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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

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FEB 16 2011

COMMISSIONERS

GARY PIERCE, Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

2011 FEB 16 P 4: 14

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, TO EXEND ITS EXISTING CERTIFICATE OF CONVENIENCE AND NECESSITY IN THE CITY OF CASA GRANDE AND IN 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 FO 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 WATER COMPANY, AN ARIZONA CORPORATION,

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

COMPLAINANT,

VS.

GLOBAL WATER RESOURCES, LLC, A FOREIGN LIMITED LIABILITY COMPANY;  
GLOBAL WATER RESOURCES, INC., A DELAWARE CORPORATION; GLOBAL WATER MANAGEMENT, LLC, A FOREIGN

**Global Utilities'  
Motion to Withdraw  
the Francisco Grande  
Transfer Application**

**ROSHKA DEWULF & PATTEN, PLC**  
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LIMITED LIABILITY COMPANY; SANTA CRUZ WATER COMPANY, LLC, AN ARIZONA LIMITED LIABILITY CORPORATION; PALO VERDE UTILITIES COMPANY, LLC, AN ARIZONA LIMITED LIABILITY CORPORATION; GLOBAL WATER – PALO VERDE UTILITIES COMPANY, AN ARIZONA CORPORATION; JOHN AND JANE DOES I-20; ABC ENTITIES I-XX,  
  
RESPONDENTS.

IN THE MATTER OF THE JOINT 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  
Docket No. SW-03575A-07-0485  
Docket No. W-02442A-07-0485  
Docket No. W-03576A-07-0485

**Global Utilities’  
Motion to Withdraw  
the Francisco Grande  
Transfer Application**

Global Water – Palo Verde Utilities Company (“Palo Verde”), Global Water – Santa Cruz Water Company (“Santa Cruz”) and CP Water Company (collectively, the “Global Utilities”)<sup>1</sup>, respectfully move to withdraw the application to transfer the assets and CC&Ns of Francisco Grande Utility Company (“Francisco Grande”) because the Francisco Grande stock purchase agreement (“SPA”) dated December 31, 2006 has terminated.

Global Water, Inc. purchased the stock of Francisco Grande pursuant to the SPA. New stock certificates were issued for Global, but the shares and the purchase price were held in escrow pending regulatory approvals, subject to a deadline. The deadline expired on August 19, 2010. Under the SPA, ownership of Francisco Grande’s stock reverted to the prior owner at that time.

<sup>1</sup> Where the context requires, “Santa Cruz”, “Palo Verde” and the “Global Utilities” also include “Santa Cruz Water Company, LLC” and “Palo Verde Utilities Company, LLC”, predecessor companies. See Decision No. 69920 (Sept. 27, 2007) (approving transfer with retroactive date of January 1, 2006).

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1 The prior owner contested the reversion, and the parties arbitrated their dispute before the  
2 American Arbitration Association, as required by the SPA. The Arbitration Panel of three highly  
3 experienced and respected attorneys entered an award on February 7, 2011, finding entirely in  
4 favor of Global Water, Inc. (Attached as Exhibit A). The award specifically ordered that the  
5 escrow was terminated and that the shares must be returned to the former owner.

6 Because Francisco Grande is no longer a Global affiliate and the stock is to revert to the  
7 prior owner as a result of the arbitration, it would not be appropriate to transfer its assets to the  
8 Global Utilities. Accordingly, the Global Utilities move that the Francisco Grande transfer  
9 application be withdrawn. The portion of the docket concerning the CP Water Company transfer  
10 is not affected, and the Global Utilities continue to request that the CP transfer be approved.

11  
12 RESPECTFULLY SUBMITTED this 16<sup>th</sup> day of February, 2011.

13 ROSHKA DEWULF & PATTEN, PLC

14  
15 By   
16 Michael W. Patten  
17 Timothy J. Sabo  
18 One Arizona Center  
19 400 East Van Buren Street, Suite 800  
20 Phoenix, Arizona 85004

21  
22 Original + 13 copies of the foregoing  
23 filed this 16<sup>th</sup> day of February 2011 with:

24 Docket Control  
25 ARIZONA CORPORATION COMMISSION  
26 1200 West Washington  
27 Phoenix, Arizona 85007

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1 Copies of the foregoing hand-delivered/mailed  
this 16<sup>th</sup> day of February 2011 to:

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27 Mayor Chuck Walton  
City of Casa Grande  
510 East Florence Boulevard  
Casa Grande, AZ 85222



# 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

**INTERIM AWARD**

We, THE UNDERSIGNED ARBITRATORS, having been designated in accordance with the arbitration agreement entered into by the above-named Claimant and Respondent and set forth in Article 6 of the Stock Purchase Agreement and Escrow Instructions dated December 30, 2006 ("SPA"), and having been duly sworn, and having heard the proofs and allegations of the parties, and the arguments of their counsel, hereby FIND as follows:

1. Intervenor/Respondent has intervened with the consent of, and upon the stipulation of, Claimant and Respondent. Although Intervenor/Respondent is not a signatory to the SPA, Intervenor/Respondent has voluntarily submitted to the jurisdiction of this arbitration proceeding.

2. Section 2.3.1 of the SPA provides that the total purchase price of \$8,000,000 shall be paid after the Arizona Corporation Commission ("ACC"):

(a) issues a Final Order determining that the water and wastewater CC&Ns previously held by the Company [Francisco Grande Utilities Company] (or any substantial portion thereof) are held by PVUC or SCWC (or any other Affiliate of Acquiror [Respondent]); [sic] or (b) grants PVUC or SCWC (or any other Affiliate of Acquiror) one or more certificates of convenience and necessity for the Existing Service Area (or any substantial portion thereof) for both water and wastewater services. If neither of the conditions set forth in (a) or (b) of this paragraph have been satisfied within twenty-four (24) months following the Closing Date and no payments have been made under Section 2.3.3 below, this Agreement will terminate, the escrow account described below will terminate, the Letter of Credit described below and any funds held by the Escrow Agent will be released to the Acquiror, and the Shares and stock powers held by the Escrow Agent will be released to the Shareholder [Claimant]; . . . .

3. Paragraph 1 of the Second Amendment to the SPA ("Second Amendment") dated August 13, 2007 provided:

The time period in which the conditions to the payment of the Purchase Price must be met pursuant to Section 2.3.1 shall be changed from "twenty-four (24) months following the Closing Date" to "thirty-six (36) months following the date Acquiror files appropriate documents with the ACC related to the CC&Ns as described in Section 4.2.1."

4. Although Claimant argued that "appropriate documents" meant documents sufficient to obtain a sufficiency letter from the ACC, Respondent established by a preponderance of the evidence that the intention of the parties was

that "appropriate documents" meant the application for transfer of the CC&Ns to PVUC or SCWC or any other Affiliate of Respondent sufficient to cause a docket to be opened at the ACC and the transfer process to have commenced.

5. Respondent, with the approval of Claimant acting by and through Claimant's attorneys as to form and content of the application, filed the transfer application with the ACC on August 20, 2007. As a result, pursuant to the Second Amendment, the time period in which the conditions to the payment of the Purchase Price must be met pursuant to Section 2.3.1 would expire 36 months later, on August 19, 2010.

6. Neither of the conditions set forth in (a) or (b) of Section 2.3.1 of the SPA were satisfied by August 19, 2010 and no payments have been made under Section 2.3.3.

7. In addition to requiring Respondent to timely file the appropriate documents with the ACC, Section 4.2.1 of the SPA provides:

Acquiror [Respondent] will diligently pursue such matters and will use all commercially reasonable efforts to obtain such approvals or grants as quickly as possible.

8. While reasonable minds might differ as to the best business judgment and course of action for Respondent to pursue in seeking ACC approval of the transfer application in the conditions and under the circumstances existing at the time, the Claimant did not establish by a preponderance of the evidence that Respondent did not diligently pursue approval of the transfer application and did not use all commercially reasonable efforts to obtain such approvals or grants as quickly as

possible under the circumstances then existing. Although Respondent did not have the burden of proof with respect thereto, Respondent established by a preponderance of the evidence, as a matter of fact and law, that it diligently pursued approval of the transfer application and used commercially reasonable efforts to do so under the circumstances then existing.

9. Claimant did not establish by a preponderance of the evidence that Respondent breached either the express provisions of the SPA or the implied covenant of good faith and fair dealing.

10. By virtue of the foregoing, as a matter of fact and law, Respondent did not breach the SPA; the deadline for satisfaction of the conditions set forth in (a) or (b) of Section 2.3.1 of the SPA has expired; the SPA is terminated; the escrow is terminated and the Escrow Agent shall return the escrowed funds and the letter of Credit to Respondent and Intervenor/Respondent in accordance with their respective interests therein and the Shares and stock powers held by the Escrow Agent to the Claimant.

Accordingly, we AWARD as follows:

A. In favor of Respondent, Global Water, Inc., and Intervenor/Respondent, Legends Property, LLC, and against Claimant, Michael Saunders, and, accordingly, determine and declare that Respondent did not breach the SPA; the deadline for satisfaction of the conditions set forth in (a) or (b) of Section 2.3.1 of the SPA has expired; the SPA is terminated; the escrow is terminated and the Escrow Agent shall return the escrowed funds and the Letter of Credit to Respondent

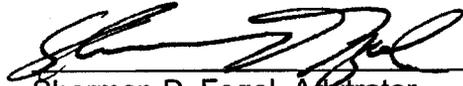
and Intervenor/Respondent in accordance with their respective interests therein and the Shares and stock powers held by the Escrow Agent to the Claimant.

B. Respondent and Intervenor/Respondent, as the prevailing parties, may be entitled to their costs of this arbitration proceeding, certain other costs and to reasonable attorneys' fees. Accordingly, Respondent and Intervenor/Respondent shall each file their application for attorneys' fees and costs within fifteen (15) days of the date of this Interim Award, and Claimant shall file any objections thereto within ten (10) days thereafter. If any objections are filed by Claimant, Respondent and Intervenor/Respondent may file Replies within five (5) days thereafter, and the issue of attorneys' fees and costs shall be deemed submitted without oral argument, unless the Arbitrators request oral argument. The hearing shall be declared closed after the time for submission of Respondent's and Intervenor/Respondent's Replies, unless no objections are filed by Claimant, in which case the hearing shall be declared closed after the expiration of the time for filing such objections.

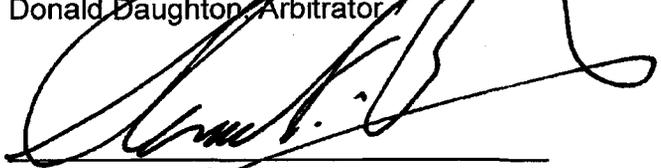
C. This Interim Award is in full settlement of all claims and counterclaims submitted to this Arbitration except the determination of Respondent's and Intervenor/Respondent's attorneys' fees and costs, if any, and the computation and assessment of the administrative fees and expenses of the American Arbitration Association and the Arbitrators' fees. This Interim Award shall remain in full force and

effect until such time as a Final Award is rendered.

DATED: February 7, 2011

  
Sherman D. Fogel, Arbitrator

  
Donald Daughton, Arbitrator

  
Shawn Aiken, Arbitrator