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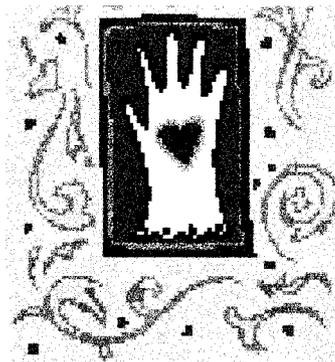
NEW APPLICATION



0000010351

ARROYO WATER CO.
HC6 BOX 1048-H

Payson Az. 85541
(928) 474-7812



October 13, 2004

Arizona Corporation Utilities div.
1200 West Washington
Phoenix, Az. 85007-2929

Reply to procedural order: Docket no: W-03672A-01-0474

W-04286A-04-0774

Here is the application for a new cc&n and the approval of the sell of assets. As requested by the commission on September 13, 2004.

Arizona Corporation Commission
DOCKETED

OCT 19 2004

Thank you,


Kacy Parker *President.*

DOCKETED BY	CAR
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AZ CORP COMMISSION
DOCUMENT CONTROL

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AZ Corporation Commission
Director Of Utilities

ARIZONA CORPORATION COMMISSION

APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY

WATER AND/OR SEWER

A. The name, address and telephone number of the Applicant (Company) is:

Arroyo Water Company, Inc.
928 474-7812

B. If doing business (d.b.a.) under a name other than the Applicant (Company) name listed above, specify:

C. List the name, address and telephone number of the management contact:

Arroyo Water Company, Inc.
H26 10482 Payson AZ, 85541
(928) 474-7812

D. List the name, address and telephone number of the attorney for the Applicant:

N/A

E. List the name, address and telephone number of the operator certified by the Arizona Department of Environmental Quality:

Michael Armstead 3 E. Verde Park

(928) 474-6556

F. List the name, address and telephone number of the on-site manager of the utility:

John Otten Box 535 Tonto Basin AZ, 85553

(928) 479-3153

G. The Applicant is a:

<input checked="" type="checkbox"/> Corporation: <input checked="" type="checkbox"/> "C", <input type="checkbox"/> "S", <input type="checkbox"/> Non-Profit <input checked="" type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Liability Company (LLC)
<input type="checkbox"/> Other (Specify)	

H. If Applicant is a corporation:

1. List names of Officers and Directors:

Officers

Directors

President - Kacy Parker _____

Vice - Kyle Parker _____

Tres. & sec. - Kamae Carnes _____

-
2. Attach a copy of the corporation's "Certificate of Good Standing" issued by the Corporation's Division of the Arizona Corporation Commission.
 3. Attach a copy of the Articles of Incorporation.
 4. Attach a copy of the corporation's By-Laws.
 5. If a for-profit corporation, indicate the number of shares of stock authorized for issue:
 6. If stock has been issued, indicate the number of shares issued and date of issue:

1000 shares May 25th 2003

H. If the Applicant is a partnership:

1. List the names of the general partners:

~~_____~~

2. List the name, address and telephone number of the managing partners:

3. Attach a copy of the Partnership's Articles of Partnership.

- If the Applicant is a foreign limited partnership, provide a copy of the Partnership's "Certificate of Registration" filed with the Arizona Secretary of State.

J. If the Applicant is a sole proprietor, list the name, address and telephone number of the proprietor:

K. If the Applicant is a Limited Liability Company:

1. List the names of managers:

L. List the names and addresses of any other public utility interest, which the applicant may have:

Jakes Corner water system

M. Attach a description of the area requested using **CADASTRAL** (quarter section description) or **Metes and Bounds** survey. References to parcels and docket numbers will not be accepted.

N. Attach a detailed map using the form provided as Attachment "B". Shade and outline the area requested. Also, indicate any other utility within the general area using different colors.

O. Attach financial information in a format similar to Attachment "C".

P. Explain the method of financing utility facilities. Refer to the instructions, item no. 7. (Use additional sheets if necessary):

Loans as necessary
Basic infrastructure already constructed

Q. Estimated starting and completion dates of construction of utility facilities:

Starting date N/A Completion N/A

R. Attach proposed Tariffs using either the water or sewer format of Attachment "D", unless the Utilities Division, prior to the filing of this application, approves another form.

S. Attach the following permits:

1. The franchise from either the City or County for the area requested.
2. The Arizona Department of Environmental Quality (or its designee's) approval to construct facilities. *already constructed*
3. The Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.) *N/A*
4. Any U.S. Forest Service approval. (If you are including any U.S. Forest Service land in your requested area this approval is needed.) *N/A*
5. (WATER ONLY) If the area requested is within an Active Management Area, attach a copy of the utility's Designation of an Assured Water Supply, or the developer's Certificate of Assured Water Supply issued by the Arizona Department of Water Resources, whichever applies.
 - If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources, if applied for by the developer. *N/A*
 - If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detail to prove that adequate water exists to provide water to the area requested.
6. Provide a copy of your estimated property taxes. This may be obtained by contacting the Arizona Department of Revenue, Division of Property Valuation and Equalization. You must provide them with a five (5) year projection of the original cost of the plant, depreciation expense, the location of the property and the school district.

T. Provide the following information:

1. Indicate the estimated number of customers, by class, to be served in each of the first five years of operation:

Residential:

First Year 90 Second Year 100 Third Year 110 Fourth Year 120

Fifth Year 130

Commercial:

none

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Industrial: none

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Irrigation: none

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

2. Indicate the projected annual water consumption or sewerage treatment, in gallons, for each of the customer classes for each of the first five years of operation:

Residential: mg = million gallons

First Year 5 mg Second Year 5.5 mg Third Year 6.0 mg Fourth Year 6.5 mg

Fifth Year 7 mg

Commercial: N/A

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Industrial: N/A

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

Irrigation: N/A

First Year _____ Second Year _____ Third Year _____ Fourth Year _____

Fifth Year _____

3. Indicate the total estimated annual operating revenue for each of the first five years of operation:

Residential: \$15 / mo. min \$2.50 / 1000 gals. sold

First Year 28,700 Second Year 31,750 Third Year 34,800

Fourth Year 37,850 Fifth Year 40,900

Commercial: N/A

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Industrial: N/A

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Irrigation: N/A

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

4. Indicate the total estimated annual operating expenses for each of the first five years of operation:

Residential:

First Year 26,600 Second Year 29,800 Third Year 32,000

Fourth Year 34,800 Fifth Year 37,500

Commercial: N/A

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Industrial: N/A

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

Irrigation: N/A

First Year _____ Second Year _____ Third Year _____

Fourth Year _____ Fifth Year _____

5. Attach an itemized list of the major components of the water or sewer system (see Attachment C-3).

6. Indicate the total estimated cost to construct utility facilities:

_____ N/A _____

[Handwritten Signature]
(Signature of Authorized Representative)

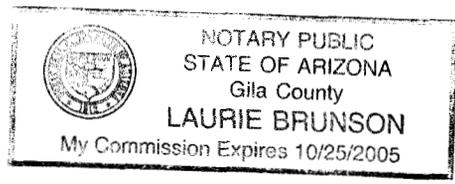
Kacy J Parker
(Type or Print Name Here)

President
(Title)

SUBSCRIBED AND SWORN to before me this 15 day of October, 2004

[Handwritten Signature]
NOTARY PUBLIC

My Commission Expires 10-25-05



ATTACHMENT "D"

WATER TARIFF SCHEDULE

RATES AND CHARGES

CUSTOMER/MINIMUM CHARGE
PER MONTH

SERVICE LINE & METER
INSTALLATION CHARGES

METER CHARGE GALLONS

METER CHARGE

5/8 X 3/4" \$ 18.40 FOR 1000
3/4" \$ 21.15 FOR 1000
1" \$ 24.43 FOR 1000
1 1/2" \$ 36.80 FOR 1000
2" \$ 24.40 FOR 1000
3" \$ 42.00 FOR 1000
4" \$ 147.20 FOR 1000
5" \$ _____ FOR _____
6" \$ _____ FOR _____

5/8 X 3/4" \$ 451.60
3/4" \$ 531.60
1" \$ 116.00
1 1/2" \$ 268.00
2" \$ 146.60
3" \$ 203.80
4" \$ 320.20
5" \$ _____
6" \$ _____

COMMODITY CHARGE (EXCESS OF MINIMUM):

\$ _____ PER _____ GALLONS

FLAT RATE \$ _____ PER MONTH

SERVICE CHARGES:

- | | |
|---|-----------------|
| 1. ESTABLISHMENT (R14-2-403.D.1) | \$ <u>28.00</u> |
| 2. ESTABLISHMENT/AFTER HOURS (R14-2-403.D.2) | \$ <u>39.20</u> |
| 3. RECONNECTION/DELINQUENT (R14-2-403.D.1) | \$ _____ |
| 4. NSF CHECK (R14-2-409.F.1) | \$ <u>19.60</u> |
| 5. METER REREAD/IF CORRECT (R14-2-408.C.2) | \$ <u>16.50</u> |
| 6. METER TEST/IF CORRECT (R14-2-408.F.1) | \$ <u>28.00</u> |
| 7. DEFERRED PAYMENT (R14-2-409.G.6) | \$ <u>1.50%</u> |
| 8. DEPOSIT INTEREST (R14-2-403.B.3) | _____ % |
| 9. DEPOSIT (R14-2-403.B.7) | PER RULE |
| 10. REESTABLISHMENT W/N 12 MOs (R14-2-403.D.1) | MONTHS OFF THE |
| SYSTEM TIMES THE MINIMUM | |
| 11. <u>OTHER RATES & CHARGES APPROVED BY ORDER:</u> | |

IN ADDITION TO THE COLLECTION OF ITS REGULAR RATES AND CHARGES, THE COMPANY SHALL COLLECT FROM ITS CUSTOMERS THEIR PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES OR USE TAX

ATTACHMENT "C"

PROFORMA BALANCE SHEET (WATER)

ASSETS

Current Assets

Cash	\$	<u>6,820</u>
Accounts Receivable		<u>1863</u>
Other		<u>N/A</u>
Total Current Assets		<u>8683</u>

Fixed Assets

Utility Plant in Service		<u>45,000</u>
(Less) Accumulated Depreciation		<u>N/A</u>
Net Plant in Service		<u>45,000</u>
Other		<u>N/A</u>
TOTAL ASSETS	\$	<u>53,683</u>

LIABILITIES AND CAPITAL

Current and Accrued Liabilities

Accounts Payable	\$	<u>2,268 p/m</u>
Notes Payable		<u>0</u>
Accrued Taxes		<u>7860</u>
Accrued Interest		<u>687</u>
Other		<u>N/A</u>
Total Current and Accrued Liabilities		<u>10,815</u>
<u>Long-Term Debt</u>	\$	<u>N/A</u>
Other		<u>N/A</u>

Deferred Credits

Advances in Aid of Construction	\$	<u>N/A</u>
Contributions in Aid of Construction		<u>N/A</u>
Accumulated Deferred Income Tax		<u>N/A</u>
Total Deferred Credits	\$	<u>N/A</u>
TOTAL LIABILITIES	\$	<u>10,815</u>

CAPITAL ACCOUNT

Common Stock	\$	<u>450 eq.</u>
Preferred		<u>N/A</u>
Paid in Capital		<u>45,000</u>
Retained Earnings		<u>N/A</u>
Total Capital	\$	<u>45,000</u>
TOTAL LIABILITIES AND CAPITAL	\$	<u>55,815</u>

PROFORMA INCOME STATEMENT (WATER)

	<u>YR ONE</u>	<u>YR TWO</u>	<u>YR THREE</u>
REVENUE:			
Water Sales	<u>22,800</u>	<u>27,360</u>	<u>32,832</u>
Establishment Charges	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Other Operating Revenue	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Operating Revenue	\$ <u>22,800</u>	\$ <u>27,360</u>	\$ <u>32,832</u>
OPERATING EXPENSES:			
Salaries and Wages	\$ <u>10,000</u>	\$ <u>11,880</u>	\$ <u>13,068</u>
Purchased Water	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Power Costs	<u>4200</u>	<u>4620</u>	<u>5082</u>
Water Testing	<u>2400</u>	<u>2640</u>	<u>2904</u>
Repairs and Maintenance	<u>4700</u>	<u>5170</u>	<u>5687</u>
Office Supplies Expense	<u>900</u>	<u>990</u>	<u>1089</u>
Outside Services	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Rents	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Transportation Expense	<u>1200</u>	<u>1320</u>	<u>1452</u>
Taxes Other than Property and income	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Depreciation			
Health and Life Insurance	<u>2400</u>	<u>2640</u>	<u>2904</u>
Income Taxes	<u>2028</u>	<u>2230</u>	<u>2453</u>
Property Tax	<u>900</u>	<u>990</u>	<u>1089</u>
Miscellaneous Operating	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Operating Expense	\$ <u>29,528</u>	\$ <u>32,480</u>	\$ <u>35,728</u>
OPERATING INCOME OR (LOSS)	\$ <u>6,728</u>	\$ <u>5,120</u>	\$ <u>2,896</u>
OTHER INCOME/EXPENSES:			
Interest Income	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
Other Income	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Other Expenses	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Interest Expenses	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
TOTAL OTHER INCOME/EXPENSE	\$ <u>N/A</u>	\$ <u>N/A</u>	\$ <u>N/A</u>
NET INCOME (LOSS)	\$ <u>6,728</u>	\$ <u>5,120</u>	\$ <u>2,896</u>

CW-3
PROFORMA UTILITY PLANT IN SERVICE (WATER)
FIRST YEAR

	ORIGINAL COST	ACCUM. DEPRC.	ORIG. COST LESS DEPREC.
Organization	\$ <u>2000</u>	\$ <u>100</u>	\$ <u>1900</u>
Franchises	<u>NA</u>	<u>NA</u>	<u>NA</u>
Land and Land Rights	<u>1800</u>	<u>90</u>	<u>1710</u>
Wells and Springs	<u>4400</u>	<u>320</u>	<u>6080</u>
Electric Pumping Equip.	<u>10,000</u>	<u>500</u>	<u>9500</u>
Water Treat. Equip.	<u>NA</u>	<u>NA</u>	<u>NA</u>
Distribution Reservoirs and Standpipes	<u>NA</u>	<u>NA</u>	<u>NA</u>
Transmission & Dist. Mains	<u>6000</u>	<u>300</u>	<u>5700</u>
Services	<u>1600</u>	<u>80</u>	<u>1520</u>
Meters	<u>3200</u>	<u>160</u>	<u>3040</u>
Hydrants	<u>NA</u>	<u>NA</u>	<u>NA</u>
Other Plant Structures and Improvements	<u>2000</u>	<u>100</u>	<u>1900</u>
Office Furniture and Fixtures	<u>3000</u>	<u>150</u>	<u>2850</u>
Transportation Equipment	<u>3000</u>	<u>150</u>	<u>2850</u>
Tools and Work Equipment	<u>600</u>	<u>30</u>	<u>570</u>
Laboratory Equipment	<u>NA</u>	<u>NA</u>	<u>NA</u>
Power Operated Equipment	<u>3800</u>	<u>190</u>	<u>3610</u>
Communication Equipment	<u>1600</u>	<u>80</u>	<u>1520</u>
Other Tangible Plant	<u>NA</u>	<u>NA</u>	<u>NA</u>
TOTAL PLANT IN SERVICE	\$ <u>45000</u>	\$ <u>2250</u>	\$ <u>42,750</u>

ATTACHMENT "B"

Gila	11-12-13-14	6 N	10 E
COUNTY	SECTION	TOWNSHIP	RANGE

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Type or Print Description Here:

The East half of section 11, all of sections 12, and 13, and the east half of section 14, of Township 10 north, Range 10 East, Gila and Salt River base meridian.

**PROPOSED CCN AREA
FOR
ARROYO WATER COMPANY, INC.**

JUNE, 2003

**The East half of Section 11, all of Section 12, all of Section 13 and the East half of
Section 14 of Township 6 North, Range 10 East, Gila and Salt River Base Meridian.**

Public notice

ARROYO WATER COMPANY, INC.

**HC 6 BOX 1048 L
PAYSON, ARIZONA 85541**

ARROYO WATER COMPANY has filed with the Arizona Corporation Commission an application for authority to provide Water service to an area in which records indicate that you are a property owner. If the application is granted, ARROYO WATER COMPANY, would be the exclusive provider of Water service to the proposed area. ARROYO WATER COMPANY, will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission. The granting of the application would not necessarily prohibit an individual from providing service to themselves from individually owned facilities on their property.

The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street, Phoenix, Arizona 85007, and at ARROYO WATER COMPANY, HC 6 Box 1048 L Payson, Arizona 85541.

The Commission will hold a hearing on this matter. As a property owner you may have the right to intervene in the proceeding. If you do not want to intervene, you may appear at the hearing and make a statement on your own behalf. You may contact the Commission at the address and telephone number listed below for the date and time of the hearing and for more information on intervention. You may not receive any further notice of the proceeding unless requested by you.

If you have any questions or concerns about this application, have any objections to its approval, or wish to make a statement in support of it, you may contact the Consumer Services Section of the Commission at 1200 West Washington St., Phoenix, Arizona 85007 or call 1-800-222-7000/400.

CERTIFICATE
FOR

1,000
SHARES



OF THE

PAPER STAMPS

ARROYO WATER
Company, Inc.

ISSUED TO

Richard S. Williamson
Jill R. Williamson

DATED

MARCH 15, 1991

For Value Received, we hereby sell, assign, and transfer
unto Kyle PARKER and KAZI PARKER

1,000

Shares
of the Capital Stock represented by the within
Certificate, and do hereby irrevocably constitute and appoint
Jill R. Williamson

to transfer the said Stock on the books of the within named
Corporation with full power of substitution in the premises.

Dated 25th day of March 1991

In presence of

[Signature]

Jill R. Williamson

NOTICE: THE SIGNATURE OF THIS ASSIGNMENT
MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE
FACE OF THE CERTIFICATE, IN EVERY PARTICULAR WITHOUT
ALTERATION OR ENGAGEMENT OR ANY CHANGE WHATSOEVER.

Exhibit "C"

STATE OF ARIZONA
ACC/FAX
DATE FILED

MAR 18 1991

ARTICLES OF INCORPORATION
OF
ARROYO WATER COMPANY, INC.

DATE APPR 3/18/91
TERM _____
BY Tomie Green

230935

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, have this day associated ourselves for the purpose of forming a corporation under the laws of the State of Arizona, and do hereby adopt the following Articles of Incorporation.

ARTICLE I

The name of this Corporation shall be ARROYO WATER COMPANY, INC.. *OK MS/90*

ARTICLE II

The incorporators of the Corporation and their addresses are as follows:

Richard S. Williamson
608 West Frontier
Payson, Arizona 85547

Jill R. Williamson
608 West Frontier
Payson, Arizona 85547

ARTICLE III

The known place of business of the Corporation shall initially be as follows: P.O. Box 1586, 608 West Frontier, Payson, Arizona 85547. Said place of business shall be subject to change hereafter in accordance with applicable law.

ARTICLE IV

The objects and purposes of this Corporation and the general nature of the business it initially proposes to transact are set forth below.

(a) The object and purpose of this Corporation are to conduct any or all manner and kind of lawful business for which corporations may be incorporated under the laws of the State of Arizona, and this Corporation shall be deemed for all purposes to have the authority and power to transact all or any such manner and kind of business; the Corporation's powers, objects and purposes as aforesaid shall include, but not be limited to, the several powers, objects and purposes set forth in Arizona Revised Statutes Section 10-004, as in effect on the date hereof, which are hereby incorporated herein by this reference.

(b) The character of the business which this Corporation initially (and thereafter) intends to conduct within the State of Arizona (and elsewhere) is as follows: namely, to own, lease and operate a water utility or utilities and in all ways deal in water utilities in the State of Arizona. The description as aforesaid of the business initially intended to be conducted by this Corporation shall not in any way limit (i) the character of the business hereafter to be conducted by this Corporation, or (ii) the generality of Paragraph (a) of this Article IV.

ARTICLE V

The authorized capital stock of this Corporation shall be One Million (1,000,000) shares of Common Stock, having the par value of one-tenth of one cent (\$.001) per share. The shares of capital stock of this Corporation shall be issuable for such consideration as is specified by the Board of Directors in its sole discretion (provided the same is not inconsistent with applicable law or the express provisions of these Articles), and upon receipt by this Corporation of the consideration so specified, the shares so issued shall be deemed to be fully paid and non-assessable for all purposes. Neither the shares so issued nor their holders shall

have any preferential or preemptive rights with respect to other shares of this Corporation's capital stock, whether now or hereafter authorized, except as hereinafter expressly provided or contemplated.

A. No Preemptive Rights; Stock Options and Rights. No stockholder of this Corporation shall have any preemptive or other similar right or option with respect to shares of capital stock proposed to be offered or issued by this Corporation. The Board of Directors shall have the authority to create and issue rights and options entitling the holders thereof to purchase from this Corporation shares of its capital stock. Any such rights or options need not be offered or issued generally to stockholders of this Corporation and may be offered or issued to such persons (including directors, officers and/or any affiliate) as the Board of Directors deems appropriate.

B. Distributions from Capital Surplus. The Board of Directors shall have the authority to effect a distribution from capital surplus of this Corporation to the holders of its outstanding capital stock, subject to the requirements of applicable law.

C. Repurchase of Shares. The Board of Directors shall have the authority to effect a repurchase by this Corporation of outstanding shares of its capital stock to the extent of any funds or assets legally available therefor, including unreserved and unrestricted earned surplus and/or capital surplus.

ARTICLE VI

The business and affairs of this Corporation shall be conducted by a Board of Directors of not less than one (1) nor more than eleven (11) members, as established from time to time by said Board. The following named persons shall constitute the first Board of Directors:

Richard S. Williamson
608 West Frontier
Payson, Arizona 85547

Jill R. Williamson
608 West Frontier
Payson, Arizona 85547

The Board of Directors may establish committees from time to time in accordance with applicable law, but no such committee shall have the authority to authorize (i) amendments to the Bylaws of this Corporation, (ii) issuances of capital stock, (iii) dividends on capital stock or (iv) any other payment with respect to or alteration of outstanding shares of capital stock.

ARTICLE VII

To the fullest extent permitted by Title 10, Chapter 1 of the Arizona Revised Statutes as the same exists or may hereafter be amended, no director shall be liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

No repeal or modification of the foregoing paragraph by the stockholders of the corporation shall adversely affect any right or protection of a director existing at the time of such repeal or

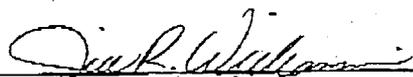
modification.

ARTICLE VIII

This Corporation hereby appoints MEYER, HENDRICKS, VICTOR, OSBORN & MALEDON, a Professional Association, 2929 North Central Avenue, Phoenix, Arizona 85012-2798, as statutory agent of this Corporation. The Board of Directors may, at any time, effect the revocation of this or any other appointment of such agent.

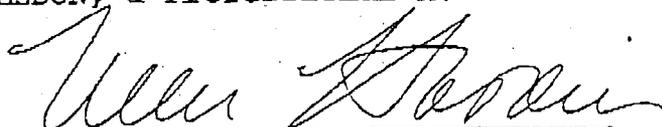
IN WITNESS WHEREOF, the undersigned have caused these Articles to be executed as of the 15th day of March, 1991.


Richard S. Williamson


Jill R. Williamson

MEYER, HENDRICKS, VICTOR, OSBORN & MALEDON, a Professional Association, having been designated to act as statutory agent, hereby consents to act in that capacity until it is removed, or submits its resignation, in accordance with applicable law.

MEYER, HENDRICKS, VICTOR, OSBORN & MALEDON, a Professional Association

By 
Authorized Officer

Meyer
Hendricks
Victor
Osborn &
Maledon

Attorneys at Law

The Phoenix Plaza
2929 North Central Avenue
Phoenix, Arizona 85012-2798

P.O. Box 33449
Phoenix, Arizona 85067-3449

Telephone 602-640-9000
Facsimile 602-640-9050

March 22, 1991

The Payson Roundup
P.O. Box 2520
Payson, Arizona 85547

Re: Publication of Articles of Incorporation of
Arroyo Water Company, Inc.

Dear Sir/Madam:

Please publish the enclosed Articles of Incorporation pursuant to Arizona Revised Statutes. It is my understanding that upon receipt of these articles you will contact me with the cost of publication. I will immediately forward you a check for this amount and you will then proceed with publication. This will also verify that you will send me the Affidavit of Publication for filing with the Arizona Corporation Commission.

Should you have any questions or if I may be of any assistance please do not hesitate to contact me.

Sincerely,



Sherrill Prideaux Smith
Paralegal for
William M. Hardin

SPS/com
enc.

Doc: WMH

AA101F9C.WP5 03/22/91

Corporate Inquiry**File Number: -0230935-0****Corp. Name: ARROYO WATER COMPANY, INC.****Domestic Address**

HC 6 BOX 1048

PAYSON, AZ 85541

Statutory Agent Information**Agent Name: KACY J PARKER****Agent Mailing Address:**

HC 6 BOX 1048

PAYSON, AZ 85541

Agent Physical Address:

LOT 7 ORBEW ESTATES

PAYSON, AZ 85541

Agent Status: APPOINTED 12/18/2003**Agent Last Updated: 05/12/2004****Officer and Director Information**

Name:	KACY PARKER
Title:	PRESIDENT/CEO
Address:	HC6 1048-H
	PAYSON, AZ 85541
Date Assigned: 05/01/2003	Last Updated: 05/12/2004

Additional Corporate Information

	Corporation Type: PROFIT
Incorporation Date: 03/18/1991	Corporate Life Period: PERPETUAL
Domicile: ARIZONA	County: GILA
Approval Date: 03/18/1991	Original Publish Date: 04/29/1991

Annual Reports

Next Annual Report Due: 07/18/2005	FORMS For Annual Reports To Be Printed And Filed << Click Here

E-FILE An Annual Report Online << Click Here
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File Year	File Month	Date Received	Reason Returned	Date Returned	Extension
2004	07	05/11/2004			
2003	07	05/11/2004			
2002	07	12/27/2002			
2001	07	12/31/2001			
2000	07	10/06/2000			
1999	07	08/13/1999			
1998	07	11/18/1998			
1997	07	11/20/1998			
1996	12	08/11/1997			
1995	12	07/03/1996			
1994	12	03/28/1995			10/15/1996
1993	12	04/13/1994			
1992	12	06/16/1993			
1991	12	10/13/1992			

Scanned Documents

(Click on gray button to view document)

Document Number	Description	Date Received
-00022751	95 ANNUAL REPORT	07/03/1996
-00113186	96 ANNUAL REPORT	08/11/1997
-00252708	98 ANNUAL REPORT	11/18/1998

-00253826	97 ANNUAL REPORT	11/20/1998
00020394	99 ANNUAL REPORT	08/13/1999
00207693	00 ANNUAL REPORT	10/06/2000
00421254	01 ANNUAL REPORT	12/31/2001
00620337	02 ANNUAL REPORT	12/27/2002
00929560	03 ANNUAL REPORT	05/11/2004
00929561	04 ANNUAL REPORT	05/11/2004

Microfilm

Location	Date Received	Description
1-0595-006-032	03/18/1991	ARTICLES
2-0111-039-043	04/29/1991	PUBLICATION OF ARTICLES
2-0125-008-002	04/15/1992	91 EXTENSION
1-0717-004-009	10/13/1992	91 ANNUAL REPORT
1-0786-015-014	06/16/1993	92 ANNUAL REPORT
1-0856-008-014	04/13/1994	93 ANNUAL REPORT
1-0947-024-001	03/28/1995	94 ANNUAL REPORT
1-0983-012-024	08/09/1995	AGENT APPOINTMENT
2-0189-003-007	04/08/1996	95 EXTENSION
1-1049-015-022	07/03/1996	95 ANNUAL REPORT
1-1155-006-017	04/15/1997	96 ANNUAL REPORT
2-0213-076-022	10/01/1997	AGENT APPOINTMENT/CORP ADDR CHG
2-0234-011-020	10/28/1998	AGENT APPOINTMENT
2-0234-011-021	10/28/1998	AGENT APPOINTMENT

3-1512-001-415	11/18/1998	98 ANNUAL REPORT
3-1513-001-167	11/20/1998	97 ANNUAL REPORT
3-1595-000-385	10/06/2000	00 ANNUAL REPORT
2-0293-011-017	11/14/2001	NOTICE OF PENDING ADMINISTRATIVE DISSOLUTION
3-1646-002-136	12/31/2001	01 ANNUAL REPORT
3-1680-000-693	12/10/2002	NOTICE OF PENDING ADMINISTRATIVE DISSOLUTION
3-1702-002-676	12/27/2002	02 ANNUAL REPORT

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ARROYO WATER COMPANY, INC.

an Arizona corporation

BYLAWS

ARTICLE I

OFFICES

Section 1. The known place of business of the Corporation, which shall also be known as its principal place of business, shall be at the address so designated in the Articles of Incorporation, or if no address is so designated, at the address of the Corporation's statutory agent as set forth in the Articles of Incorporation. The address of the Corporation's known place of business may be changed from time to time by the Board in the manner provided in the Arizona Revised Statutes and without amending the Articles of Incorporation.

Section 2. The Corporation may have offices at such places, both within and without the State of Arizona, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Any meeting of the stockholders for the election of directors or for any other purpose may be held at such time and place, within or without the State of Arizona, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. An annual meeting of stockholders shall be held on the first day of April of each year, commencing in 1991, at the principal place of business of the Corporation in the State of Arizona, or on such other date and at such other place as the Board of Directors may specify, within or without the State of Arizona, at which meeting the stockholders entitled to vote shall elect a board of directors (by the cumulative system of voting if, but only if, the same shall then be mandatory for corporations organized under the laws of the State of Arizona) and shall transact such other business as may properly be brought before the meeting. The candidates receiving the greatest number of votes, up to the number of directors to be elected, shall be the directors.

Section 3. Written notice stating the time and place of the annual meeting shall be given to each stockholder entitled to vote thereat at least ten days (but no more than fifty days) before the date of the meeting.

Section 4. The officer who has charge of the stock transfer books of the Corporation shall prepare and make a complete record of the stockholders entitled to vote at each meeting of the stockholders, arranged in alphabetical order with the address of and the number of shares and voting shares held by each. Such record shall be produced and kept open at the time and place of the meeting during the whole time thereof and shall be subject to the inspection of any stockholder during the whole time of the meeting for the purposes thereof.

Section 5. A special meeting of the stockholders, for any purpose or purposes, unless otherwise provided by statute or by the Articles of Incorporation, may be called by the President and shall be called by the President or Secretary at the request in writing of at least 10% of the Board of Directors, or at the request in writing of stockholders owning at least ten percent (10%) in amount of all the stock of the Corporation issued and outstanding and entitled to vote at such meeting. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Written notice of a special meeting of stockholders, stating in reasonable detail the time, place and purposes thereof, shall be given to each stockholder entitled to vote thereat, at least ten days (but no more than fifty days) before the date fixed for the meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 8. The holders of a majority of the stock issued and outstanding and entitled to vote on any matter to be considered thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Articles of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, a majority of the stockholders entitled to vote on any matter to be considered thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time for an aggregate period not in excess of 30 days, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power with respect to each question, present in person or represented by proxy, shall decide such question brought before such meeting, unless the question is one upon which, by express provision of statute or of the Articles of Incorporation or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decisions of such question.

Section 10. Each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, except as may otherwise be specified by the Articles of Incorporation. The Board of Directors may establish such reasonable record dates for determining stockholders entitled to notice of a meeting and to vote thereat, and for other purposes, as may be consistent with applicable law, as contemplated by Article VII, Section 5 hereof. No proxy shall be effective unless in writing and in compliance (i) applicable law and (ii) such reasonable requirements as the Board of Directors may prescribe. Unless demanded by a shareholder present in person or by proxy at any meeting of the shareholders and entitled to vote thereat, or unless so directed by the chairman of the meeting, the vote thereat on any question need not be by ballot. If such demand or direction is made, a vote by ballot shall be taken, and each ballot shall be signed by the shareholder voting, or by his or her proxy, and shall state the number of shares voted.

Section 11. Any action required or permitted to be taken at a meeting of stockholders may be effected by an instrument in writing setting forth such action, executed by each stockholder entitled to vote thereon, which instrument shall be filed at the principal office of the Corporation or with the minutes maintained for meetings of stockholders.

ARTICLE III

DIRECTORS

Section 1. The business and affairs of the Corporation shall be managed by its Board of Directors, which may exercise all powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

Section 2. The number of directors shall be fixed from time to time by resolution of the Board of Directors within the limits (if any) prescribed by the Articles of Incorporation. The directors shall be elected at the annual meeting of stockholders, or by unanimous written consent of stockholders (in accordance with Article II hereof), except as provided in Section 4 of this

Article; and each director elected shall hold office until his successor is elected unless sooner displaced. Directors need not be stockholders. Subject to the limitations imposed by applicable law, the holders of a majority of the shares then entitled to vote at an election of directors may remove a director or directors (or all directors) at any time, with or without cause.

Section 3. Any director may resign at any time by giving written notice of his or her resignation to the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the President or the Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall be not necessary to make it effective.

Section 4. Vacancies, by death, resignation, removal or otherwise, and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors, or the sole remaining director, then in office, though less than a quorum; and the director(s) so chosen shall hold office until the next election of directors when their successor(s) are duly elected, unless sooner displaced.

MEETINGS OF THE BOARD OF DIRECTORS

Section 5. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Arizona; and such meetings may be held by means of conference telephone or other similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to such communication shall constitute presence in person at such meeting.

Section 6. The first meeting of each newly elected Board of Directors shall be held at the same place as, and immediately after, the annual meeting of stockholders. No notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event such meeting is not held at such time and place, or in the event a unanimous written consent of stockholders shall be filed in lieu of the annual meeting of stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

Section 7. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board.

Section 8. Special meetings of the Board of Directors may be called by the President and shall be called by the Secretary upon the written request of a majority of the Board of Directors. Notice of special meetings of the Board of Directors shall be given to each director at least twenty-four hours before the time of the meeting.

Section 9. At all meetings of the Board, a majority of the total number of directors then set shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except, in either event, as may be otherwise specifically provided by statute or by the Articles of Incorporation or these Bylaws. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 10. Any action required or permitted to be taken at a meeting of directors may be effected by an instrument in writing setting forth such action, executed by all the directors, which instrument shall be filed at the principal office of the Corporation or with the minutes maintained for meetings of directors.

COMMITTEES OF DIRECTORS

Section 11. The Board of Directors may, by resolution passed by a majority of the whole Board, designate, change or dissolve one or more committees, each committee to consist of one or more of the directors of the Corporation, which (to the extent provided in the resolution, subject to the Articles of Incorporation and applicable law) shall have any may exercise the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

Section 12. The committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required.

COMPENSATION OF DIRECTORS

Section 13. As set by resolution of the Board, the directors may be paid their actual expenses, if any, of attending meetings of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or stated salaries as

directors. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may similarly be allowed compensation for standing committee meetings.

ARTICLE IV

NOTICES

Section 1. Except as otherwise provided below, notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the Corporation. Notice by mail shall be deemed to be given three days after the time when the same shall be mailed, postage prepaid, to such addresses. Notice to directors may be given by telegram, any other form of written communication or by telephone.

Section 2. Any notice required to be given under the provisions of applicable law or of the Articles of Incorporation or of these Bylaws may be waived in writing, either before or after the event requiring such notice, provided such waiver is signed by the person or persons entitled to said notice. Attendance at a meeting by a person shall constitute a conclusive waiver of any objections made by any person with respect to the notice given to such person unless attendance shall be solely for the purpose of objection.

ARTICLE V

OFFICERS

Section 1. The officers of the Corporation shall be elected by the Board of Directors and shall be a president, a vice president, a secretary and a treasurer. The Board of Directors may also elect a Chairman of the Board, one or more additional vice-presidents and assistant secretaries and assistant treasurers. Two or more offices may be held by the same person; provided, however, that the same person shall not simultaneously hold the offices of president and secretary.

Section 2. The Board of Directors at its first meeting after each annual meeting of stockholders (or pursuant to a unanimous consent in lieu thereof) shall elect a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the Board.

Section 3. The Board of Directors may appoint and remove such agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties

as shall be determined from time to time by the Board. The power to appoint and remove agents may be delegated by the Board.

Section 4. The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors. Election or appointment of an officer or agent shall not itself create contract rights.

Section 5. The officers of the Corporation shall hold office until their successors are chosen, or until sooner displaced. Any officer elected by the Board of Directors may be removed, with or without cause, at any time by the affirmative vote of a majority of the directors then serving. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

Section 6. Any officer may resign at any time by giving written notice of his or her resignation to the Board, the President or the Secretary. Any such resignation shall take effect at the time specified therein, or, if the time when it shall become effective is not specified therein, it shall take effect immediately upon its receipt by the Board, the President or the Secretary; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

THE PRESIDENT;
CHAIRMAN OF THE BOARD OF DIRECTORS

Section 7. The President shall be the chief executive officer of the Corporation, shall preside at all meetings of the stockholders and the Board of Directors, shall be ex officio a member of all standing committees and shall have general and active management of the business of the Corporation.

Section 8. He may execute all bonds, mortgages and other contracts or instruments in the ordinary course of the business of the Corporation. Unless the Board of Directors specifies otherwise, the President shall have authority to vote (or grant a proxy with respect to) any securities held or owned by the Corporation.

Section 9. In the event the Board of Directors elects a Chairman of the Board of Directors who is not also the President, he shall have all the powers of the President in the President's absence or inability to act and such other powers as the Board of Directors shall designate.

THE VICE-PRESIDENTS

Section 10. The Vice-Presidents in the order of their seniority of election, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President and

Chairman of the Board of Directors, if there be one, perform the duties and exercise the powers of the President. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 11. The Secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record or cause to be recorded all the proceedings of such meetings in a book or books to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, required notices of all meetings of the stockholders and the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. He shall keep in safe custody the seal of the Corporation and, when authorized by the Board of Directors, affix the same to any contract or instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of the Treasurer or an Assistant Secretary. He shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 12. The Assistant Secretaries in the order of their seniority of election, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 13. The Treasurer shall have the custody of the corporate funds and securities, shall keep or cause to be kept full and accurate accounts of receipts and disbursements in books belonging to the Corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 14. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation.

Section 15. If required by the Board of Directors, he shall give the Corporation a bond in such sum and with such surety or

sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 16. The Assistant Treasurers in the order of their seniority of election, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Subject to the further provisions hereof the Corporation shall indemnify any and all of its directors, officers, former directors, and former officers, to the full extent permitted under applicable law against all amounts incurred by them and each of them, including but not limited to expenses, legal fees, costs, judgments, fines and amounts paid in settlement which may be actually and reasonably incurred, rendered or levied in any threatened, pending or completed action, suit or proceeding brought against any of them for or on account of any action or omission alleged to have been committed while acting within the scope of his duties as a director or officer of the Corporation. Whenever any such director or officer shall report to the President of the Corporation or the Board of Directors that he has incurred or may incur such amounts, the Corporation shall, within a reasonable time thereafter, determine in a manner consistent with applicable law (including A.R.S. Section 10-005(D)) whether, in regard to the matter involved, such person acted or failed to act in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding had no reasonable cause to believe his conduct was unlawful. If the Corporation so determines that such person acted or failed to act in such a manner with regard to the matter involved, indemnification shall be mandatory and shall be automatically extended as specified herein; provided, however, that the Corporation shall have the right to refuse indemnification in any instance in which the person to whom indemnification would otherwise have been applicable shall not offer the Corporation the opportunity, at its own expense and through counsel of its own choosing, to defend him in the action, suit or proceeding. Nothing contained herein is intended to limit any right of indemnification or other rights provided by Arizona Revised Statutes Section 10-005, or other applicable law.

ARTICLE VII

CERTIFICATES OF STOCK; DEBT INSURANCE

Section 1. Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by, the President or a Vice-President and the Secretary or an Assistant Secretary, certifying the number of shares owned by him in the Corporation. If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class of stock, the designations, preferences, limitations and rights of each class or series shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock; provided, however, that except as otherwise provided by applicable law, in lieu of the foregoing requirements, there may be set forth on the face or back of a certificate a statement to the effect that the Corporation will furnish any shareholder upon request and without charge such a description or summary.

Section 2. Where a certificate, bond, debenture or other debt security instrument is (1) signed by a transfer agent or an assistant transfer agent or (2) registered by a registrar other than a Corporation or an employee of the Corporation, the signature of any President, Vice-President, Secretary or Assistant Secretary may be facsimile. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or instrument shall cease to be such officer or officers of the Corporation, whether because of death, resignation or otherwise before such certificate or instrument have been delivered by the Corporation, such certificate or instrument may nevertheless be adopted by the Corporation and be issued and delivered as though the person or persons who signed such certificate or instrument or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation.

LOST CERTIFICATES

Section 3. The Board of Directors may direct a new certificate or instrument to be issued in place of any certificate or instrument theretofore issued by the Corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate or instrument, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or instrument, or his legal representative, to give the Corporation such indemnity as it may direct against any claim that may be made against the Corporation with respect to the certificate or instrument alleged to have been lost or destroyed.

TRANSFERS OF STOCK

Section 4. Transfers of shares of stock of the Corporation shall be made only on the stock transfer books of the Corporation. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares properly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and payment of all taxes thereon the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

RECORD DATES

Section 5. The Board of Directors may fix in advance a date, not more than seventy (70) days (nor less than ten (10) days) preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or the date of any other lawful action, for the determination of the stockholders entitled to notice of, and to vote at, any such meeting and any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or to receive payment of any such dividend, or to receive any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, and in such case each such stockholder and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to express such consent, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid.

REGISTERED STOCKHOLDERS

Section 6. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, to vote as such owner, to transfer such shares and for all other purposes; and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Arizona.

ARTICLE VIII

GENERAL PROVISIONS

DIVIDENDS

Section 1. Dividends upon the capital stock of the Corporation, subject to the provisions of the Articles of Incorporation (of any resolution of the Board of Directors establishing any series of any class of stock adopted pursuant to the provisions of the Articles of Incorporation), if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Articles of Incorporation and applicable law.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, equalize dividends, or to repair or maintain any property of the Corporation, and for such other purpose as the directors shall determine to be in the best interests of the Corporation. The directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks, drafts, or orders or demands for or to pay money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate or in the absence of such designation by the President or the Treasurer.

CONTRACTS

Section 4. Except as otherwise required by law or by these Bylaws, any contract or instrument approved by the Board may be executed and delivered in the name of the Corporation and on its behalf by the President or a Vice President. In addition, the Board may authorize any other officer or officers or agent or agents to execute and deliver any contract or instrument in the name of the Corporation and on its behalf, and such authority may be general or confined to specific instances as the Board may by resolution determine.

ATTESTATION

Section 5. Any Vice President, the Secretary, or any Assistant Secretary may attest the execution of any contract, instrument or document by the President or any other duly

authorized officer or agent of the Corporation and may affix the corporate seal, if any, in witness thereof, but neither such attestation nor the affixing of a corporate seal shall be requisite to the validity of any such document or instrument.

FISCAL YEAR

Section 6. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SEAL

Section 7. A corporate seal shall not be requisite to the validity of any contract, instrument or document executed by or on behalf of the Corporation. The corporate seal, if any, shall have inscribed thereon the name of the Corporation, and the year of its organization. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

LOANS TO DIRECTORS OR EMPLOYEES

Section 8. The Corporation shall not make any loan to a director, or guarantee any indebtedness of a director or otherwise use its credit to assist a director, without the express authorization by the stockholders in each particular case. The Board of Directors may authorize the Corporation to make a loan to any employee of the Corporation (including any director who is also an employee), or to guarantee indebtedness of or otherwise use its credit to assist such employee, if the Board determined that the same may be reasonably expected to benefit the Corporation; any resolution properly adopted by the Board authorizing a loan to any employee by the Corporation (or authorizing any such guarantee or use of credit) shall conclusively evidence such a determination by the Board, whether or not expressed therein.

BOOKS AND RECORDS

Section 9. Any person who shall have been a holder of record of shares or of a voting trust beneficial interest therefor at least six months immediately preceding his demand or shall be the holder of record of, or the holder of record of a voting trust beneficial interest for, at least five percent of all the outstanding shares of the corporation, upon written demand stating the purpose thereof, shall have the right to examine, in person, or by agent or attorney, at any reasonable time or times, for any proper purpose the Corporation's relevant books and records of accounts, minutes, and record of shareholders and to make copies of or extracts therefrom.

INTERPRETATIONS

Section 10. To the extent permitted by the context in which used, words in the singular number shall include the plural, words in the masculine gender shall include the feminine and neuter, and vice versa.

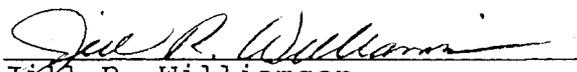
Section 11. Captions used herein are for convenience only and are not a part of these Bylaws and shall not be deemed to limit or alter any provisions hereof and shall not be deemed relevant in construing these Bylaws.

ARTICLE IX

AMENDMENTS

Section 1. Subject to the Articles of Incorporation, these Bylaws may be altered, amended or repealed at any regular or special meeting of the stockholders or of the Board of Directors.

Adopted on March 19th, 1991. Confirmed as to adoption.


Jill R. Williamson
Secretary

ARIZONA CORPORATION COMMISSION

APPLICATION FOR APPROVAL OF THE SALE OF ASSETS AND/OR TRANSFER OF
CERTIFICATE OF CONVENIENCE AND NECESSITY

WATER AND/OR SEWER

A. The name, address and telephone number of the Transferor (Company) is:

Arroyo Water Company Inc

UCB-10482

Payson, AZ 85541 928-474-7812

B. If doing business under a name other than the Transferor (Company) name, specify:

C. The Transferor is a:

<input checked="" type="checkbox"/> Corporation: <input checked="" type="checkbox"/> "C", <input type="checkbox"/> "S", <input type="checkbox"/> Non-Profit <input checked="" type="checkbox"/> Arizona, <input type="checkbox"/> Foreign	<input type="checkbox"/> Partnership <input type="checkbox"/> Limited, <input type="checkbox"/> General <input type="checkbox"/> Arizona, <input type="checkbox"/> Foreign
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Limited Liability Company
<input type="checkbox"/> Other (Specify)	

D. List the name, address and telephone number of the attorney for the Transferor.

N/A

E. List the name, address and telephone number of management contact:

John Otter 928-479-3153

F. The name, address and telephone number of the Transferee (Company) is:

Ameyco Water Co. Inc 928-474-2512
HCL 1045-H Payson AZ 85541

G. If doing business under a name other than the Transferee (Company) name, specify:

H. List the name, address and telephone number of the attorney for the Transferee.

N/A

I. List the name, address and telephone number of management contact:

Racy Parker HCL 1045-H
928) 978-1657

J. (Transferee) List the name, address and telephone number of the on-site manager of the utility:

John Otter 928-479-3153

K. (Transferee) List the name, address and telephone number of the certified operator as authorized by the Arizona Department of Environmental Quality:

Michael Armstead 3 Beust Verde park
Payson AZ, 85541

L. The Transferee is a:

<input checked="" type="checkbox"/> Corporation: <input checked="" type="checkbox"/> "C", ___ "S", ___ Non-Profit <input checked="" type="checkbox"/> Arizona, ___ Foreign	___ Partnership ___ Limited, ___ General ___ Arizona, ___ Foreign
___ Sole Proprietorship	___ Limited Liability Company
___ Other (Specify)	

M. If Transferee is a corporation:

1. List names of Officers and Directors:

Officers	Directors
<u>Racy Parker Pres</u>	_____
<u>Kyle Parker vice</u>	_____
<u>Ramae Carpes Treas/sec</u>	_____
_____	_____

2. Indicate the number of shares of stock authorized to issue:

1000

3. If stock has been issued, indicate the number of shares issued and the date of issue:

1000 March 25th 2003

N. If Transferee is a partnership:

1. List the names of general partners:

N/A

2. List name, address and telephone number of managing partner:

N/A

◆ If Applicant is a foreign limited partnership, provide a copy of the Partnership's "Certificate of Registration" with the Arizona Secretary of State

O. If Transferee is a sole proprietor, list name, address and telephone number of individual:

N/A

P. Have all customer security deposits been refunded? Yes ___ No . If no, mark the block below which describes the proposed disposition of security deposits.

All security deposits will be refunded at time of closing.

All security deposits will be transferred to the Transferee.

Other (explain).

Q. Are there any refunds due on Main Extension Agreements? Yes ___ No . If Yes, mark the block below which describes the proposed disposition of the refunds.

Transferor will continue to refund after the transfer.

Transferee will assume the refunding obligations.

A full refund will be made at closing by Transferor.

Other (explain).

R. (WATER ONLY) Are there any refunds due on meter and service line installations?
Yes ___ No . If Yes, mark the block below that describes the proposed disposition of refunds.

Transferor will continue to refund after the transfer.

Transferee will assume the refunding obligations.

A full refund will be made at closing by Transferor.

Other (explain).

S. (Transferee) Attach the following exhibit(s):

1. Copy of bill of sale, purchase contract or other instrument, which conveys the assets to the transferee.
2. Articles of Incorporation (if corporation)
3. By-Laws (if corporation)
4. Certificate of Good Standing (if corporation)
- ~~5.~~ Articles of Partnership (if partnership)
- ~~6.~~ Articles of Organization (if limited liability company)
- ~~7.~~ Corporate Resolution if required by Articles of Incorporation
8. Attach a copy of the transfer of City or County Franchise from the Transferor to Transferee.

T. List names and addresses of any other public utility interest Transferee has:

1. Tellico corner water system, Tellico corner 012,
2. _____

U. Indicate the date that notice of the application was sent, or will be sent to the customers.

_____, 20____.

DATED the _____ day of _____, 20____

(Signature of Authorized Representative of Transferor)

(Type Name Here)

(Title)

SUBSCRIBED AND SWORN to before me on this _____ day of _____ 20____

NOTARY PUBLIC

My Commission Expires _____

[Handwritten Signature]

(Signature of Authorized Representative of Transferee)

Kacy Parker

(Type Name Here)

President Leo

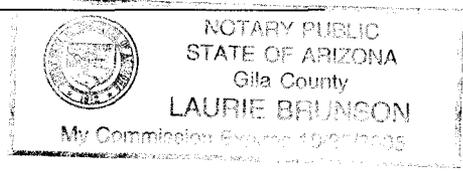
(Title)

SUBSCRIBED AND SWORN to before me on this 15th day of Oct. 2004

Laurie Brunson

NOTARY PUBLIC

My Commission Expires 10-25-05



KYLE AND KACY PARKER
HC6 BOX 1048 H
PAYSON, ARIZONA 85541
928-474-1766

ADDENDUM TO PURCHASE AGREEMENT
FOR
ALL ASSETS OF ARROYO WATER COMPANY INC.

It is hereby agreed upon to the following terms and conditions listed below by seller (Rich Williamson) and Buyer (Kyle and Kacy Parker).

All previous obligations prior to March 26th, 2003; made by Rich Williamson or his representatives in reference to Arroyo Water Company will remain the responsibility of Rich Williamson, as will any past due financial obligations. An APS meter reading will be done and prorated to reflect any changes to be divided proportionately.

All Incorporation documents shall be transferred and become property of Buyer upon exchange of funds.

Total price for all assets of Arroyo Water Company, Inc. , will be \$45,000 payable with \$5,000 exchange for labor and materials (replace engine and misc.on Freightliner Truck) already completed, and \$40,000 Cashiers Check #0629004058 received on 3-25-03 for final payment in full.

Seller will provide all paperwork to buyer in reference to ADEQ-ACC Water Studies and Sampling Records and ect., plus names and addresses of customers and any other pertinent information.

Rich Williamson will remain on staff as a Registered Water Operator and Professional Engineer for a period of 4 years from the transfer date.

Both Parties are aware that this transfer must be approved by the Arizona Corporation Commission and should Arizona Corporation Commission fail to approve then all funds plus interest will be returned upon their denial to the Buyer.

As a stipulation for approval, the Buyer insists that any and all fines or levey on System be removed as condition prior to final transfer.

Richard Williamson

Notary:

TRACI A. UMBENHAUER
GILA COUNTY
NOTARY PUBLIC - ARIZONA
MY COMM. EXP. 10-05-2004

Kyle O. Parker

Notary:

TRACI A. UMBENHAUER
GILA COUNTY
NOTARY PUBLIC - ARIZONA
MY COMM. EXP. 10-05-2004

Kacy Parker

Notary:

TRACI A. UMBENHAUER
GILA COUNTY
NOTARY PUBLIC - ARIZONA
MY COMM. EXP. 10-05-2004

Exhibit G

Arroyo Water Company, Inc.

List of Assets:

1. 12,000 gallon Storage Tank
2. 1,000 gallon pressure tank
3. 5 hp well pump
4. 3 hp well pump
5. 3 hp booster pump
6. Controls and Electrical Service at wellsite
7. 85 metered connections, 5 pending.
8. Assorted Pipe valves and service lines.

ARROYO WATER COMPANY INC.

HC6 Box 1048-L

Payson, Az.

85541

office: (928)-474-7812

fax: (928)-474-7812

October 13, 2004

Docket Control
Arizona Corporation Commission

Five year tax projection

2004- \$700 / year

2005- \$756 / year

2006- \$816 / year

2007- \$881 / year

2008- \$952 / year