

# NEW APPLICATION



## BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER  
Chairman  
WILLIAM A. MUNDELL  
Commissioner  
JEFF HATCH-MILLER  
Commissioner  
MIKE GLEASON  
Commissioner  
KRISTIN K. MAYES  
Commissioner

Arizona Corporation Commission  
**DOCKETED**  
OCT 05 2004  
DOCKETED BY *CM*

RECEIVED  
 2004 OCT -5 P 2:36  
 AZ CORP COMMISSION  
 DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION )  
 OF THE RINCON WATER COMPANY, INC. ) W-01723A-04-0731  
 DOCKET NO. W-01723A-98-\_\_\_\_\_ )  
 ARIZONA CORPORATION, FOR AN ORDER )  
 AUTHORIZING THE ISSUANCE OF )  
 EVIDENCE OF INDEBTEDNESS )  
 PAYABLE OVER PERIOD OF MORE THAN )  
 TWELVE MONTHS AFTER THE DATE OF )  
 ISSUANCE )

The Rincon Water Company, (the "Company") in support of its Application states as follows:

1. The Company is a corporation duly organized and existing under the laws of the State of Arizona. Its principal place of business is HC #70 Box 3601, Sahuarita, Arizona 85629.
2. The Company is a public service corporation engaged in the business of providing water utility service in a Certificated area in Pima County, Arizona.
3. Attached hereto as Exhibit "A" and incorporated herein by reference for all purposes is a summary of the construction projects and asset acquisitions that in the opinion of management would be performed, and which are not reasonably allocable to specific customer additions so as to be funded under line extension agreements with developers. The amount of the construction is estimated to total \$136,740. Rincon Water Company has requested a debt in

the amount of \$143,000.00 from WIFA. This should allow for any additional expenses in construction that may come up. If after cost of construction there are any proceeds left, those proceeds will be used as payment of current loan from Rincon Water Trust Account. The balance of this loan is \$16,990.00 at 6% interest.

4. The proceeds will be used to construct needed replacement distribution line and improvements to Rincon Water Company, Inc. properties located within its Certificated area. The Company proposes to finance a note payable to WIFA, with interest at 2.00% over the prime rate per year, with monthly payments for a period of twenty years. The address for WIFA is 1110 West Washington, Suite 290, Phoenix, Arizona 85007. WIFA's telephone number is 602-364-1310. The fax number is 602-364-1327.
5. Approvals for the construction of all facilities to be constructed with the proceeds of this note will be sought from the appropriate agencies. The Company proposes that the Order Authorizing this financing require that all necessary approvals be conditions for the disbursement of funds by the lender.
6. Attached hereto as Exhibit "B" and incorporated herein by reference for all purposes are Balance Sheet at September 30, 2004, and the income statement of the Company for the nine months ending September 30, 2004.
7. Attached hereto as Exhibit "C" and incorporated herein by reference for all purposes is the form Resolution of the Board of Directors that authorizes the long-term indebtedness as requested in this Application.
8. Attached hereto as Exhibit "D" and incorporated herein by reference the loan amortization schedule.
9. The Company is of the opinion that the purpose to which the proceeds of this financing will be applied as set forth above are lawful, are within the corporate powers and are compatible with the public interest, with sound financial practices, and with the proper performance of the Company as a public service corporation and will not impair its ability to perform that service. The Company is further of the opinion that the issuance of the note(s) as contemplated herein is reasonably necessary and appropriate for the aforementioned purposes. To the extent that such purposes may be considered not to be reasonably chargeable to operating expenses or to income, the Company requests that they be permitted by the Commission in the Order sought hereby. The present rates of Rincon Water Company will service this debt.
10. Attached hereto as Exhibit "E" and incorporated herein by reference the WIFA Priority List Application for the DWRP Funding Cycle 2005. WIFA

requires that debt authorization from the ACC be approved before it will issue any notes for this project.

11. Attached hereto as Exhibit "F" and incorporated herein by reference a copy of the public notice which is scheduled to be published in the Arizona Territorial Newspaper on Oct. 5, 2004. A copy of the affidavit of publishing will be submitted to the ACC.

WHEREFORE, the Company requests that the Commission make such inquiry or investigation as the Commission may deem necessary; make the finding required by A.R.S. 40-301 and 40-302 relative to the purposes of issuance of indebtedness as herein discussed; and thereafter make an immediate effective Order without a hearing, authorizing the Company to issues notes and other evidence of indebtedness not to exceed \$143,000, in the manner and for the purposes herein contemplated, and approving such purposes to the extent that they may not be reasonably chargeable to operating expenses or income.

Date this 4 day of Oct 2004.

By Karen Hartwell  
Karen Hartwell,  
President  
Rincon Water Company  
HC #70 Box 3601  
Sahuarita, Arizona 857629

Original and 16 copies  
filed this \_\_\_\_ day of  
\_\_\_\_\_ 2004 with:

Docket Control  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, Arizona 85007

# TRUeline ENGINEERING

CIVIL ENGINEERING

LAND SURVEYING

Exhibit A

## RINCON WATER COMPANY WELL SITE ADDITIONS AND WATERLINE REPLACEMENT PHASE I & II: COST ESTIMATE

2K333-RWC

<u>ITEM</u>	<u>QTY</u>	<u>UNIT</u>	<u>UNIT COST</u>	<u>TOTAL</u>
Install new 6" DIP & appurtenances	1500	LF	30.67	\$46,000
Remove & dispose of exist 6" steel pipe	1500	LF	3.34	\$5,000
F&I 5,000 gal, 250 psi pressure tank:& foundation: complete	1	LS	24,000	\$24,000
F&I Air-rite compressor	1	EA	3,500	\$3,500
F&I 20-hp booster pump	1	EA	6,000	\$6,000
F&I new motor starter and on \ off switch for exist 40-hp booster pump	1	EA	2,000	\$2,000
F&I 20-hp booster pump starter & electrical gear	1	EA	6,000	\$6,000
Transfer two 1" service taps and F&I 310 LF 2" HDPE temp. service line	1	LS	2,500	\$2,500
Well site piping, valves, and all fittings	1	LS	18,950	\$18,950
SUB TOTAL				\$113,950
20% CONTINGENCIES				\$ 22,790
GRAND TOTAL				\$136,740



# Exhibit B

## Rincon Water Company Balance Sheet September 30, 2004

### ASSETS

Current Assets		
Bank One - Checking	\$	4,982.09
Construction Work in Progress		15,000.00
Franklin Fund - Money Market		336.16
Cash in Trust-Maintenance Acct		91,407.40
Accounts Receivable		4,469.19
Prepayments		2,800.50
Prepaid Withholding Tax		69.09
		119,064.43
Total Current Assets		
Property and Equipment		
Land		141,718.00
Structures & Improvements		74,437.22
A/D Structures & Improvements		<27,131.08>
Wells & Springs		30,316.00
A/D Wells & Springs		<30,316.00>
Pumping Equipment		24,992.00
A/D Pumping Equipment		<21,562.87>
A/D Water Treatment Plant		60,548.00
Dist Reservoirs/Standpipes		184,730.00
A/D Dist Reservoirs/Standpipes		<85,079.47>
Transmission & Dist Mains		852,120.00
A/D Transmission & Dist Mains		<207,005.00>
Services		31,138.00
A/D Services		<7,146.63>
Meters		9,830.86
A/D Meters		<4,963.31>
Misc Other Equipment		2,215.87
A/D Misc Other Equipment		<683.23>
Transportation Equipment		1,500.00
A/D Transportation Equipment		<388.00>
Communication Equipment		8,832.99
A/D Communication Equipment		<2,282.40>
		1,035,820.95
Total Property and Equipment		
Other Assets		
Franchises		1,549.00
		1,549.00
Total Other Assets		
Total Assets		\$ 1,156,434.38

### LIABILITIES AND CAPITAL

Current Liabilities		
Accounts Payable	\$	17,362.56
Loans Payable		11,887.77
Officer Loans to Company		3,000.00
Customer Deposits		3,120.00
Accrued Taxes		117.86
		35,488.19
Total Current Liabilities		
Long-Term Liabilities		

Unaudited - For Management Purposes Only

# Exhibit B

## Rincon Water Company Balance Sheet September 30, 2004

Cash Held in Trust-Maint Acct	109,750.29	
Advances for Construction	816,061.60	
Contrib in Aid of Construction	141,875.00	
	<hr/>	
Total Long-Term Liabilities		1,067,686.89
		<hr/>
Total Liabilities		1,103,175.08
Capital		
Common Stock	588,857.06	
Retained Earnings	<626,372.40>	
Paid-in Capital - Karen	12,500.00	
Paid in Capital - Teri	12,500.00	
Paid-in Capital - Trust	116,072.60	
Net Income	<50,297.96>	
	<hr/>	
Total Capital		53,259.30
		<hr/>
Total Liabilities & Capital	\$	1,156,434.38
		<hr/> <hr/>

Unaudited - For Management Purposes Only

# Exhibit B

Rincon Water Company  
Income Statement  
For the Nine Months Ending September 30, 2004

	Current Month		Year to Date	
Revenues				
Water Sales	\$ 4,037.45	63.52	\$ 25,252.55	77.86
Other Income	750.00	11.80	6,000.00	18.50
Interest Income	1,347.39	21.20	960.40	2.96
Dividends	221.26	3.48	221.26	0.68
Total Revenues	6,356.10	100.00	32,434.21	100.00
Cost of Sales				
Total Cost of Sales	0.00	0.00	0.00	0.00
Gross Profit	6,356.10	100.00	32,434.21	100.00
Expenses				
Sales Taxes	<89.57>	<1.41>	<170.07>	<0.52>
Interest Expense	0.00	0.00	<162.37>	<0.50>
Electrical Expense	167.77	2.64	1,396.65	4.31
Bank Charges	0.00	0.00	24.04	0.07
Materials & Supplies	0.00	0.00	72.63	0.22
Contract Services-Management	300.00	4.72	2,500.00	7.71
Professional Services	0.00	0.00	2,960.00	9.13
Certified Operator	110.00	1.73	990.00	3.05
Engineering Service	0.00	0.00	15,000.00	46.25
Road Expense	0.00	0.00	5,010.00	15.45
Testing Services	25.00	0.39	529.00	1.63
Transportation Expense	0.00	0.00	24.57	0.08
Insurance Expense	682.80	10.74	4,937.02	15.22
Shareholder Life Insurance	99.51	1.57	950.01	2.93
Regulatory Commission Expense	0.00	0.00	45.00	0.14
Misc Expenses	289.13	4.55	316.65	0.98
Licenses & Permits Exp	0.00	0.00	268.73	0.83
Office Supplies Expense	195.94	3.08	812.74	2.51
Property Tax	3,275.34	51.53	3,275.34	10.10
Repairs & Plant Maintenance	0.00	0.00	3,861.59	11.91
Telephone Expense	18.75	0.29	187.26	0.58
Depreciation Expense	39,659.88	623.97	39,659.88	122.28
Unrealized Gain	243.50	3.83	243.50	0.75
Total Expenses	44,978.05	707.64	82,732.17	255.08
Net Income	\$ <38,621.95>	<607.64>	\$ <50,297.96>	<155.08>

Exhibit C

Rincon Water Company, Inc.  
PO Box 390  
Sahuarita, Az. 85629  
Phone: 520-625-1671  
Fax: 520-625-1922

**ACTION BY THE SHAREHOLDERS AND THE  
BOARD OF DIRECTORS OF RINCON WATER COMPANY  
WITHOUT A MEETING**

The undersigned, being all of the shareholders and the Board of Directors of Rincon Water Company, Inc. an Arizona corporation, hereby agree pursuant to A.R.S. §§ 10-704 and 10-821 that the following actions be taken without a meeting of the shareholders or Board of Directors:

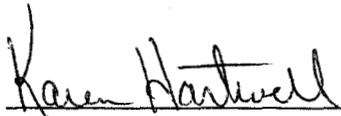
RESOLVED, that Rincon Water Company, Inc has agreed to apply to WIFA for a loan to replace a portion of the transmission main going to the reservoir and to install a pressure tank at the plant.

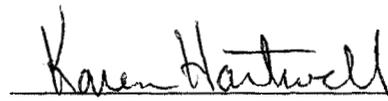
RESOLVED FURTHER, that Rincon Water Company, Inc. will apply to the Arizona Corporation Commission, for financing approval of the proposed loan by WIFA on or before 10/05/04.

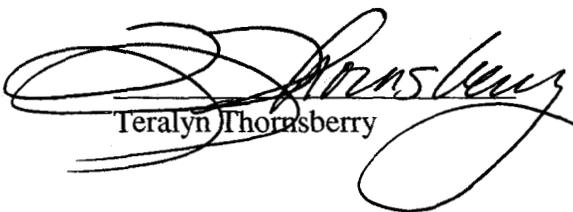
DATED effective this 22<sup>nd</sup> day of Sept, 2004.

SHAREHOLDERS:

BOARD OF DIRECTORS:

  
Karen Hartwell

  
Karen Hartwell

  
Teralyn Thornsberry

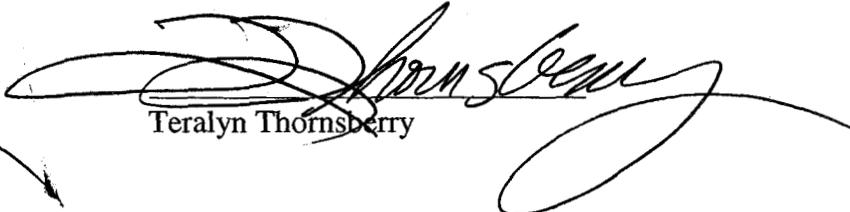
  
Teralyn Thornsberry

Exhibit D

# Loan Calculator

Enter Values	
Loan Amount	\$ 143,000.00
Annual Interest Rate	4.00 %
Loan Period in Years	20
Number of Payments Per Year	12
Start Date of Loan	1/1/2005
Optional Extra Payments	

Loan Summary	
Scheduled Payment	\$ 866.55
Scheduled Number of Payments	240
Actual Number of Payments	240
Total Early Payments	\$ -
Total Interest	\$ 64,972.45

Lender Name:

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
1	2/1/2005	\$ 143,000.00	\$ 866.55	\$ -	\$ 866.55	\$ 389.89	\$ 476.67	\$ 142,610.11
2	3/1/2005	142,610.11	866.55	-	866.55	391.18	475.37	142,218.93
3	4/1/2005	142,218.93	866.55	-	866.55	392.49	474.06	141,826.44
4	5/1/2005	141,826.44	866.55	-	866.55	393.80	472.75	141,432.64
5	6/1/2005	141,432.64	866.55	-	866.55	395.11	471.44	141,037.53
6	7/1/2005	141,037.53	866.55	-	866.55	396.43	470.13	140,641.11
7	8/1/2005	140,641.11	866.55	-	866.55	397.75	468.80	140,243.36
8	9/1/2005	140,243.36	866.55	-	866.55	399.07	467.48	139,844.29
9	10/1/2005	139,844.29	866.55	-	866.55	400.40	466.15	139,443.88
10	11/1/2005	139,443.88	866.55	-	866.55	401.74	464.81	139,042.14
11	12/1/2005	139,042.14	866.55	-	866.55	403.08	463.47	138,639.06
12	1/1/2006	138,639.06	866.55	-	866.55	404.42	462.13	138,234.64
13	2/1/2006	138,234.64	866.55	-	866.55	405.77	460.78	137,828.87
14	3/1/2006	137,828.87	866.55	-	866.55	407.12	459.43	137,421.75
15	4/1/2006	137,421.75	866.55	-	866.55	408.48	458.07	137,013.27
16	5/1/2006	137,013.27	866.55	-	866.55	409.84	456.71	136,603.43
17	6/1/2006	136,603.43	866.55	-	866.55	411.21	455.34	136,192.22
18	7/1/2006	136,192.22	866.55	-	866.55	412.58	453.97	135,779.65
19	8/1/2006	135,779.65	866.55	-	866.55	413.95	452.60	135,365.69
20	9/1/2006	135,365.69	866.55	-	866.55	415.33	451.22	134,950.36
21	10/1/2006	134,950.36	866.55	-	866.55	416.72	449.83	134,533.64
22	11/1/2006	134,533.64	866.55	-	866.55	418.11	448.45	134,115.54
23	12/1/2006	134,115.54	866.55	-	866.55	419.50	447.05	133,696.04
24	1/1/2007	133,696.04	866.55	-	866.55	420.90	445.65	133,275.14
25	2/1/2007	133,275.14	866.55	-	866.55	422.30	444.25	132,852.84
26	3/1/2007	132,852.84	866.55	-	866.55	423.71	442.84	132,429.13
27	4/1/2007	132,429.13	866.55	-	866.55	425.12	441.43	132,004.01
28	5/1/2007	132,004.01	866.55	-	866.55	426.54	440.01	131,577.47
29	6/1/2007	131,577.47	866.55	-	866.55	427.96	438.59	131,149.51
30	7/1/2007	131,149.51	866.55	-	866.55	429.39	437.17	130,720.12
31	8/1/2007	130,720.12	866.55	-	866.55	430.82	435.73	130,289.30
32	9/1/2007	130,289.30	866.55	-	866.55	432.25	434.30	129,857.05
33	10/1/2007	129,857.05	866.55	-	866.55	433.70	432.86	129,423.35
34	11/1/2007	129,423.35	866.55	-	866.55	435.14	431.41	128,988.21
35	12/1/2007	128,988.21	866.55	-	866.55	436.59	429.96	128,551.62
36	1/1/2008	128,551.62	866.55	-	866.55	438.05	428.51	128,113.57
37	2/1/2008	128,113.57	866.55	-	866.55	439.51	427.05	127,674.07
38	3/1/2008	127,674.07	866.55	-	866.55	440.97	425.58	127,233.10
39	4/1/2008	127,233.10	866.55	-	866.55	442.44	424.11	126,790.65
40	5/1/2008	126,790.65	866.55	-	866.55	443.92	422.64	126,346.74
41	6/1/2008	126,346.74	866.55	-	866.55	445.40	421.16	125,901.34
42	7/1/2008	125,901.34	866.55	-	866.55	446.88	419.67	125,454.46
43	8/1/2008	125,454.46	866.55	-	866.55	448.37	418.18	125,006.09
44	9/1/2008	125,006.09	866.55	-	866.55	449.86	416.69	124,556.23
45	10/1/2008	124,556.23	866.55	-	866.55	451.36	415.19	124,104.86
46	11/1/2008	124,104.86	866.55	-	866.55	452.87	413.68	123,651.99
47	12/1/2008	123,651.99	866.55	-	866.55	454.38	412.17	123,197.61
48	1/1/2009	123,197.61	866.55	-	866.55	455.89	410.66	122,741.72
49	2/1/2009	122,741.72	866.55	-	866.55	457.41	409.14	122,284.31
50	3/1/2009	122,284.31	866.55	-	866.55	458.94	407.61	121,825.37
51	4/1/2009	121,825.37	866.55	-	866.55	460.47	406.08	121,364.90
52	5/1/2009	121,364.90	866.55	-	866.55	462.00	404.55	120,902.90
53	6/1/2009	120,902.90	866.55	-	866.55	463.54	403.01	120,439.36
54	7/1/2009	120,439.36	866.55	-	866.55	465.09	401.46	119,974.27
55	8/1/2009	119,974.27	866.55	-	866.55	466.64	399.91	119,507.63

# Exhibit D

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
56	9/1/2009	119,507.63	866.55	-	866.55	468.19	398.36	119,039.44
57	10/1/2009	119,039.44	866.55	-	866.55	469.75	396.80	118,569.69
58	11/1/2009	118,569.69	866.55	-	866.55	471.32	395.23	118,098.37
59	12/1/2009	118,098.37	866.55	-	866.55	472.89	393.66	117,625.48
60	1/1/2010	117,625.48	866.55	-	866.55	474.47	392.08	117,151.01
61	2/1/2010	117,151.01	866.55	-	866.55	476.05	390.50	116,674.96
62	3/1/2010	116,674.96	866.55	-	866.55	477.64	388.92	116,197.33
63	4/1/2010	116,197.33	866.55	-	866.55	479.23	387.32	115,718.10
64	5/1/2010	115,718.10	866.55	-	866.55	480.82	385.73	115,237.27
65	6/1/2010	115,237.27	866.55	-	866.55	482.43	384.12	114,754.85
66	7/1/2010	114,754.85	866.55	-	866.55	484.04	382.52	114,270.81
67	8/1/2010	114,270.81	866.55	-	866.55	485.65	380.90	113,785.16
68	9/1/2010	113,785.16	866.55	-	866.55	487.27	379.28	113,297.89
69	10/1/2010	113,297.89	866.55	-	866.55	488.89	377.66	112,809.00
70	11/1/2010	112,809.00	866.55	-	866.55	490.52	376.03	112,318.48
71	12/1/2010	112,318.48	866.55	-	866.55	492.16	374.39	111,826.32
72	1/1/2011	111,826.32	866.55	-	866.55	493.80	372.75	111,332.52
73	2/1/2011	111,332.52	866.55	-	866.55	495.44	371.11	110,837.08
74	3/1/2011	110,837.08	866.55	-	866.55	497.09	369.46	110,339.99
75	4/1/2011	110,339.99	866.55	-	866.55	498.75	367.80	109,841.23
76	5/1/2011	109,841.23	866.55	-	866.55	500.41	366.14	109,340.82
77	6/1/2011	109,340.82	866.55	-	866.55	502.08	364.47	108,838.74
78	7/1/2011	108,838.74	866.55	-	866.55	503.76	362.80	108,334.98
79	8/1/2011	108,334.98	866.55	-	866.55	505.44	361.12	107,829.55
80	9/1/2011	107,829.55	866.55	-	866.55	507.12	359.43	107,322.43
81	10/1/2011	107,322.43	866.55	-	866.55	508.81	357.74	106,813.62
82	11/1/2011	106,813.62	866.55	-	866.55	510.51	356.05	106,303.11
83	12/1/2011	106,303.11	866.55	-	866.55	512.21	354.34	105,790.90
84	1/1/2012	105,790.90	866.55	-	866.55	513.92	352.64	105,276.98
85	2/1/2012	105,276.98	866.55	-	866.55	515.63	350.92	104,761.36
86	3/1/2012	104,761.36	866.55	-	866.55	517.35	349.20	104,244.01
87	4/1/2012	104,244.01	866.55	-	866.55	519.07	347.48	103,724.94
88	5/1/2012	103,724.94	866.55	-	866.55	520.80	345.75	103,204.14
89	6/1/2012	103,204.14	866.55	-	866.55	522.54	344.01	102,681.60
90	7/1/2012	102,681.60	866.55	-	866.55	524.28	342.27	102,157.32
91	8/1/2012	102,157.32	866.55	-	866.55	526.03	340.52	101,631.29
92	9/1/2012	101,631.29	866.55	-	866.55	527.78	338.77	101,103.51
93	10/1/2012	101,103.51	866.55	-	866.55	529.54	337.01	100,573.97
94	11/1/2012	100,573.97	866.55	-	866.55	531.31	335.25	100,042.66
95	12/1/2012	100,042.66	866.55	-	866.55	533.08	333.48	99,509.59
96	1/1/2013	99,509.59	866.55	-	866.55	534.85	331.70	98,974.73
97	2/1/2013	98,974.73	866.55	-	866.55	536.64	329.92	98,438.10
98	3/1/2013	98,438.10	866.55	-	866.55	538.42	328.13	97,899.67
99	4/1/2013	97,899.67	866.55	-	866.55	540.22	326.33	97,359.45
100	5/1/2013	97,359.45	866.55	-	866.55	542.02	324.53	96,817.43
101	6/1/2013	96,817.43	866.55	-	866.55	543.83	322.72	96,273.61
102	7/1/2013	96,273.61	866.55	-	866.55	545.64	320.91	95,727.97
103	8/1/2013	95,727.97	866.55	-	866.55	547.46	319.09	95,180.51
104	9/1/2013	95,180.51	866.55	-	866.55	549.28	317.27	94,631.22
105	10/1/2013	94,631.22	866.55	-	866.55	551.11	315.44	94,080.11
106	11/1/2013	94,080.11	866.55	-	866.55	552.95	313.60	93,527.16
107	12/1/2013	93,527.16	866.55	-	866.55	554.79	311.76	92,972.36
108	1/1/2014	92,972.36	866.55	-	866.55	556.64	309.91	92,415.72
109	2/1/2014	92,415.72	866.55	-	866.55	558.50	308.05	91,857.22
110	3/1/2014	91,857.22	866.55	-	866.55	560.36	306.19	91,296.86
111	4/1/2014	91,296.86	866.55	-	866.55	562.23	304.32	90,734.63
112	5/1/2014	90,734.63	866.55	-	866.55	564.10	302.45	90,170.53
113	6/1/2014	90,170.53	866.55	-	866.55	565.98	300.57	89,604.54
114	7/1/2014	89,604.54	866.55	-	866.55	567.87	298.68	89,036.67
115	8/1/2014	89,036.67	866.55	-	866.55	569.76	296.79	88,466.91
116	9/1/2014	88,466.91	866.55	-	866.55	571.66	294.89	87,895.25
117	10/1/2014	87,895.25	866.55	-	866.55	573.57	292.98	87,321.68
118	11/1/2014	87,321.68	866.55	-	866.55	575.48	291.07	86,746.20
119	12/1/2014	86,746.20	866.55	-	866.55	577.40	289.15	86,168.80
120	1/1/2015	86,168.80	866.55	-	866.55	579.32	287.23	85,589.48
121	2/1/2015	85,589.48	866.55	-	866.55	581.25	285.30	85,008.23
122	3/1/2015	85,008.23	866.55	-	866.55	583.19	283.36	84,425.04
123	4/1/2015	84,425.04	866.55	-	866.55	585.14	281.42	83,839.90

# Exhibit D

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
124	5/1/2015	83,839.90	866.55	-	866.55	587.09	279.47	83,252.81
125	6/1/2015	83,252.81	866.55	-	866.55	589.04	277.51	82,663.77
126	7/1/2015	82,663.77	866.55	-	866.55	591.01	275.55	82,072.77
127	8/1/2015	82,072.77	866.55	-	866.55	592.98	273.58	81,479.79
128	9/1/2015	81,479.79	866.55	-	866.55	594.95	271.60	80,884.84
129	10/1/2015	80,884.84	866.55	-	866.55	596.94	269.62	80,287.90
130	11/1/2015	80,287.90	866.55	-	866.55	598.93	267.63	79,688.98
131	12/1/2015	79,688.98	866.55	-	866.55	600.92	265.63	79,088.05
132	1/1/2016	79,088.05	866.55	-	866.55	602.93	263.63	78,485.13
133	2/1/2016	78,485.13	866.55	-	866.55	604.93	261.62	77,880.19
134	3/1/2016	77,880.19	866.55	-	866.55	606.95	259.60	77,273.24
135	4/1/2016	77,273.24	866.55	-	866.55	608.97	257.58	76,664.27
136	5/1/2016	76,664.27	866.55	-	866.55	611.00	255.55	76,053.26
137	6/1/2016	76,053.26	866.55	-	866.55	613.04	253.51	75,440.22
138	7/1/2016	75,440.22	866.55	-	866.55	615.08	251.47	74,825.14
139	8/1/2016	74,825.14	866.55	-	866.55	617.13	249.42	74,208.00
140	9/1/2016	74,208.00	866.55	-	866.55	619.19	247.36	73,588.81
141	10/1/2016	73,588.81	866.55	-	866.55	621.26	245.30	72,967.56
142	11/1/2016	72,967.56	866.55	-	866.55	623.33	243.23	72,344.23
143	12/1/2016	72,344.23	866.55	-	866.55	625.40	241.15	71,718.83
144	1/1/2017	71,718.83	866.55	-	866.55	627.49	239.06	71,091.34
145	2/1/2017	71,091.34	866.55	-	866.55	629.58	236.97	70,461.76
146	3/1/2017	70,461.76	866.55	-	866.55	631.68	234.87	69,830.08
147	4/1/2017	69,830.08	866.55	-	866.55	633.78	232.77	69,196.29
148	5/1/2017	69,196.29	866.55	-	866.55	635.90	230.65	68,560.39
149	6/1/2017	68,560.39	866.55	-	866.55	638.02	228.53	67,922.38
150	7/1/2017	67,922.38	866.55	-	866.55	640.14	226.41	67,282.23
151	8/1/2017	67,282.23	866.55	-	866.55	642.28	224.27	66,639.95
152	9/1/2017	66,639.95	866.55	-	866.55	644.42	222.13	65,995.54
153	10/1/2017	65,995.54	866.55	-	866.55	646.57	219.99	65,348.97
154	11/1/2017	65,348.97	866.55	-	866.55	648.72	217.83	64,700.25
155	12/1/2017	64,700.25	866.55	-	866.55	650.88	215.67	64,049.36
156	1/1/2018	64,049.36	866.55	-	866.55	653.05	213.50	63,396.31
157	2/1/2018	63,396.31	866.55	-	866.55	655.23	211.32	62,741.08
158	3/1/2018	62,741.08	866.55	-	866.55	657.41	209.14	62,083.66
159	4/1/2018	62,083.66	866.55	-	866.55	659.61	206.95	61,424.06
160	5/1/2018	61,424.06	866.55	-	866.55	661.81	204.75	60,762.25
161	6/1/2018	60,762.25	866.55	-	866.55	664.01	202.54	60,098.24
162	7/1/2018	60,098.24	866.55	-	866.55	666.22	200.33	59,432.02
163	8/1/2018	59,432.02	866.55	-	866.55	668.45	198.11	58,763.57
164	9/1/2018	58,763.57	866.55	-	866.55	670.67	195.88	58,092.90
165	10/1/2018	58,092.90	866.55	-	866.55	672.91	193.64	57,419.99
166	11/1/2018	57,419.99	866.55	-	866.55	675.15	191.40	56,744.84
167	12/1/2018	56,744.84	866.55	-	866.55	677.40	189.15	56,067.43
168	1/1/2019	56,067.43	866.55	-	866.55	679.66	186.89	55,387.77
169	2/1/2019	55,387.77	866.55	-	866.55	681.93	184.63	54,705.85
170	3/1/2019	54,705.85	866.55	-	866.55	684.20	182.35	54,021.65
171	4/1/2019	54,021.65	866.55	-	866.55	686.48	180.07	53,335.17
172	5/1/2019	53,335.17	866.55	-	866.55	688.77	177.78	52,646.40
173	6/1/2019	52,646.40	866.55	-	866.55	691.06	175.49	51,955.34
174	7/1/2019	51,955.34	866.55	-	866.55	693.37	173.18	51,261.97
175	8/1/2019	51,261.97	866.55	-	866.55	695.68	170.87	50,566.29
176	9/1/2019	50,566.29	866.55	-	866.55	698.00	168.55	49,868.29
177	10/1/2019	49,868.29	866.55	-	866.55	700.32	166.23	49,167.97
178	11/1/2019	49,167.97	866.55	-	866.55	702.66	163.89	48,465.31
179	12/1/2019	48,465.31	866.55	-	866.55	705.00	161.55	47,760.31
180	1/1/2020	47,760.31	866.55	-	866.55	707.35	159.20	47,052.96
181	2/1/2020	47,052.96	866.55	-	866.55	709.71	156.84	46,343.25
182	3/1/2020	46,343.25	866.55	-	866.55	712.07	154.48	45,631.18
183	4/1/2020	45,631.18	866.55	-	866.55	714.45	152.10	44,916.73
184	5/1/2020	44,916.73	866.55	-	866.55	716.83	149.72	44,199.90
185	6/1/2020	44,199.90	866.55	-	866.55	719.22	147.33	43,480.68
186	7/1/2020	43,480.68	866.55	-	866.55	721.62	144.94	42,759.06
187	8/1/2020	42,759.06	866.55	-	866.55	724.02	142.53	42,035.04
188	9/1/2020	42,035.04	866.55	-	866.55	726.44	140.12	41,308.61
189	10/1/2020	41,308.61	866.55	-	866.55	728.86	137.70	40,579.75
190	11/1/2020	40,579.75	866.55	-	866.55	731.29	135.27	39,848.46
191	12/1/2020	39,848.46	866.55	-	866.55	733.72	132.83	39,114.74

# Exhibit D

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
192	1/1/2021	39,114.74	866.55	-	866.55	736.17	130.38	38,378.57
193	2/1/2021	38,378.57	866.55	-	866.55	738.62	127.93	37,639.95
194	3/1/2021	37,639.95	866.55	-	866.55	741.09	125.47	36,898.86
195	4/1/2021	36,898.86	866.55	-	866.55	743.56	123.00	36,155.31
196	5/1/2021	36,155.31	866.55	-	866.55	746.03	120.52	35,409.27
197	6/1/2021	35,409.27	866.55	-	866.55	748.52	118.03	34,660.75
198	7/1/2021	34,660.75	866.55	-	866.55	751.02	115.54	33,909.74
199	8/1/2021	33,909.74	866.55	-	866.55	753.52	113.03	33,156.22
200	9/1/2021	33,156.22	866.55	-	866.55	756.03	110.52	32,400.19
201	10/1/2021	32,400.19	866.55	-	866.55	758.55	108.00	31,641.63
202	11/1/2021	31,641.63	866.55	-	866.55	761.08	105.47	30,880.55
203	12/1/2021	30,880.55	866.55	-	866.55	763.62	102.94	30,116.94
204	1/1/2022	30,116.94	866.55	-	866.55	766.16	100.39	29,350.78
205	2/1/2022	29,350.78	866.55	-	866.55	768.72	97.84	28,582.06
206	3/1/2022	28,582.06	866.55	-	866.55	771.28	95.27	27,810.78
207	4/1/2022	27,810.78	866.55	-	866.55	773.85	92.70	27,036.93
208	5/1/2022	27,036.93	866.55	-	866.55	776.43	90.12	26,260.50
209	6/1/2022	26,260.50	866.55	-	866.55	779.02	87.54	25,481.49
210	7/1/2022	25,481.49	866.55	-	866.55	781.61	84.94	24,699.87
211	8/1/2022	24,699.87	866.55	-	866.55	784.22	82.33	23,915.65
212	9/1/2022	23,915.65	866.55	-	866.55	786.83	79.72	23,128.82
213	10/1/2022	23,128.82	866.55	-	866.55	789.46	77.10	22,339.37
214	11/1/2022	22,339.37	866.55	-	866.55	792.09	74.46	21,547.28
215	12/1/2022	21,547.28	866.55	-	866.55	794.73	71.82	20,752.55
216	1/1/2023	20,752.55	866.55	-	866.55	797.38	69.18	19,955.17
217	2/1/2023	19,955.17	866.55	-	866.55	800.03	66.52	19,155.14
218	3/1/2023	19,155.14	866.55	-	866.55	802.70	63.85	18,352.44
219	4/1/2023	18,352.44	866.55	-	866.55	805.38	61.17	17,547.06
220	5/1/2023	17,547.06	866.55	-	866.55	808.06	58.49	16,739.00
221	6/1/2023	16,739.00	866.55	-	866.55	810.76	55.80	15,928.24
222	7/1/2023	15,928.24	866.55	-	866.55	813.46	53.09	15,114.79
223	8/1/2023	15,114.79	866.55	-	866.55	816.17	50.38	14,298.62
224	9/1/2023	14,298.62	866.55	-	866.55	818.89	47.66	13,479.73
225	10/1/2023	13,479.73	866.55	-	866.55	821.62	44.93	12,658.11
226	11/1/2023	12,658.11	866.55	-	866.55	824.36	42.19	11,833.75
227	12/1/2023	11,833.75	866.55	-	866.55	827.11	39.45	11,006.64
228	1/1/2024	11,006.64	866.55	-	866.55	829.86	36.69	10,176.78
229	2/1/2024	10,176.78	866.55	-	866.55	832.63	33.92	9,344.15
230	3/1/2024	9,344.15	866.55	-	866.55	835.40	31.15	8,508.75
231	4/1/2024	8,508.75	866.55	-	866.55	838.19	28.36	7,670.56
232	5/1/2024	7,670.56	866.55	-	866.55	840.98	25.57	6,829.57
233	6/1/2024	6,829.57	866.55	-	866.55	843.79	22.77	5,985.79
234	7/1/2024	5,985.79	866.55	-	866.55	846.60	19.95	5,139.19
235	8/1/2024	5,139.19	866.55	-	866.55	849.42	17.13	4,289.77
236	9/1/2024	4,289.77	866.55	-	866.55	852.25	14.30	3,437.51
237	10/1/2024	3,437.51	866.55	-	866.55	855.09	11.46	2,582.42
238	11/1/2024	2,582.42	866.55	-	866.55	857.94	8.61	1,724.48
239	12/1/2024	1,724.48	866.55	-	866.55	860.80	5.75	863.67
240	1/1/2025	863.67	866.55	-	863.67	860.79	2.88	0.00

**DWRF Funding Cycle 2005 Priority List Application**

Side 1 of 2 (Use Separate Form for Each Project)

Application # DW-2005 (DWRA use only)

**SECTION 1: APPLICANT INFORMATION**

- 1.1 Applicant: Rincon Water Company Contact: Karen Hartwell
- 1.2 Address: HC 70 Box 3601 Sahuarita AZ 85629
- 1.3 Phone: 520-625-1671 Fax: 520-625-1922  
E-mail: ylttech@att.net
- 1.4 County in Which Project is Located: Pima
- 1.5 Number of Benefiting Connections: 37 Population Served by the System: 115
- 1.6 Average Monthly User Fees/Charges (base & use) for an Average Residential User: \$ 110.26
- 1.7 Total Debt (Principal Only) Payable by System Users: \$ 42000.00
- 1.8 ADEQ System Identification Number: 10-144

**SECTION 2: PROJECT DESCRIPTION**

- 2.1 Project Title/Name: main replacement
- 2.2 Briefly summarize the reason for the proposed project and/or attach a summary: (Include conditions initiating the proposed project and give details regarding any Notice of Violation(s) and/or Consent Order from a regulating agency. Attach copy.)

see attached

**2.3 Project Description**

a. Facilities (Check appropriate boxes)

	Repair	Rehab	Upgrade	Replace	Expand
Well or Spring Box					
Storage					
Distribution & Booster Pumps				X	
Treatment & Disinfection					

b. Secure a New Water Source (Check appropriate box)

- Ground Water
- Surface Water
- Ground Water under Direct Surface Influence

2.4 Type of Loan required during funding cycle 2005 (check appropriate box)

- Design
- Construction

DWRF Funding Cycle 2005 Priority List Application

Side 2 of 2 (Use Separate Form for Each Project)

2.5 Consolidation and Regionalization (Check appropriate boxes)

- o Consolidate Existing Physical Facilities
o Consolidate Existing Operations
o Consolidate Existing Service Areas
o Consolidate Existing Ownerships

SECTION 3: AMOUNT OF FINANCIAL ASSISTANCE

Table with 4 columns: Total Project Costs, Amount Requested from WIFA, Amount Funded Locally, Amount Funded from Other Sources. Values: \$143000.00 = \$143000.00 + \$ + \$

List Names of Other Funding Sources:

SECTION 4: READINESS TO PROCEED INDICATORS

4.1 Debt Authorization (Authorization through election or special district creation or process.) (Check appropriate box):

- o Authorized - Enclose copy of official election canvas or special district proceedings (governmental)
o Authorized - Enclose Arizona Corporation Commission Order authorizing long term financing (non-governmental)
o Scheduled - Anticipated Authorization Date (insert date): will be submitted to ACC by 10-5-04
o No Plans to Schedule within Funding Cycle - January 2005 through December 2005.

4.2 Project Plans & Specifications: (Check appropriate box)

- o Approved - Enclose Approval Notification.
o Scheduled for Approval - Anticipated Approval Date (insert date): 11-01-04
o Engineer Selected - Anticipated Start Date
o Engineer Not Selected

4.3 Applicable Local, State, and Federal Project Permits: (Check appropriate box)

- o Obtained - Enclose Approval Notification(s).
o Scheduled to Obtain Permit(s) - Anticipated Permit(s) Date (insert date): 11-01-04
o Date of Approval Unknown
o Not Applicable - Explain:

4.4 Project Bids: (Check appropriate box)

- o Accepted
o Scheduled to Solicit Bids - Anticipated Solicitation Date (insert date): 11-01-04
o Date of Bid Solicitation Unknown
o Not Applicable - Explain:

SECTION 5: CERTIFICATION & APPROVAL

As the Authorized Representative, I certify that the information contained in this application is, to the best of my knowledge, true, accurate, and correct.

Signature: Karen Hartwell

Name: Karen Hartwell

Title: President

Date: 9-23-04

# Exhibit E

## Environmental Review Checklist

Community Name: Rincon Water Company

Project Contact: Karen Hartwell Phone Number: 520-625-1671 Date: 9-23-07

Project Title: main replacement

Please fill out the following checklist to the best of your ability. The information below will aid in determining the necessary environmental review requirements for the proposed project.

- |    | Yes                                 | No                       | NA                                  |  |
|----|-------------------------------------|--------------------------|-------------------------------------|--|
| 1. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>            | The project is directed towards rehabilitation of existing facilities, functional replacement of equipment, or the construction of new ancillary facilities adjacent or appurtenant to existing facilities which do not affect the degree of treatment or capacity of the existing facility. |
| 2. | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | The project is for minor upgrading or minor expansion ( <i>minor - less than 30%</i> ) of existing treatment works, collection or distribution systems.  |
| 3. | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | The project is in an unsewered community where on-site technologies are proposed. ( <i>Clean Water Projects only</i> )   |
| 4. | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | The project will create a new, or relocate an existing, discharge to surface or ground waters.   |
| 5. | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | The project will result in substantial increases in the volume of discharge or the loading of pollutants from an existing source or from new facilities to receiving waters.   |
| 6. | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | The project is known or expected to have a significant effect on the quality of the human environment, either individually, cumulatively over time, or in conjunction with other federal, state, local or private actions.   |
| 7. | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | The project is known or expected to directly or indirectly affect cultural resources, habitat of endangered or threatened species, environmentally important natural resource areas such as floodplains, wetlands, important farmlands and aquifer recharge zones; or other resource areas.  |
| 8. | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | The project is known or expected to cause significant public controversy.  |
| 9. | <input type="checkbox"/>            | <input type="checkbox"/> | <input checked="" type="checkbox"/> | The project is known or expected not to be cost effective.   |

Exhibit E

**Rincon Water Company, Inc.**

**PO Box 390**

**Sahuarita, Az. 85629**

Phone: 520-625-1671

Fax: 520-625-1922

Description of drinking water project

Main Replacement

Rincon Water Company is a small water company providing service to 37 customers in the Vail area, located in Pima County. The system is a gravity fed system with the well pumping into a 188,000 gallon reservoir. A portion of the transmission main to this reservoir is approximately 1500" of 6' steel line that is 30 years old. In the past 2 years we have spent over \$27000.00 for repairs on this main. Whenever there is a break in this line the entire distribution system must be shut down for the duration on the repair to the line. We have had outages that have lasted over 36 hours. The frequency and lengths of outages to customers prompted complaints to PDEQ. In response to the complaints, PDEQ performed an inspection of the system on 01/02/03, a copy is attached. Rincon Water Company was issued an NOV from PDEQ and is required to repair/replace this main. We have been keeping in contact with David Amish of PDEQ regarding the status of this NOV to show them that we are trying to take action regarding the NOV. We have received a Technical Assistance Grant from WIFA during 2004 in the amount of \$30,000.00 with Rincon Water paying half of this amount, for engineering of the project. Trueline Engineering was selected and has completion of the project scheduled by Oct 15<sup>th</sup>, 2004. This engineering plan also includes placement of a 5,000 gallon pressure tank at the water plant. This pressure tank will allow the system to act as a closed system during replacement of the main and will also allow us to have an alternative means of suppling our customers during future repairs to either the storage tank or future main breaks.

Rincon Water Company will be applying to the ACC for financing approval of this loan on or before October 5, 2004.

The replacement of line will not involve any consolidation of any systems but will allow Rincon Water to adequately serve our customers.

Exhibit E  
Rincon Water Company, Inc.  
PO Box 390  
Sahuarita, Az. 85629  
Phone: 520-625-1671  
Fax: 520-625-1922

**ACTION BY THE SHAREHOLDERS AND THE  
BOARD OF DIRECTORS OF RINCON WATER COMPANY  
WITHOUT A MEETING**

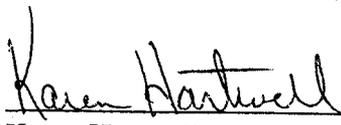
The undersigned, being all of the shareholders and the Board of Directors of Rincon Water Company, Inc. an Arizona corporation, hereby agree pursuant to A.R.S. §§ 10-704 and 10-821 that the following actions be taken without a meeting of the shareholders or Board of Directors:

RESOLVED, that Rincon Water Company, Inc has agreed to apply to WIFA for a loan to replace a portion of the transmission main going to the reservoir and to install a pressure tank at the plant.

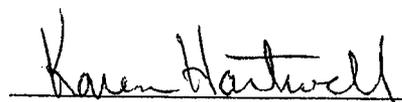
RESOLVED FURTHER, that Rincon Water Company, Inc. will apply to the Arizona Corporation Commission, for financing approval of the proposed loan by WIFA on or before 10/05/04.

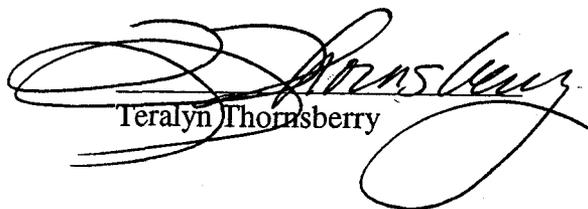
DATED effective this 22<sup>nd</sup> day of Sept, 2004.

SHAREHOLDERS:

  
Karen Hartwell

BOARD OF DIRECTORS:

  
Karen Hartwell

  
Teralyn Thornsberry

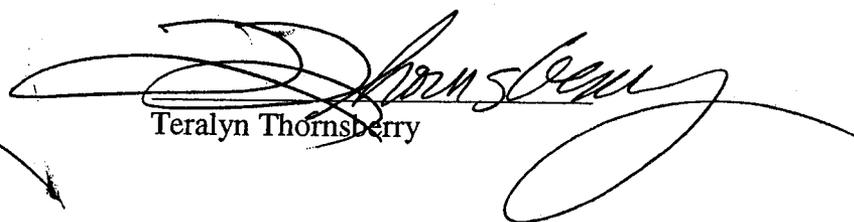
  
Teralyn Thornsberry

Exhibit E

**PIMA COUNTY DEPARTMENT OF ENVIRONMENTAL QUALITY  
Water Quality Program - Field Services Division  
130 W. Congress, 3rd Floor, Tucson, AZ 85701**

**INFORMATION SUMMARY - WATER**

Facility: Rincon Water Co., X-9 Ranch

System No.: 10-144

Inspected By: David Amash/Mike Redmond

Date: 01/28/03

Accompanied By: Karen Hartwell

County: Pima

Recommendations By: David Amash

Date: 03/06/03

Number of POEs/Wells: 1/1

System Grade: WD1

Population: 100

Service Connections: 33

Certified operator name and grade Karen Hartwell / WD2

This report does not address the system's compliance with respect to the public notice, monitoring, and reporting requirements.

**System Description**

This is a community water system and consists of 1 well, 3 storage tanks, 1 pressure tank, 2 booster stations, and a distribution system.

Exhibit E



T:15 R:17 S:16  
Latitude: 32.126805  
Longitude: -110.609449  
Supervisor District: 4

**DEPARTMENT OF ENVIRONMENTAL QUALITY**

130 West Congress Street  
Tucson, Arizona 85701-1317

Ursula Kramer  
Director

(520) 740-3340  
FAX (520) 882-7709

March 17, 2003

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**  
**NOV # PC 0303-035**

Rincon Water Company, X-9 Ranch  
Attn: Karen Hartwell  
HC #70, Box 3601  
Tucson, Arizona 85629

Re: Compliance Inspection for Rincon Water Company, X-9 Ranch, Public Water System 10144

**NOTICE OF VIOLATION**

The Pima County Department of Environmental Quality (PDEQ), Water Quality Program, Field Services Division has determined by inspection on January 28, 2003 that Rincon Water Company, X-9 Ranch, located in Vail, Arizona is in violation of the Arizona Revised Statutes (A.R.S.), Title 49-351 et. seq. and applicable rules. The inspection was conducted according to Arizona Administrative Code (A.A.C.) R18-4-122 and Arizona Department of Environmental Quality (ADEQ) and PDEQ delegation agreement.

**I. NATURE OF VIOLATION(S) AND REQUIRED CORRECTIVE ACTIONS**

**Violation:** Failure to maintain inspection records for backflow prevention assemblies.

**Legal Authority: R18-4-115. Backflow prevention**

- A. A public water system shall protect its system from contamination caused by backflow through unprotected cross-connections by requiring the installation and periodic testing of backflow-prevention assemblies.

**Compliance Requirements:**

To ensure compliance with R18-4-115 Backflow Prevention and R18-4-502 Minimum Design Criteria, a backflow prevention inspection must be performed by a Cross-connection Control Program Specialist or at a minimum, by a Certified Backflow Prevention Assembly Tester. Submit the following information from your backflow prevention program inspection:

1. System Diagram showing potable water lines, non-potable water lines, and placement of backflow prevention assemblies in service area.
2. Number of non-residential services including irrigation services of any size.
3. Number of non-residential services with potential cross-connections.
  - a. Type of non-residential service with potential cross-connection (i.e., restaurant, car wash, church)

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# Exhibit E

- b. Type or description of potential health hazard.
- c. Type of backflow prevention device installed.
- 4. Latest copy of backflow prevention assembly annual tests.

**Note: R18-4-115** requires a water supplier to test each backflow-prevention assembly at least annually as well as maintain records of all backflow-prevention assembly installations and tests in their service area. It also requires the water supplier to submit to Arizona Department of Environmental Quality and to the Pima County Department of Environmental Quality a written cross-connection incident report within 5 business days whenever a cross-connection problem occurs that results in contamination of a public water system.

**Timeframe:** 30 calendar days from the date of this Notice.

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**Violation:** Failure to develop an emergency operations plan that is adequate.

**Legal Authority: R18-4-116. Emergency operation plans**

- A. The water supplier for a community water system shall develop and keep an emergency operations plan in an easily accessible location. At a minimum, the emergency operations plan shall detail the steps that the community water system will take to assure continuation of service in the following emergency situations:
  - 1. Loss of a source;
  - 2. Loss of water supply due to major component failure;
  - 3. Damage to power supply equipment or loss of power;
  - 4. Contamination of water in the distribution system from backflow;
  - 5. Collapse of a reservoir, reservoir roof, or pump house structure;
  - 6. A break in transmission or distribution line; and
  - 7. Chemical or microbiological contamination of the water supply.
  
- B. The emergency operations plan required by Subsection (A) shall address all of the following:
  - 1. Provision of alternate sources of water during the emergency;
  - 2. Notice procedures for regulatory agencies, news media and users;
  - 3. Disinfection and testing of the distribution system once service is restored;
  - 4. Identification of critical system components that shall remain in service or be returned to service quickly;
  - 5. Critical spare parts inventory; and
  - 6. Staff training in emergency response procedures.

**Compliance Requirements:**

Develop and keep in an easily accessible location, an adequate emergency operations plan per the guidelines in A.A.C. R18-4-116.

**Recommendations:**

Revise the current emergency operations plan to meet the format outlined in A.A.C. R18-4-116(A)(1 through 7) and (B)(1 through 6).

**Timeframe:** 30 calendar days from the date of this Notice.

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**Violation:** Failure to maintain water distribution facilities.

**Legal Authority: R18-4-124. Operation and Maintenance**

A water supplier shall maintain and keep in proper operating condition all facilities used in production, treatment, and distribution of the water supply so as to comply with the requirements of this chapter.

# Exhibit E

**Compliance Requirements:**

Repair or replace the facilities used in production and distribution of the water supply so the system is not out of operation for periods of time and maintains a distribution operating pressure of 20 psi at ground level at all points in the potable water distribution system under all conditions of flow. The following facilities need repair or replacement due to numerous transmission line breaks:

1. The transmission line from Well Site #1 to the 180,000-gallon Storage Tank located at Site #2.

**Timeframe:** 30 calendar from the date of this Notice.

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## WELL SITE #1, DWR #55-607532

**Deficiency:** Failure to repair security fence of well site.

**Technical Basis:**

The security fence should prevent easy access by passers by and reduce vandalism.

**Recommendations:**

Repair the security fence to prevent unauthorized entry and possible vandalism by eliminating the gaps between the bottom of the security fence and the ground surface.

**Timeframe:** Should be corrected within 30 calendar days from the date of this Notice.

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## STORAGE TANK:

**Deficiency:** Failure to maintain the storage tank bedding.

**Technical Basis:**

The accumulation of vegetation and soil within the tank bedding prevents surface water from draining away from the base of the storage tank.

**Recommendations:**

Remove the vegetation and dirt from the tank bedding and replace the bedding material as needed.

**Timeframe:** Should be corrected within 30 calendar days from the date of this Notice.

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**Deficiency:** Failure to install tank base bedding ring around the storage tank.

**Technical Basis:**

The bedding ring helps prevent erosion around the base of the tank and the loss of the bedding material.

**Recommendations:**

Construct a steel or concrete ring around the tank base to retain the tank bedding material per American Water Works Association (AWWA) D-100-84 requirements.

**Timeframe:** Should be corrected within 30 calendar days from the date of this Notice.

**GENERAL:**

**Deficiency:** Failure to seal openings on electrical junction box.

**Technical Basis:**

Openings to the electrical junction box allow moisture to enter the box and short out the electrical components. This may lead to the interruption of service to the system users.

**Recommendations:**

Seal all openings on the electrical junction box.

**Timeframe:** Should be corrected within 30 calendar days from the date of this Notice.

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**Deficiency:** Failure to install atmospheric vacuum breaker (AVB) valve.

**Technical Basis:**

The use of an AVB prevents the occurrence of a cross contamination event.

**Recommendations:**

Install an AVB on all threaded faucet assemblies or remove the threads from the faucet assembly so that a hose cannot be attached to the faucet.

**Timeframe:** Should be corrected within 30 calendar days from the date of this Notice.

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**SITE #2, 180,000 Gallon Storage Tank**

**STORAGE TANK:**

**Deficiency:** Failure to seal openings in storage tank top.

**Technical Basis:**

Contamination from birds and other animals should not be able to enter the storage tank from a precipitation event.

**Recommendations:**

Seal all the openings in the storage tank top around the water level gauge and shroud for the float mechanism.

**Timeframe:** Should be corrected within 30 calendar days from the date of this Notice.

---

**Deficiency:** Failure to maintain the storage tank bedding.

**Technical Basis:**

When the bedding becomes damaged or eroded the tank can tip or lean to the point that stress on the tank causes the welds to fail. Additionally, the activity due to burrowing rodents can lead to the buildup of vegetative material underneath the storage tank which may lead to the rusting and failure of the tank bottom.

# Exhibit E

**Recommendations:**

Replace the tank bedding material that has been removed by rodent activity.

**Timeframe:** Should be corrected within 30 calendar days from the date of this Notice.

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**GENERAL:**

**Deficiency:** Failure to install atmospheric vacuum breaker (AVB) valve.

**Technical Basis:**

The use of an AVB prevents the occurrence of a cross contamination event.

**Recommendations:**

Install an AVB on all threaded faucet assemblies or remove the threads from the faucet assembly so that a hose cannot be attached to the faucet.

**Timeframe:** Should be corrected within 30 calendar days from the date of this Notice.

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## SITE #3, 143,000 Gallon Storage Tank

**STORAGE TANK:**

**Deficiency:** Failure to maintain the storage tank bedding.

**Technical Basis:**

The accumulation of vegetation and soil within the tank bedding prevents surface water from draining away from the base of the storage tank.

**Recommendations:**

Remove the vegetation and dirt from the tank bedding and replace the bedding material as needed.

**Timeframe:** Should be corrected within 30 calendar days from the date of this Notice.

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**PRESSURE TANK:**

**Deficiency:** Failure to install a blowoff valve for excess air.

**Technical Basis:**

When a vacuum relief valve or other methods of adding air to the pressure tank are used, a blowoff valve should be installed on the pressure tank to remove excess air.

**Recommendations:**

Install a blowoff valve for excess air to prevent the water level in the tank from becoming too low.

**Timeframe:** Should be corrected within 30 calendar days from the date of this Notice.

# Exhibit E

**Deficiency:** Failure to install a safety relief valve.

**Technical Basis:**

A safety relief valve prevents the over pressurization of a pressure tank and its explosion.

**Recommendations:**

Install a safety relief valve to vent off air if the pressure in the tank becomes excessively high. The safety relief valve should be installed on the top of the pressure tank.

**Timeframe:** Should be corrected within 30 calendar days from the date of this Notice.

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**Deficiency:** Failure to install shut off valves for the sight glass assembly.

**Technical Basis:**

The use of shut off valves prevents the loss of pressure and water during the removal of the sight glass for periodic maintenance or replacement.

**Recommendations:**

Install a sight glass with top and bottom shutoff valves and draincock so that the sight glass can be removed without a loss of pressure and water from the hydropneumatic tank.

**Timeframe:** Should be corrected within 30 calendar days from the date of this Notice.

**Deficiency:** Failure to seal openings on electrical junction box.

**Technical Basis:**

Openings to the electrical junction box allow moisture to enter the box and potentially short out the electrical components which may lead to the interruption of service to the system users.

**Recommendations:**

Seal all openings on the electrical junction box.

**Timeframe:** Should be corrected within 30 calendar days from the date of this Notice.

---

**GENERAL:**

**Deficiency:** Failure to install atmospheric vacuum breaker (AVB) valve.

**Technical Basis:**

The use of an AVB prevents the occurrence of a cross contamination event.

**Recommendations:**

Install an AVB on all threaded faucet assemblies or remove the threads from the faucet assembly so that a hose cannot be attached to the faucet.

**Timeframe:** Should be corrected within 30 calendar days from the date of this Notice.

# Exhibit E

## DISTRIBUTION SYSTEM

**Deficiency:** Failure to maintain uninterrupted water service.

**Technical Basis:**

Community water systems must remain in operation in order to meet the demands for health and sanitary reasons.

**Recommendations:**

Take any necessary steps to minimize periods of out-of-operation or interruption of water service.

**Timeframe:** Should be corrected 30 calendar days from the date of this Notice.

---

**Deficiency:** Failure to protect distribution system components.

**Technical Basis:**

The aboveground distribution system piping located at the well site needs to be properly supported to minimize stress placed on the pipe joints that may lead to the failure of the joints and the interruption of service to the system users.

**Recommendations:**

Provide appropriate support, per Tucson Water Standard Specifications and Details, as illustrated in Standard Detail 500a, Pipe Saddle Support. Standard Detail 500a is included for your reference.

**Timeframe:** Should be corrected within 30 calendar days from the date of this Notice.

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## II. COMPLIANCE DOCUMENTATION

- A. Rincon Water Company, X-9 Ranch shall submit compliance documentation within 45 calendar days from receipt of this Notice.
- B. Compliance documentation shall include: invoices, photographs, logs, laboratory analyses, engineering plans, permits or any other documents necessary to establish compliance.
- C. The above documentation shall be deemed "submitted" when received by PDEQ at the following address:

Pima County Department of Environmental Quality  
Technical Services Division  
Attention: David Amash  
130 West Congress, 3rd Floor  
Tucson, Arizona 85701

## III. CONSENT ORDER

If compliance cannot be achieved within 90 calendar days, Rincon Water Company, X-9 Ranch must enter into a Consent Order that will incorporate a compliance schedule. The Consent Order must be executed by Rincon Water Company, X-9 Ranch within 90 calendar days from receipt of the Notice.

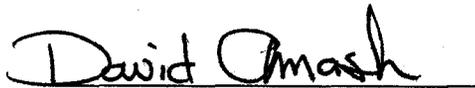
Exhibit E

**IV. STATEMENT OF CONSEQUENCES**

- A. Failure to achieve compliance or enter into a Consent Order will result in PDEQ initiating a unilateral enforcement action. Achieving compliance does not preclude PDEQ from seeking civil penalties.
- B. A unilateral enforcement action may result in a civil penalty. A civil penalty may be imposed for each violation for the entire non-compliance period.

**V. OFFER TO MEET**

- A. To schedule a meeting to discuss the specified violation(s), contact **David Amash at (520) 740-3968**. Prior to the meeting, please submit an agenda including your specific objectives and the names and affiliations of the participants.



David Amash  
Civil Engineering Assistant  
Technical Services Division

cc: Scott Porter, PDEQ Compliance Supervisor  
Pima County DEQ Case File (PC 0303-035)  
ADEQ  
Certified Operator

Exhibit F

PUBLIC NOTICE  
OF  
AN APPLICATION FOR AN ORDER  
AUTHORIZING THE ISSUANCE OF LONG TERM DEBT  
BY RINCON WATER COMPANY

Rincon Water Company filed an Application with the Arizona Corporation Commission (Commission) for an order authorizing Applicant to issue \$143,000.00 of long term debt. The application is available for inspection during regular business hours at the office of the Commission in Phoenix, Arizona, and the Company's offices in Sahuarita , Arizona.

**NO RATE INCREASE WILL BE SOUGHT AT THIS TIME**

Intervention in the Commission's proceedings on the application shall be permitted to any person entitled by law to intervene and having a direct substantial interest in this matter. Persons desiring to intervene must file a Motion to Intervene with the Commission which must be served upon applicant and which, at a minimum, shall contain the following information:

1. The name, address and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made if different than the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding.
3. Whether the proposed intervenor desires a formal evidentiary hearing on the application and the reasons for such a hearing.
4. A statement certifying that a copy of the Motion to Intervene has been mailed to Applicant.

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, the 15<sup>th</sup> day after this notice.