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COMMISSIONERS

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

- Kristin K. Mayes - Chairman
- Gary Pierce
- Paul Newman
- Sandra D. Kennedy
- Bob Stump

BEFORE THE ARIZONA CORPORATION COMMISSION

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

DOCKET NO. W-01445A-06-0199

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

DOCKET NO. SW-03575A-05-0926

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

DOCKET NO. W-03576A-05-0926

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

DOCKET NO. SW-03575A-07-0300

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

DOCKET NO. W-03576A-07-0300

Arizona Corporation Commission
DOCKETED

DEC 30 2010

DOCKETED BY

Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406
(602) 364-7000

1 ARIZONA WATER COMPANY, AN
2 ARIZONA CORPORATION,
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4 COMPLAINANT,
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6 VS.
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8 GLOBAL WATER RESOURCES, LLC, A
9 FOREIGN LIMITED LIABILITY
10 COMPANY; GLOBAL WATER
11 RESOURCES, INC., A DELAWARE
12 CORPORATION; GLOBAL WATER
13 MANAGEMENT, LLC, A FOREIGN
14 LIMITED LIABILITY COMPANY; SANTA
15 CRUZ WATER COMPANY, LLC, AN
16 ARIZONA LIMITED LIABILITY
17 CORPORATION; PALO VERDE UTILITIES
18 COMPANY, LLC, AN ARIZONA LIMITED
19 LIABILITY CORPORATION; GLOBAL
20 WATER – SANTA CRUZ WATER
21 COMPANY, AN ARIZONA
22 CORPORATION; GLOBAL WATER –
23 PALO VERDE UTILITIES COMPANY, AN
24 ARIZONA CORPORATION; JOHN AND
25 JANE DOES 1-20; ABC ENTITIES I-XX,
26
27 RESPONDENTS.

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

18 IN THE MATTER OF THE JOINT
19 APPLICATION OF CP WATER COMPANY
20 AND FRANCISCO GRANDE UTILITIES
21 COMPANY TO TRANSFER THEIR
22 CERTIFICATES OF CONVENIENCE AND
23 NECESSITY AND ASSETS TO PALO
24 VERDE UTILITIES COMPANY AND
25 SANTA CRUZ WATER COMPANY.

DOCKET NO. ~~W~~01775A-07-0485
DOCKET NO. SW-03575A-07-0485
DOCKET NO. W-~~20~~442A-07-0485
DOCKET NO. W-03576A-07-0485

**ARIZONA WATER COMPANY'S AND GLOBAL'S REQUEST FOR AN
EXTENSION OF TIME TO FILE EXCEPTIONS TO RECOMMENDED OPINION
AND ORDER AND REQUEST FOR ACCELERATED CONSIDERATION**

1 Arizona Water Company and Global¹ jointly move the Arizona Corporation
2 Commission ("Commission") for an extension of the January 3, 2011 deadline to file
3 exceptions in conjunction with the December 22, 2010 notice of issuance of the
4 Recommended Opinion and Order ("ROO") in these consolidated matters.² Arizona Water
5 Company and Global jointly request an extension of the deadline to file exceptions to
6 February 21, 2011, and request that the Commission set these matters for consideration at
7 the Commission's regularly-scheduled March 2011 Open Meeting on utility matters.

8 Additionally, Arizona Water Company and Global move for accelerated
9 consideration of this request since the present exception deadline is this coming Monday,
10 January 3, 2011.

11 As the Commission is aware, the first of these consolidated matters -- Global's
12 request for an extension of its Certificate of Convenience and Necessity ("CCN") -- was
13 filed on December 28, 2005. Arizona Water Company filed a formal complaint against
14 Global, as well as its own request for an extension of its CCN, on March 29, 2006. After
15 extensive proceedings, the parties ultimately docketed a notice of settlement on May 16,
16 2008. The various matters were consolidated before Administrative Law Judge Dwight
17 Nodes in August 2008, and two days of hearings took place in June 2009. Post-hearing
18 briefing was completed in August 2009. Administrative Law Judge Yvette B. Kinsey issued
19 her 50-page ROO on December 22, 2010.

20 Counsel for the parties did not receive the ROO until December 23, 2010, the day
21 before many counsel's offices closed for Christmas. However, the Commission directed that
22 exceptions be filed on January 3, 2011, twelve days after the ROO was issued and only 11
23

24 ¹ "Global" refers to Global-Santa Cruz Water Company, Global-Palo Verde Utilities,
25 Global Water Resources, LLC, and various the Global-affiliated parties in this
consolidated matter.

26 ² Counsel for Arizona Water Company contacted counsel for Staff about this request
27 for an extension, and Staff has indicated that it does not oppose an extension of the
28 deadline to file exceptions.

1 days after the ROO was received by counsel. This time period for the filing of exceptions
2 includes two weekends and two legal holidays, Christmas and New Years Day. Although
3 the time period includes twelve calendar days, counsel's office is open only five of those
4 days.

5 As the Commission is aware, this is an extremely complex matter involving seven
6 separate consolidated dockets , 88 square miles of land, twenty years' of service history, and
7 significant issues of public policy, antitrust law, water management, and utility planning.
8 After years of litigation, Arizona Water Company and Global entered into a settlement
9 agreement for which they sought Commission approval. Following two days of hearings on
10 that request and lengthy post-hearing briefing by Arizona Water Company, Global and the
11 Staff, the hearing division considered this matter for approximately sixteen months before
12 issuing a 50-page ROO.

13 Because of their settlement and the complexity of the issues and the correlation
14 between many of these issues, Arizona Water Company and Global will seek to consult and
15 coordinate on their response to the ROO and may file joint exceptions. All of these
16 considerations militate in favor of granting an extension of the deadline to file exceptions.
17 Moreover, if yet another consideration in favor of an extension were needed, Arizona Water
18 Company is filing a rate case this week, and its resources have been focused on that effort.

19 A continuance to the open meeting to be held before the Arizona Corporation
20 Commission on March 1 and 2 is also necessary because the final disposition of one of the
21 consolidated matters, Docket No. WS-017758-070485; W-02442A-07-0486; W-03576A-07-
22 0485, will be materially effected by an arbitration proceeding ("Arbitration") pending before
23 a three-member panel of the American Arbitration Association ("AAA") which is scheduled
24 to be held on January 27, 28, 31 and February 1 and 2, 2011.

25 The Arbitration involves the continued existence of an agreement providing for the
26 transfer of Francisco Grande Utilities Company's CC&N's to Global Water's affiliates, Palo
27 Verde Utilities Company ("Verde Valley") and Santa Cruz Water Company ("Santa Cruz")
28 as set forth in the above-noted dockets. By way of background, the owner of Francisco

1 Grande Company ("Francisco Grande"), Michael Saunders ("Saunders") entered into a
2 Stock Purchase Agreement ("Agreement") with Global in December 2006 whereby Global,
3 through its affiliates, Palo Verde and Santa Cruz would acquire the CC&N's held by
4 Francisco Grande subject to certain conditions. Pursuant to the Agreement, ACC approval
5 had to be obtained by August 20, 2010, or the Agreement expired by its terms. It is Global's
6 position in the Arbitration that the Agreement has expired and, therefore, the CC&N transfer
7 should not take place because ACC final approval was not obtained prior to the August 20,
8 2010 deadline. Saunders has taken the position in the Arbitration that the contractual
9 deadline has not expired and that Global failed to diligently pursue the application for the
10 transfer of the CC&N's to Global or its affiliates as required under the terms of the
11 Agreement. The Arbitration was filed by Saunders on or about August 19, 2010. Pursuant
12 to the parties' stipulation, deadlines have been established by the arbitration panel including
13 the setting of the arbitration dates as set forth in the scheduling order attached hereto as
14 Exhibit A (order signed Dec. 3, 2010; in typographical error, hearing dates are set for
15 January and February **2010**, actually 2011).

16 Further, Global and Saunders agreed in the Stock Purchase Agreement dated
17 December 30, 2006, that all disputes relating to the Agreement would be determined by a
18 AAA arbitration panel. Accordingly, the Arbitration is the only venue which can make a
19 determination whether the Agreement between Saunders and Global regarding the transfer
20 of Francisco Grande's CC&N's remains in effect or has expired by its own terms.

21 The Arbitration must be completed prior to the final ACC hearing on the above-noted
22 docket numbers. If Global prevails in the Arbitration, then it would have no obligation to
23 purchase Francisco Grande's CC&N's, and accordingly, Global would withdraw its
24 application to transfer those CC&N's. In that case, the CC&N's would remain with
25 Francisco Grande under Saunders' control and the stock of Francisco Grande, which is held
26 in trust, would revert back to Saunders.

1 If, on the other hand, Saunders prevails in the Arbitration, the administrative law
2 judge's determination as set forth in the ROO could be presented to the ACC for final
3 approval. If the ROO is then adopted by the ACC, the transfer could be completed.

4 Clearly, the final determination of the transfer application relating to Francisco
5 Grande's transfer of its CC&N's is dependent upon the ruling to be made by the arbitration
6 panel. Because the Arbitration will be held in late January and early February of 2011, the
7 final determination on that portion of the ROO cannot be completed until completion of the
8 Arbitration. This additional reason justifies a continuance of this matter until the ACC's
9 open meeting on March 1 and 2nd of 2011.

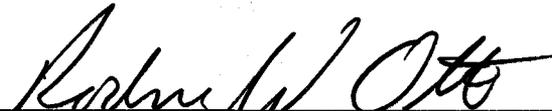
10 Based on these considerations, Arizona Water Company and Global request that the
11 Commission grant an extension of the date to file exceptions until February 21, 2011.
12 Granting an extension to that date will allow a reasoned consideration of exceptions by the
13 parties (and perhaps a joint filing of exceptions) without any further delay of this matter. In
14 conformance with extending the deadline for the filing of exceptions until February 21,
15 2011, the parties request that the Commission set this matter for its regularly-scheduled
16 utilities meeting in March 2011.

17 CONCLUSION

18 For the foregoing reasons, the Commission should grant the request by Arizona
19 Water Company and Global for an extension of the time to file exceptions to the ROO until
20 February 21, 2011.

21
22 RESPECTFULLY SUBMITTED this 30th day of December, 2010.

23 BRYAN CAVE LLP

24
25 By 

26 Steven A. Hirsch, #006360

Rodney W. Ott, #016686

27 Two N. Central Avenue, Suite 2200

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28 Attorneys for Arizona Water Company

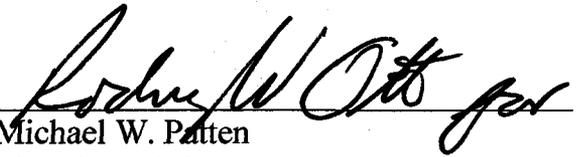
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and

Robert W. Geake
Vice President and General Counsel
ARIZONA WATER COMPANY
P. O. Box 29006
Phoenix, AZ 85038-9006

ROSKA DeWULF & PATTEN

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ORIGINAL and 13 COPIES of the foregoing
filed this 30th day of December, 2010 with:

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COPY of the foregoing hand-delivered
this 30th day of December, 2010 to:

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Administrative Law Judge
Hearing Division
Arizona Corporation Commission
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Steven M. Olea
Director, Utilities Division
Arizona Corporation Commission
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Phoenix, AZ 85007

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2 Chief Counsel, Legal Division
3 Arizona Corporation Commission
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5 Phoenix, AZ 85007

6 **COPY** of the foregoing mailed
7 this 30th day of December, 2010 to:

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17 Hampden & Chambers LLC

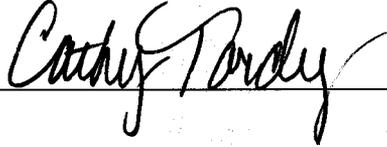
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Exhibit A

AMERICAN ARBITRATION ASSOCIATION

Commercial Arbitration Tribunal

Michael Saunders,

Claimant,

and

Global Water, Inc,

Respondent

and

Legends Property, LLC,

Intervenor/Respondent

AAA Case No. 76 198 Y 00245 10 JMLE

PRELIMINARY HEARING ORDER

A preliminary hearing was held telephonically in the above referenced matter on December 2, 2010 at 1:30 p.m. Mountain Standard Time. Claimant appeared by her attorney Andrew M. Federhar. Respondent appeared by its attorney Edwin D. Fleming. Intervenor/Respondent appeared by its attorney Michael S. Rubin. This is to confirm the stipulations, agreements, rulings and issues determined at the preliminary hearing.

1. In connection with Claimant's Motion to Set Hearing Date ("Motion"), Respondent, by its attorney, advised that, with respect to that certain Letter of Credit which is the subject of the Motion, the Bank did not give notice of election not to renew within the time required, and therefore it is Respondent's understanding that

the Letter of Credit will automatically renew for another year. Respondent, by its attorney, also advised that Respondent would take no action to seek or cause the Letter of Credit to be terminated prior to the conclusion of this arbitration. As a result of the foregoing, Claimant withdrew the Motion and agreed that the hearing need not be concluded on or before December 31, 2010.

2. On or before December 20, 2010, each party shall serve upon the other a list of witness, exhibits and other documents in substantial compliance with the requirements of Rule 26.1 (a) (3), (6), (8) and (9), Arizona Rules of Civil Procedure, and shall simultaneously produce, or make available for inspection and copying, all documents identified therein. The duty to disclose witnesses and documents shall be a continuing duty, and additional or amended disclosures shall be made seasonably, and in no event later than 5 days after the identity of an additional witness or document is determined by the disclosing party.

3. On or before December 29, 2010, each party shall deliver to the other all expert witness reports of any experts intended to be used by each party during the arbitration hearing.

4. On or before January 10, 2010, each party shall deliver to the other all rebuttal expert witness reports of any rebuttal experts intended to be used by each party during the arbitration hearing.

5. The parties have agreed that no discovery depositions will be taken except of expert witnesses, and that the parties shall each be entitled to depose any expert witnesses.

6. The parties, by and through their counsel, shall cooperate with each other and attempt in good faith to resolve all further discovery matters, keeping in mind the discovery limitations contained in Section 6.2 of their Stock Purchase Agreement. Any discovery matters not resolved by the parties, by and through their counsel, shall be submitted promptly to the Arbitrators by motion, but in no event later than January 14, 2010, and, except as might result from an order of the Arbitrators upon a pending discovery motion, or by order of the Arbitrators for good cause shown, or by stipulation of the parties, all discovery shall be deemed closed at the close of business on January 14, 2010. Any party receiving a discovery motion may file a response, in writing, within five (5) days thereafter, after which, the dispute shall be deemed submitted upon the papers unless either party has requested oral argument or the Arbitrators desire oral argument.

7. On or before January 24, 2010, counsel for all of the parties will have met, prepared, exchanged, and submitted to the Arbitrators a joint pre-hearing statement which shall contain the following:

- (a) A statement of the uncontested material facts;
- (b) A statement of the contested issues of fact and law the parties agree are material or applicable;
- (c) A separate statement by each party of other issues of fact and law that party believes are material or applicable;
- (d) A list of the fact witnesses and expert witnesses intended to be used by each party during the arbitration hearing. No

witnesses shall be used at the arbitration hearing other than those listed, except for good cause shown;

- (e) A list of the exhibits which each party intends to use at the arbitration hearing, specifying exhibits which the parties agree are admissible at the arbitration hearing, or if not in agreement, a list of the objections and the specific grounds for each objection that a party will make if the exhibit is offered at the arbitration hearing. Specific objections or grounds not listed in the pre-arbitration statement may be deemed waived at the discretion of the Arbitrators;
- (f) A statement by each party indicating any depositions intended to be offered by that party at the arbitration hearing, indicting with respect thereto the portions to be offered and the party or parties against whom they will be offered;
- (g) The parties shall certify that all exhibits listed have been exchanged or made available to all other parties for inspection and copying. No exhibits shall be used during the arbitration hearing other than those listed, except for good cause shown.

8. On or before January 24, 2010, the parties shall exchange and ✓ submit to the Arbitrators arbitration hearing memoranda, which shall include citations of and arguments regarding applicable law. Important cases and statutes relied upon shall be photocopied and attached or provided simultaneously.

9. The parties, by and through their counsel, stipulated and agreed that the combined time necessary for the hearing will be not more than five (5) days, and the hearing is set for January 27, 2010, at 9:00a.m., at the office of Arbitrator ✓ Shawn Aiken at 4742 North 24th Street, Suite 100, Phoenix, Arizona, and to continue thereafter, if necessary, on January 28, 31, February 1 and 2, 2010.

10. On the first day of the hearing, the parties shall bring to the hearing four duplicate exhibit books (in addition to their own copies of the exhibit books), with all proposed exhibits pre-marked, numbered and tabbed, one for use by the witnesses and one for use by each of the Arbitrators. All exhibits being relied upon by more than one party shall be given a single number, so that there are no duplicate exhibits having different exhibit numbers.

11. The parties, by and through their counsel, discussed and agreed to adopt the Accelerated Exchange Program. Whenever documents or information are required by this Preliminary Hearing Order to be exchanged between counsel for the parties, they may be exchanged by any means of delivery agreeable to counsel, and the dates for doing so shall mean the documents or information are to be received on or before those dates unless the parties agree otherwise. Whenever documents or information are required to be submitted to the Arbitrators, they shall be delivered to counsel for each other party and the Arbitrators, all by the same means of transmission, with a copy to the Case Administrator at the office of the American Arbitration Association in Fresno, California, and the dates for doing so shall mean the documents or information are to be received by the Arbitrators on or before those dates. The parties shall not file with the American Arbitration Association or serve upon the

Arbitrators any discovery requests or responses to discovery requests unless they are the subject of a discovery motion or other motion requiring a ruling by the Arbitrators, except all witness disclosures shall also be served upon the Arbitrators to enable the Arbitrators to fulfill their continuing obligations regarding conflict disclosures.

Notwithstanding anything to the contrary herein, the parties shall not transmit documents consisting of more than 20 pages to the Arbitrators by facsimile or email, unless requiring immediate (same day) attention by the Arbitrators. All other documents requiring attention of the Arbitrators shall be hand delivered or transmitted by overnight carrier if requiring prompt attention, or may be transmitted by hand delivery, overnight carrier or regular mail if not requiring prompt attention.

12. Upon stipulation of the parties by their attorneys, a second Preliminary Hearing and status conference shall be held telephonically, on January 11, 2010 at 12:30 p.m. Mountain Standard Time. The Case Administrator will arrange for the conference call.

13. Upon stipulation of the parties, by and through their counsel, all orders of the Panel, except the Final Award and any Interim Awards, after concurrence by the Panel, may be executed by the Panel Chair, only, on behalf of the Panel.

14. Upon stipulation of the parties, by and through their counsel, all discovery disputes may be heard and resolved by the Panel Chair, only, unless a determination by the whole Panel is requested in writing in the discovery motion or response to the discovery motion, or upon the determination of the Panel Chair that the discovery dispute shall be heard and resolved by the whole Panel. If the Panel Chair is unavailable, discovery disputes may be heard and resolved by any other Panel

member. All discovery motions, responses and replies, however, shall be delivered to all members of the Panel.

15. Notwithstanding the requirement of Section 6.2(i) for findings of fact and conclusions of law, the parties, by and through their counsel, stipulated and agreed to a reasoned award in lieu of findings of fact and conclusions of law.

16. You will receive a formal notice of the second Preliminary Hearing, and the arbitration hearing from the American Arbitration Association Case Administrator, and such other administrative notices and communications as the Case Administrator deems necessary or appropriate.

DATED: December 3, 2010



Sherman D. Fogel
Panel Chair