francisco Grande to Global Water –  
26 Santa Cruz Water Company, and Global Water – Palo Verde Utilities Company ("Global"). The  
27 hearings, which concluded in June 2009, took place after intensive settlement discussions between  
28 the Company and Global resulted in the Company and Global entering into a comprehensive  
Settlement Agreement intended to resolve the pending issues between the parties concerning the

1 Consolidated Proceedings and related matters, including (contrary to the misleading representation  
2 in the Saunders Letter) the Company's objections to the transfer of Francisco Grande to Global.  
3 The Comprehensive Settlement Agreement involved a balancing of compromises and revisions of  
4 the parties' positions in the Consolidated Proceedings, and the careful balance of compromises and  
5 settlements were conditioned and dependent on the Commission's approval of all elements of the  
6 Settlement Agreement which are subject to Commission approval.  
7

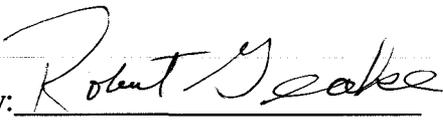
8  
9 Among the terms of the Settlement Agreement was the Company's willingness to withdraw  
10 its opposition to the transfer of the Francisco Grande CCNs to Global if, for example, the realigned  
11 boundaries between the Company and Global are approved. At no time during the hearings or the  
12 briefing did Saunders or Francisco Grande ever oppose the Settlement Agreement or object to any  
13 part of it.  
14

15 Yet, the Saunders Letter now urges the Commission to issue a separate order approving the  
16 transfer of the Francisco Grande CCNs to Global. The letter erroneously (see page 2 thereof)  
17 characterizes the transfer as "uncontested". As noted above, the Company objected to the transfer  
18 and the Company's willingness to withdraw its objection was conditioned upon the Commission's  
19 approval of the other elements of the Settlement Agreement. See Section 4.c of the Settlement  
20 Agreement. The Saunders Letter is not only an inappropriate ex parte communication, but it  
21 conflicts with the moving parties' (including Francisco Grande's) support for approval of the  
22 Settlement Agreement. Furthermore, the Saunders Letter would undermine the efforts of the  
23 parties and the Staff to bring the Consolidated Proceedings to a conclusion in a way that will be  
24 most beneficial to the public interest.  
25  
26  
27  
28

1 The Saunders Letter is a wholly inappropriate ex parte communication, and it seeks a result  
2 that directly conflicts with the record in this case and positions taken by the parties, including  
3 Francisco Grande. For those reasons, Judge Nodes and the Commission should disregard the Letter  
4 and take no other action concerning it.

5 RESPECTFULLY SUBMITTED this 2<sup>nd</sup> day of June, 2010.

6 **ARIZONA WATER COMPANY**

7  
8  
9 By: 

10 Robert W. Geake  
11 Vice President and General Counsel  
12 ARIZONA WATER COMPANY  
13 Post Office Box 29006  
14 Phoenix, Arizona 85038-9006

15 and

16 Steven A. Hirsch  
17 Rodney W. Ott  
18 BRYAN CAVE LLP  
19 Two North Central Avenue, Ste. 2200  
20 Phoenix, Arizona 85004-4406  
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1 Original and twenty-one (21) copies of the foregoing filed this 2<sup>nd</sup> day of June, 2010 with:

2 Docket Control Division  
3 Arizona Corporation Commission  
4 1200 West Washington Street  
5 Phoenix, Arizona 85007

6 A copy of the foregoing was hand-delivered this 2<sup>nd</sup> day of June, 2010 with:

7 Dwight D. Nodes, Esq.  
8 Assistant Chief Administrative Law Judge  
9 Hearing Division  
10 Arizona Corporation Commission  
11 1200 West Washington Street  
12 Phoenix, Arizona 85007

13 Janice Alward, Esq.  
14 Chief Counsel, Legal Division  
15 Arizona Corporation Commission  
16 1200 West Washington Street  
17 Phoenix, Arizona 85007

18 Steve Olea  
19 Director, Utilities Division  
20 Arizona Corporation Commission  
21 1200 West Washington Street  
22 Phoenix, Arizona 85007

23 A copy of the foregoing was mailed this 2<sup>nd</sup> day of June, 2010 with:

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Michael Saunders & Company  
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By: *Robert Seake*

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**Michael Saunders & Company.**  
Licensed Real Estate Broker

May 11, 2010

Honorable Dwight Nodes  
Assistant Chief Administrative Law Judge  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

Re: In the matter of the application of CP Water Company and Francisco Grande Utilities Company to transfer their Certificates of Convenience and Necessity and assets to Palo Verde Utilities Company and Santa Cruz Water Company; Docket No. WS-01775A-07-0485

Dear Judge Nodes:

I am writing about Global Water's pending request for approval for transfer of Francisco Grande's CC&Ns. *See* the above docket.

I am the former sole shareholder of Francisco Grande Utilities Company. As noted in Commission filings, I sold my Francisco Grande stock to Global Water in December 2006. Under the terms of the parties' stock purchase agreement, Global must pay me for the stock after the Commission approves the transfer of the Francisco Grande CC&Ns. Because the Commission has not yet done so, Global has not yet paid me for the stock.

I respectfully request that the Commission rule on Global's application as soon as possible. The application is fully briefed and is ripe for decision. No party has objected to the transfer and Commission staff has recommended approval. *See* Global Utilities' Post-Hearing Brief (filed August 3, 2009).

The need for a prompt ruling is particularly acute given the terms of the Global stock purchase agreement. The agreement provides that the Francisco Grande stock purchase transaction will be unwound if the Commission does not approve the CC&N transfer within thirty-six months of the initiation of this action---a time period that we assumed would be more than sufficient for the Commission to render a decision. The thirty-six month timeframe is due to expire in August of this year, and Global has indicated that it will not agree to an extension. Thus, if the Commission does not act promptly, the 2006 stock purchase transaction will be unwound, and Global must return the stock to me.

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

I also understand that the unwinding of the stock purchase transaction may have an impact on other related matters that are before the Commission, as part of the consolidated docket.

Global's application for transfer of the CC&Ns has been consolidated with additional dockets relating to Global and its affiliates, as well as Arizona Water Company. In order to streamline this process, I request that the Commission promptly issue a separate order approving the (uncontested) transfer of the Francisco Grande CC&Ns.

Thank you for your consideration of this request.

Respectfully,

A handwritten signature in black ink that reads "Michael Saunders". The signature is written in a cursive, slightly slanted style.

Michael Saunders

cc: Counsel of record

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