

ORIGINAL

NEW APPLICATION

SALMON, LEWIS & WELDON, P.L.C.

Attorneys at Law



0000014739

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February 9, 2005

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Arizona Corporation Commission  
**DOCKETED**

FEB 09 2005

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

W-01452A-05-0082

DOCKETED BY	
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Attached please find an original and thirteen (13) copies of an application by the Cave Creek Water Co. ("CCWC") to extend its Certificate of Convenience and Necessity. The purpose of this application is to extend the area covered by CCWC's Certificate of Convenience and Necessity to include Parcel No. 216-29-002A.

Thank you in advance for your prompt consideration of this matter.

Sincerely,

M. Byron Lewis  
Kristin Magin

MBL/jpa  
Enclosures

AZ CORP COMMISSION  
DOCUMENT CONTROL

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RECEIVED

# NEW APPLICATION

1 M. Byron Lewis, No. 002047  
2 Kristin D. Magin, No. 021199  
3 **Salmon, Lewis & Weldon, P.L.C.**  
4 Attorneys at Law  
5 2850 East Camelback Road, Suite 200  
6 Phoenix, Arizona 85016  
7 (602) 801-9060

8 Attorneys for Cave Creek Water Co.

## BEFORE THE ARIZONA CORPORATION COMMISSION

9  
10 IN THE MATTER OF THE  
11 APPLICATION OF CAVE CREEK  
12 WATER CO., AN ARIZONA  
13 CORPORATION, TO EXTEND ITS  
14 EXISTING CERTIFICATE OF  
15 CONVENIENCE AND NECESSITY AT  
16 CAVE CREEK, MARICOPA COUNTY,  
17 ARIZONA

DOCKET NO. W-01452A-04-\_\_\_\_\_

### APPLICATION TO EXTEND CERTIFICATE OF CONVENIENCE AND NECESSITY

18 Cave Creek Water Co. ("CCWC" or "Applicant"), by and through its undersigned attorneys,  
19 hereby files an Application to extend its Certificate of Convenience and Necessity. CCWC supports  
20 this Application with the following facts and attached Exhibits:

21 1. CCWC is a public service corporation holding a Certificate of Convenience and  
22 Necessity to provide water service in and around the Towns of Cave Creek and  
23 Carefree, Maricopa County, Arizona.

24 2. All communications and pleadings regarding this matter are to be addressed to  
25 Applicant at:

26 Jay George – President/Operator Certified by the Arizona Department of  
27 Environmental Quality  
Cave Creek Water Co.  
Post Office Box 448  
Cave Creek, Arizona 85327  
(480) 488-3331

with copies addressed to Applicant's attorney:

1  
2 M. Byron Lewis, Esq.  
3 Kristin D. Magin, Esq.  
4 Salmon, Lewis & Weldon, P.L.C.  
5 2850 East Camelback Road, Suite 200  
6 Phoenix, Arizona 85016  
7 (602) 801-9062

- 8  
9  
10 3. BDG60 L.L.C. ("Owner"), owns approximately 30.4769 acres in Section 34,  
11 Township 6 North, Range 4 East of the Gila and Salt River Base and Meridian,  
12 Maricopa County, Arizona, all as more particularly described in Exhibit A and  
13 depicted in Exhibit B, attached hereto (the "Property").  
14  
15 4. Owner is developing the Property as a housing development, commonly referred to as  
16 Carefree Views (formerly referred to as Carefree Mountain Ranch Estates), consisting  
17 of approximately nine (9) residential lots.  
18  
19 5. Owner has requested CCWC to provide water service to the Property as evidenced by  
20 Exhibit C.  
21  
22 6. CCWC's Board of Directors has authorized the filing of this Application as reflected  
23 in Exhibit D.  
24  
25 7. The estimated number of customers, by class, to be served in the Property, together  
26 with the projected annual water consumption, in gallons, in each of the customer  
27 classes for the next five years is attached hereto as Exhibit E.  
8. The total estimated annual operating revenue and annual operating expenses from the  
Property for each of the next five years is attached hereto as Exhibit F.  
9. CCWC's Balance Sheet and a profit and loss statement for the year ending December  
31, 2003, based upon the Annual Report filed with the Arizona Corporation  
Commission, are attached as Exhibits G and H, respectively.  
10. Exhibit I displays the existing CCWC six inch (6") water main located approximately  
nine hundred ten (910) feet from the Property and the proposed location of extending  
the six inch main to the Property. This existing water main arterial is located in the

1 public street named Carefree Drive in the Town of Carefree. Owner will extend the  
2 existing six inch water line directly westbound on Carefree Drive for the nine hundred  
3 ten feet to the Property to provide service to the Property's nine (9) lots. The  
4 approximate cost to extend this six inch line while adhering to all Maricopa County  
5 Association of Governments Design Guidelines ("MAG") and local Town of Carefree  
6 Design Ordinances is estimated to be \$20,000 and are not likely to exceed \$50,000.  
7 These cost estimates include trenching from the existing location to the Property,  
8 installing piping material and valves, refilling the trench, compacting per code and  
9 providing roadway asphalt sub-grade and surfacing per code such that the trench is  
10 seamless within the existing public road. Necessary facilities will be financed  
11 primarily through advances in aid of construction, which are subject to Commission  
12 review and approval. Construction of the extension of the existing water line facilities  
13 is anticipated within six months of approval by the Town of Carefree of the Property's  
14 final plat. This six inch line will be sufficient for the 9 lots from both a drinking water  
15 and fire service perspective (reference Exhibit J which contains the Arizona  
16 Department of Water Resources ("ADWR") water use estimate for the Property of  
17 3.49 acre feet per year.)

- 18 11. The Property is located in the Phoenix Active Management Area and must obtain a  
19 Certificate of Assured Water Supply ("CAWS") from ADWR prior to final plat  
20 approval. The Owner has submitted and is pursuing an application for a CAWS with  
21 ADWR, a copy of which is attached hereto as Exhibit J. A Certificate of Convenience  
22 and Necessity must be issued first in order for ADWR to issue a CAWS. CCWC does  
23 not anticipate any difficulties with the CAWS application, provided this Application is  
24 timely approved.
- 25 12. CCWC is regulated by the Arizona Department of Environmental Quality ("ADEQ")  
26 in relation to water quality. CCWC's water complies with current standards for water  
27 quality. In January 2006, new arsenic standards for well water will come into effect.

1 CCWC has submitted its plan for arsenic removal to ADEQ and has commenced  
2 testing of its plan. Attached hereto as Exhibit K is a copy of ADEQ's Certificate of  
3 Approval to Proceed with Stipulations of CCWC's testing plan. Results of the testing  
4 will be analyzed by a certified lab and provided to ADEQ promptly upon completion.

5 13. CCWC has a CAP water delivery contract for the delivery of up to 1,600 acre feet of  
6 water per year, and 630 acre feet of groundwater available to meet its current and  
7 committed water demands. ADWR has calculated that the Property with its proposed  
8 development will have a total annual demand of 3.49 acre feet per year. CCWC  
9 currently has sufficient water availability to serve the Property. In addition, CCWC  
10 will receive an additional 806 acre feet allotment of CAP water in the future pursuant  
11 to the terms of the GRIC Settlement.

12 14. CCWC holds a franchise from Maricopa County contiguous to Section 34, T6N, R4E,  
13 which includes the Property. A copy of the franchise is attached hereto as Exhibit L.  
14 All new water facilities needed to serve the Property will be placed within private  
15 easements, so no expansion of CCWC's county franchise is required. No State or U.S.  
16 Forest Service lands are involved and therefore their consent is not needed.

17 15. A copy of a recent Certificate of Good Standing issued by the incorporating division of  
18 the Commission is attached at Exhibit M.

19 16. CCWC has provided notice of this Application to the landowner of the Property and  
20 shall provide notice to all CCWC customers by published public notice. CCWC will  
21 also provide such other notice as required by any Procedural Order to govern this  
22 matter. The notices provided to the Owner in the proposed extension area and to all  
23 customers and property owners in the existing certificated area are attached hereto as  
24 Exhibit N.

25 17. A copy of CCWC's Water Use Data Sheet for the past thirteen (13) months is attached  
26 hereto as Exhibit O.

27 WHEREFORE, CCWC requests the Commission:

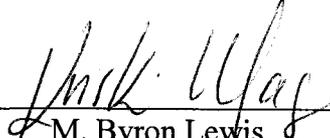
Salmon, Lewis & Weldon, P.L.C.  
2850 E. Camelback Road, Suite 200  
Phoenix, Arizona 85016

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1. Immediately accept this Application for filing and direct its staff to review and process the Application;
2. Immediately issue an order extending CCWC's certificated area to include the Property, all as more fully described in Exhibit A or, alternatively;
3. Immediately issue a Procedural Order setting this matter for hearing and to otherwise govern this issue and, after conducting said hearing, thereafter issue an order extending CCWC's certificated area to include the Property;
4. Take such further action as it may deem appropriate and necessary on this Application.

DATED this 9<sup>th</sup> day of February, 2005.

Salmon, Lewis & Weldon, P.L.C.

By   
M. Byron Lewis  
Kristin D. Magin  
2850 East Camelback Road, Suite 200  
Phoenix, Arizona 85016  
Attorneys for Cave Creek Water Co.

Salmon, Lewis & Weldon, P.L.C.  
2850 E. Camelback Road, Suite 200  
Phoenix, Arizona 85016

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PROOF OF SERVICE AND  
CERTIFICATE OF MAILING

I hereby certify that on this 9<sup>th</sup> day of February, 2005, I caused the foregoing document to be served on the Arizona Corporation Commission by hand-delivering the original and thirteen (13) copies of said document to:

Arizona Corporation Commission  
Docket Control Center  
1200 West Washington  
Phoenix, Arizona 85007



## EXHIBIT A

### LEGAL DESCRIPTION

The Southeast quarter of the Northwest quarter of Section 34, Township 6 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona EXCEPTING therefrom the following described parcel:

BEGINNING at the 2 inch diameter brass cap that is stamped center of Section 34, Township 6 North, Range 4 East, L.S. 1681, said point being also the Southeast corner of the Southeast quarter of the Northwest quarter of Section 34;

thence South 89 degrees 07 minutes 56 seconds West, 362.49 feet along the south line of said Southeast quarter of the Northwest quarter to an iron pipe tagged L.S. 1681 set for the Southwest corner of the herein described parcel of land;

thence North 00 degrees 42 minutes 47 seconds West, 1107.69 feet parallel with the East line of said Southwest quarter of the Northwest quarter to an iron pipe tagged L.S. 1681 set for the Northwest corner of the herein described parcel of land;

thence North 89 degrees 07 minutes 56 seconds East, 362.49 feet parallel with the South line of said Southeast quarter of the Northeast quarter to an iron pipe tagged L.S. 1681 set for the Northeast corner of the herein described parcel of land at a point that is on the East line of said Southeast quarter of the Northwest quarter and from which point the Northeast corner of said Southeast quarter of the Northeast corner of said Southeast quarter of the Northwest quarter bears North 00 degrees 42 minutes 47 seconds West, 205.77 feet;

thence from said Northeast quarter of the herein described parcel of land South 00 degrees 42 minutes 47 seconds East, 1107.69 feet along the east line of said Southeast corner of the Northwest quarter to said 2 inch diameter brass cap that is Southeast corner of the herein described parcel of land and the POINT OF BEGINNING.

EXCEPT from all the above, all the coal and other minerals as reserved in Patent from the United States of America.







EXHIBIT C

Cave Creek Water Company  
Mr. Jay George and Kristin Magin (attorney for CCWC)  
P.O. Box 448  
6034 East Valley Way  
Cave Creek, Arizona 85327

tel: 480 488-3331

fax: 480 488-0939

**Re: Carefree Views CC&N Inclusion**

Dear Jay/Kristin:

After nearly a year of planning and engineering work and countless discussions with ADWR, the Town of Carefree and Cave Creek Water Company; it has been brought to my attention that my land is not in the Cave Creek Water CC&N area (reference enclosed map provided by the Arizona Corporation Commission).

I am writing to request that my land (reference enclosed plat and legal description) be included in the Cave Creek Water Company's CC&N area. In consideration of inclusion within the CC&N, I agree to provide private easements no less than fifteen (15) feet wide, as necessary, to encompass all necessary water lines and appurtenances, and all booster sites, storage sites and well sites deemed necessary by the company to provide water service to the area, will pay all necessary costs of water related facilities pursuant to a line extension agreement and pay all necessary applicable fees and charges approved by the Arizona Corporation Commission.

Please let me know what I can do to help with this request and/or if I can answer any questions. Your help is appreciated and I thank you in advance.

Respectfully,



Darryl Szarka, Member

BDG 60 LLC (Property Owner)  
7077 East Marilyn Road, Suite 152  
Scottsdale, Arizona 95254  
Telephone 480 778-1784  
Fax 480 778-1791  
Email darryl@dksdev.com

# COUNTY: Maricopa

## RANGE 4 East

## TOWNSHIP 6 North

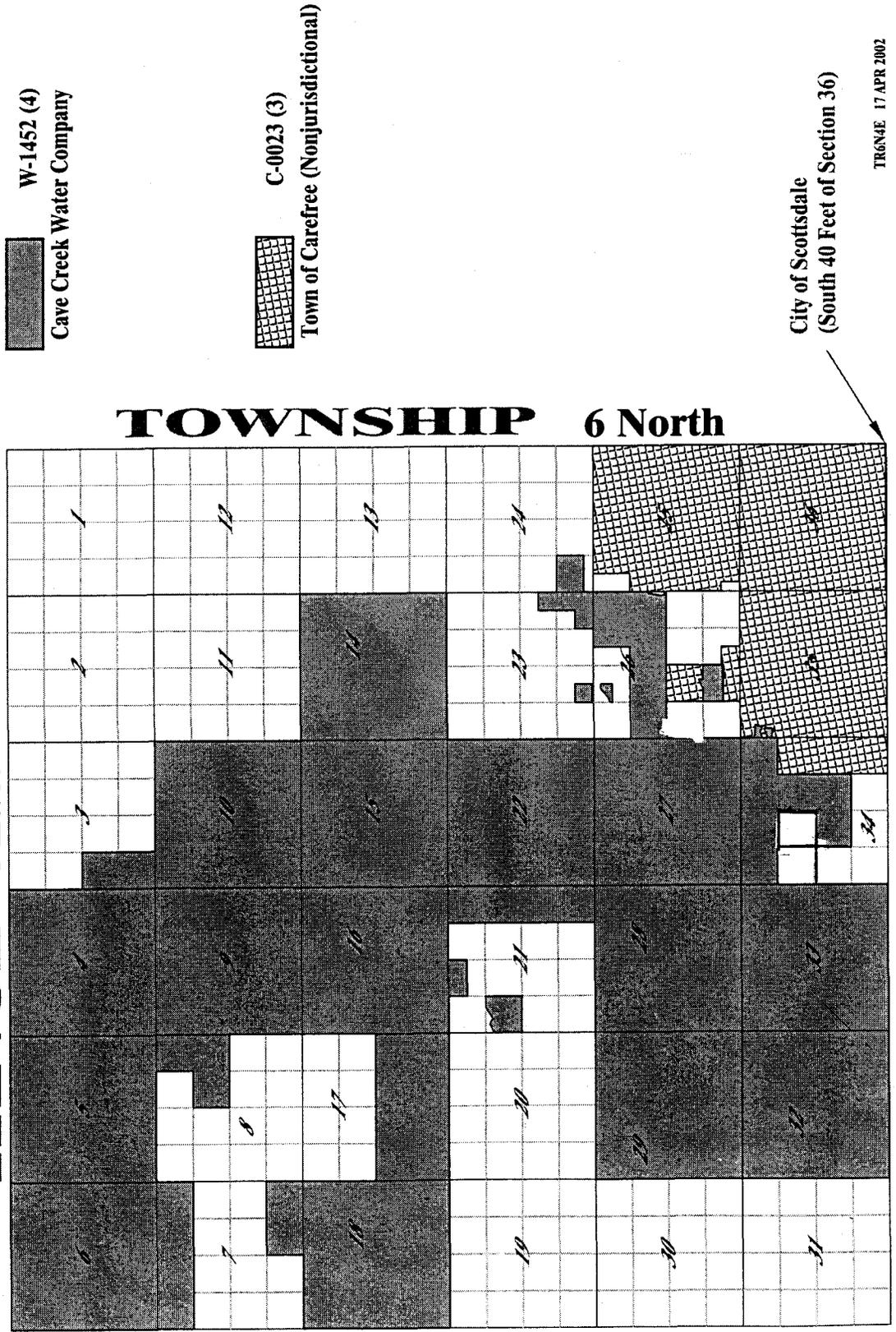


EXHIBIT D

RESOLUTION BY UNANIMOUS CONSENT  
OF  
THE BOARD OF DIRECTORS  
OF  
CAVE CREEK WATER CO.

Pursuant to A.R.S. § 10-821, the undersigned, constituting all of the members of the Board of Directors of Cave Creek Water Co., an Arizona corporation (the "Corporation"), hereby consent to, confirm, approve and adopt the following actions and resolutions with the same force and effect as if adopted at a duly called special meeting of the Board of Directors of the Corporation:

WHEREAS, certain land owners adjacent to the existing Certificate of Convenience and Necessity of the Corporation desire water service from the Corporation; and

WHEREAS, such vacant lands could provide additional growth for this portion of the Corporation's system;

NOW, THEREFORE, BE IT RESOLVED, that the Corporation's officers are authorized and directed to take any and all action deemed necessary or appropriate to expand the Corporation's certificated area by adding approximately 30.4769 acres in Section 34, Township 6 North, Range 4 East, of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, commonly referred to as Carefree Views, including without limitation, filing and processing an application with the Arizona Corporation Commission.

RESOLVED, FURTHER, that the President, incidental to the President's duties to the management and operation of the Corporation, is authorized and directed to make, provide, execute, and deliver any and all statements, applications, certificates, representations, payments, notices, receipts and other instruments and documents and take any and all other actions which is or may be necessary or appropriate in connection with or to consummate any of the matters covered by the foregoing resolutions.

IN WITNESS WHEREOF, the undersigned has executed this Written Consent effective as of January 18, 2005.

  
\_\_\_\_\_  
Jerome Milton George, III, its Sole Director

Exhibit E

Indicate the estimated number of customers, by class, to be served in the new area in each of the next five years:

Residential: (cumulative)

First Year <u>  9  </u>	Second Year <u>  9  </u>	Third Year <u>  9  </u>
Fourth Year <u>  9  </u>	Fifth Year <u>  9  </u>	

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 _____	

Other: (specify) None

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

Exhibit E (cont.)

Indicate the projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years:

Residential: (cumulative)

First Year <u>1,137,220</u>	Second Year <u>1,137,220</u>	Third Year <u>1,137,220</u>
Fourth Year <u>1,137,220</u>	Fifth Year <u>1,137,220</u>	

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 _____	

Other: (specify) None

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

Exhibit F

Indicate the total estimated annual operating revenue and annual operating expenses from the new area in each of the next five years:

Revenue<sup>1</sup> (cumulative):

Residential:

First Year <u>\$7,711.20</u>	Second Year <u>\$7,711.20</u>	Third Year <u>\$7,711.20</u>
Fourth Year <u>\$7,711.20</u>	Fifth Year <u>\$7,711.20</u>	

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 _____	

Other: (specify) None \_\_\_\_\_

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

<sup>1</sup> The estimate of revenues is based upon \$71.40 per customer per month, which was the average revenue received by CCWC from the average residential customer during 2003.

Exhibit F (cont.)

Expenses<sup>2</sup> (cumulative):

Residential:

First Year <u>\$7,452</u>	Second Year <u>\$7,452</u>	Third Year <u>\$7,452</u>
Fourth Year <u>\$7,452</u>	Fifth Year <u>\$7,452</u>	

Commercial:

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

Industrial:

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

Irrigation:

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

Other: (specify) \_\_\_\_\_

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

---

<sup>2</sup> The estimated expenses are based upon a cost of \$69.00 per customer per month which was the average expense of CCWC for the average residential customer during 2003.

## EXHIBIT G

COMPANY NAME

Cave Creek Water Co.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 336,039	\$ 370,815
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	109,638	133,236
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	4,342	8,401
174	Miscellaneous Current and Accrued Assets	196	196
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 450,215	\$ 512,648
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 9,254,068	\$ 9,556,608
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation - Utility Plant	3,495,742	3,765,326
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 5,758,326	\$ 5,791,017
	<b>TOTAL ASSETS</b>	\$ 6,208,541	\$ 6,303,930

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

COMPANY NAME Cave Creek Water Co.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$ 414,382	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	78,251	96,008
236	Accrued Taxes		
237	Accrued Interest	175,667	191,545
241	Miscellaneous Current and Accrued Liabilities	8,497	8,661
	<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 676,791</b>	<b>\$ 296,214</b>
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 127,752	\$ 127,752
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	1,828,816	1,812,302
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	4,605,369	4,605,369
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	<b>\$ 6,434,185</b>	<b>\$ 6,545,423</b>
	<b>TOTAL LIABILITIES</b>	<b>\$ 7,238,734</b>	<b>\$ 6,841,637</b>
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 31,250	\$ 31,250
211	Paid in Capital in Excess of Par Value	34	34
215	Retained Earnings	(1,061,477)	(865,205)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	<b>\$(1,030,193)</b>	<b>\$ (833,921)</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 6,208,541</b>	<b>\$ 6,303,930</b>

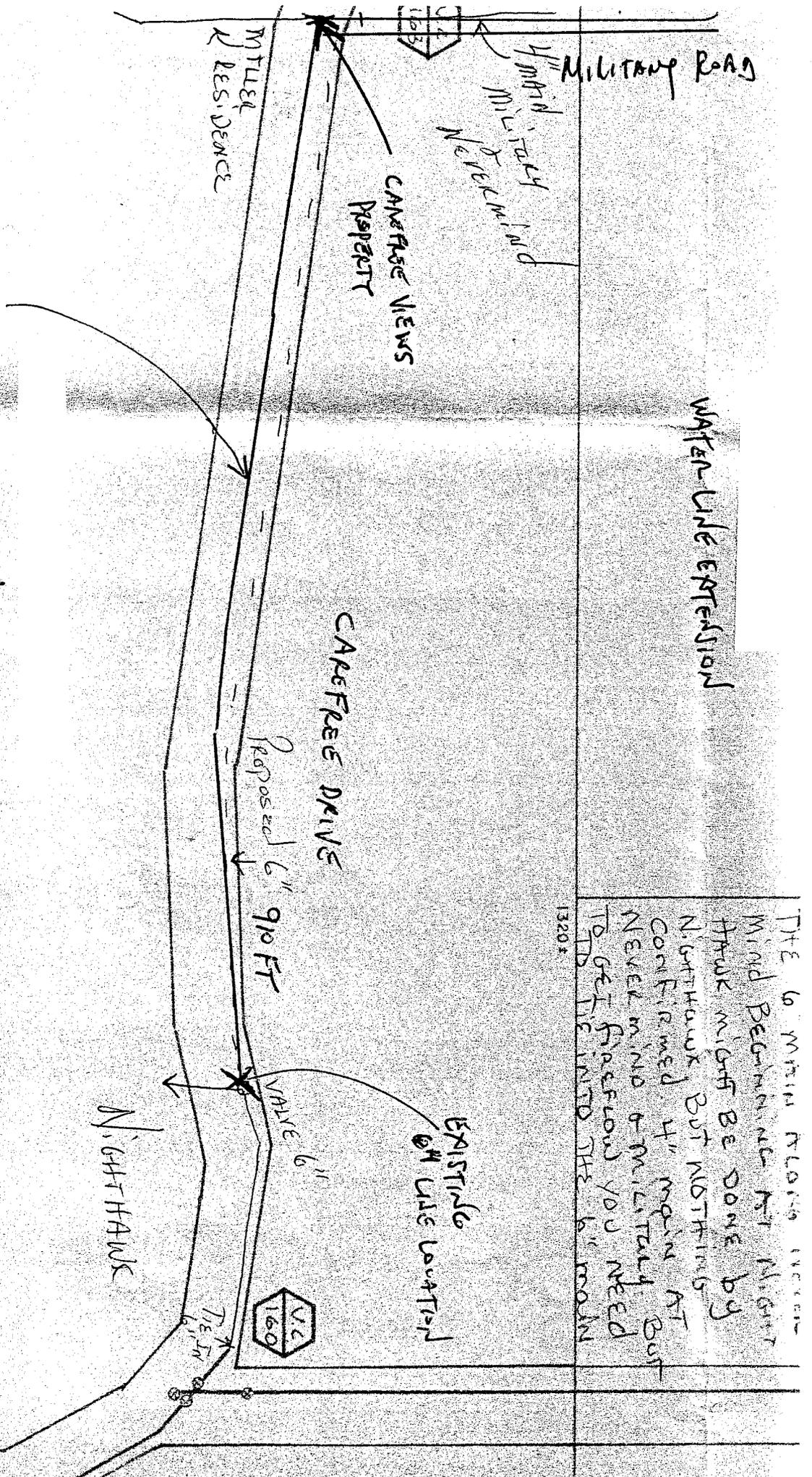
## EXHIBIT H

COMPANY NAME Cave Creek Water Co.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 1,399,590	\$ 1,598,146
460	Unmetered Water Revenue		
474	Other Water Revenues	373,625	130,076
	<b>TOTAL REVENUES</b>	<b>\$ 1,723,215</b>	<b>\$ 1,728,212</b>
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$ 262,708	\$ 321,969
610	Purchased Water	158,599	154,684
615	Purchased Power	286,060	315,129
618	Chemicals	74,375	13,590
620	Repairs and Maintenance	35,364	30,769
621	Office Supplies and Expense	34,973	36,168
630	Outside Services	257,555	305,343
635	Water Testing	8,187	8,839
641	Rents		
650	Transportation Expenses	9,625	11,421
657	Insurance - General Liability	9,244	16,104
659	Insurance - Health and Life	8,050	7,200
666	Regulatory Commission Expense - Rate Case		-
675	Miscellaneous Expense	5,225	6,410
403	Depreciation Expense	416,995	269,584
408	Taxes Other Than Income	137,252	129,236
408.11	Property Taxes	41,493	43,365
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,745,706</b>	<b>\$ 1,669,811</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (22,491)</b>	<b>\$ (58,410)</b>
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 3,200	\$ 3,064
421	Non-Utility Income	32,677	39,047
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(26,701)	(28,347)
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>\$ 9,176</b>	<b>\$ 13,764</b>
	<b>NET INCOME/(LOSS)</b>	<b>\$ (13,315)</b>	<b>\$ 72,174</b>

$$910 \text{ FT} \times \frac{22}{52} = \underline{\underline{38,000}}^*$$



THE 6" WATER LINE EXPANSION MIGHT BE DONE BY N. GATT HAWK BUT NOTHING IS CONFIRMED. 4" MAIN AT MILLER RES. BUT NEVER MIND 6" MAIN YOU NEED TO GET INTO THE 6" MAIN

13204

**ARIZONA DEPARTMENT OF WATER RESOURCES**  
**OFFICE OF ASSURED WATER SUPPLY**  
 500 NORTH THIRD STREET  
 PHOENIX, ARIZONA 85004  
 (602) 417-2465

**NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES**

Subdivision/Development Name: CAREFREE MOUNTAIN RANCH ESTATES  
 Owner: BIGBO LLC DANIEL SWANK, MANAGING MEMBER  
 Private Water Company Name: CANIS CREEK WATER COMPANY  
 (If the water provider has several divisions, please specify in which service area the subdivision is located)

ADWR Service Area Right Number: 56-002008 ADEQ Public Water System Number: 07016  
 (Number can be found on ADWR Annual Reports) (Please indicate the number valid for this subdivision)

Is the development located within the water provider's existing operating distribution system? Yes  No   
 If no, will the water provider be establishing a new service area right to serve the development? Yes  No   
 If yes, what type of right will be used to establish the service area right Service Area Right  
*If the development is not within the water provider's operating distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.*

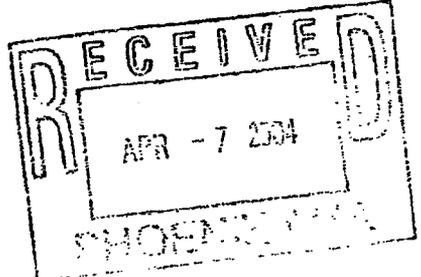
Is the development within the water provider's existing Certificate of Convenience and Necessity (CC&N)? Yes  No   
 If no, has an application for an extension of the CC&N been filed? Yes  No   
 If yes, date of submittal: 1995 Approved? Yes  No   
 Please include a copy of the application for extension and reference as an attachment:  
*If the development is not within the water provider's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the development.*

1	2	3	4	5	6
Number of Lots	Persons per Housing Unit	GPCD	Residential Demand (at/yr)	Other Demand (at/yr)	Total Annual Demand (at/yr)
9	2.4	131	3.17	0.32	3.49

The undersigned private water company (PWC) agrees to provide to the development indicated above an amount of water sufficient to satisfy the water demands of the development as estimated above. This Notice of Intent to Serve is conditioned upon the PWC's receipt of necessary approvals from the Arizona Corporation Commission and other regulatory agencies and the PWC's receipt of all necessary payments. The PWC further attests that the development is either within the boundaries of the company's existing Certificate of Convenience and Necessity or that a formal request has been filed with the Arizona Corporation Commission to extend the boundaries to include the development. The PWC further attests that the development is either within the operating distribution system or that a new service area right will be established to serve the development. The PWC acknowledges that it has reviewed the total estimated water demand of this subdivision and understands the effect of this demand on its compliance with applicable conservation targets prescribed in the management plan for the Active Management Area. This Notice of Intent To Serve Agreement is agreed to under the signature of an agent of the PWC authorized to sign the agreement:

Private Water Company's Authorized Agent (please type or print):

Signature of Authorized Agent of Private Water Company	Title	Date
	<u>MANAGING MEMBER</u>	<u>3-11-4</u>
Signature of Applicant	Title	Date



**STATE OF ARIZONA**  
**ARIZONA DEPARTMENT OF WATER RESOURCES**  
**OFFICE OF ASSURED AND ADEQUATE WATER SUPPLY**  
**500 NORTH THIRD STREET**  
**PHOENIX, ARIZONA 85004-3903**  
**(602) 417-2465**  
**Fax: (602) 417-2467**

**DATE RECEIVED:**  
  
  
  
  
  
  
  
  
  
**APPLICATION NO:**

**APPLICATION FOR A CERTIFICATE OF ASSURED WATER SUPPLY**

Read guidelines BEFORE completing application. Please submit three copies of all application materials.

**PART A - GENERAL INFORMATION**

1. Name of Subdivision: CAREFREE MOUNTAIN RANCH ESTATES
2. Owner Name BDC GO LLC Phone: 480 778-1784 Fax: 480 778-1791  
 Must indicate the legal owner of record. This is how the owner name will appear on the public notice and the Certificate of Assured Water Supply.  
 Address: 7077 EAST MARILYN RD, #152 SCOTTSDALE, AZ 85254
3. Water Provider: CAVE CREEK WATER CO. Phone: 480 488-3331 Fax: 480 488-0939  
 Address: P.O. BOX 448 6034 E. VALLEY WAY CAVE CREEK, AZ 85237
4. Consultant Name: PETER BOLUS, PINNACLE ESCA Phone: 480 585-6018 Fax: 480 585-1717  
 Address: 8712 E. VISTA BONITA DRIVE SCOTTSDALE, AZ 85255
5. Primary Contact Name: DAPHNE SZARKA Phone: 480 778-1784 Fax: 480 778-1791  
 Address: 7077 EAST MARILYN RD, #152 SCOTTSDALE, AZ 85254  
 E-Mail Address: DAPHNE@DKSDEV.COM
6. Location: 6 NORTH 4 EAST 34 CAREFREE MANCOPA PU-E-110  
 Township Range Section(s) City County AMA
7. Assessors Parcel Number(s): Book 216 Map 29 Parcel 002A  
 Book \_\_\_\_\_ Map \_\_\_\_\_ Parcel \_\_\_\_\_
8. Include three copies of the preliminary plat for the subdivision and reference as an attachment:  
 Are any changes to this plat expected prior to final approval by the local platting authority? Yes  No   
 If "yes," explain: \_\_\_\_\_
9. If a final plat has been approved and recorded for this subdivision, indicate the year of approval: N/A
10. Has a Certificate of Assured Water Supply previously been issued for this property? Yes  No   
 If "yes," please attach a copy of the Certificate. Please indicate why a new Certificate of Assured Water Supply is being applied for: Change of Ownership Changes to Plat Other: \_\_\_\_\_

**PART B - DEMAND ESTIMATE**

1. a. Number and size of residential lots (categorize):  
 Number of lots: 9 Size: 147,509 <sup>AUG</sup> SQ FT  
 Number of lots: \_\_\_\_\_ Size: \_\_\_\_\_ SQ FT  
 Number of lots: \_\_\_\_\_ Size: \_\_\_\_\_ SQ FT
- b. Residential lot acreage (total):  
1,399,057 Acres
- c. Number of non-residential parcels:  
0 Parcels
- d. Non-residential parcel acreage (total):  
0 Acres

SEE ATTACHED TABLE OF PLAT

2. a. Provide the following estimated residential demand information at build out (refer to guidelines):

	1	2	3	4	5
	Average Persons per Housing Unit	Gallons per Person per Day	Demand per Housing Unit per Year (AF/YR)	Number of Housing Units	Total Expected Demand per Year (AF/YR)
Single Family	2.4	104	2520	9	2.52
Multi-Family	—	—	.28	—	—
				Total Residential Demand	2.52

b. Indicate the source of the Average Persons per Housing Unit figure(s): AT DEPT. OF ECONOMIC SECURITY

c. Indicate the source of the Demand per Housing Unit per Year figure(s): ADWR PUB ACRES UCT AREA

d. If applicable, indicate the total demand per lot for urban irrigation or livestock pasture: 0 af/yr  
 Is this amount included in the gallons per person per day figure in question B.2.a.? Yes  No  
 Will irrigation or livestock water be provided by a secondary provider? Yes  No  
 If "yes," please see question D.1.c.

3. a. Will there be any water demands within this master plan or subdivision that are not accounted for within the residential water use rates? Yes  No If "yes," please complete the following table.

Non-Residential Water Use Category:	Total Acreage or Sq. Ft.	Demand Factor af/ac or gal/Sq. Ft.	Total Demand (AF/YR)
Golf Course or other Turf-Related Facilities:	0		}
Common Areas:	NEGOTIABLE		
Schools:	0		
Parks:	0	.11 ac/yr x 9 lots = .99	
Landscaping for Retention/Detention Basins:	0		}
Rights of Way:	<input checked="" type="checkbox"/> NEGOTIABLE		
Community Centers:	0		
Commercial:	0		
Other Non-Residential Water Demand:	0		
Total Non-Residential Demand			.99

b. Describe assumptions and source of data used in this table: ADWR VIA CAVE CREEK H<sub>2</sub>O CO.

4. a. Projected build-out year for entire plat: 2009

b. Indicate the estimated amount of lost and unaccounted for water, as a percentage of total deliveries: 0 %

c. Indicate estimated water demand for construction purposes: NEGOTIABLE

- d. Indicate total expected build-out demand, from all water sources, including construction water and lost and unaccounted for water:

3.51 af/yr

**PART C - CONSISTENCY WITH MANAGEMENT PLAN**

1. Conservation requirements have been prescribed for water providers through the Management Plan for each active management area. The following information is needed to support provider efforts to meet these requirements. **If the proposed subdivision is for 50 or fewer lots, these questions need not be completed.**

- a. List current and proposed conservation ordinances which apply to this subdivision: \_\_\_\_\_  
\_\_\_\_\_
- demand estimates rely on restrictions imposed by government ordinance, they must be attached.
- b. Will the subdivision incorporate CC&Rs or other restrictions to limit landscape water use?  Yes  No  
If demand estimates rely on restrictions imposed by the CC&Rs, they must be attached.
- c. Will landscaping in public rights of way conform to ADWR's Low Water Use Plant List?  Yes  No
- d. Generally describe any other current or proposed conservation practices, rates, fees, restrictions, policies and devices to be utilized within the subdivision to meet the conservation requirements of the Management Plan. If demand estimates rely on these conservation requirements, they must be attached.  
\_\_\_\_\_  
\_\_\_\_\_

**PART D - CONSISTENCY WITH MANAGEMENT GOAL**

1. If any groundwater is proposed to be used as the source of water for this subdivision, how will the groundwater use meet the "consistency with management goal" requirement? Please check all that apply. An applicant for a dry lot subdivision comprised of 20 or fewer lots is exempt from proving consistency with the management goal.

- Enrollment of the subdivision lands in the Central Arizona Groundwater Replenishment District (Phoenix, Tucson and Pinal AMAs ONLY)  
A separate application for membership must be filed with the Central Arizona Water Conservation District, and the membership documents must be executed and recorded before a Certificate will be issued.
- Extinguishment of grandfathered groundwater rights dedicated to this subdivision  
Provide evidence and reference the attachment:
- Dedication of Long-Term Storage Credits (Recharge)  
Provide evidence and reference the attachment:
- Exemption for the withdrawal and use of poor quality water pursuant to a remedial action  
Provide evidence that the exemption has been granted by the Director and reference as an attachment:
- Exemption for the withdrawal and use of groundwater from an area exempt from conservation requirements due to waterlogging.

**PART E - LEGAL AVAILABILITY OF SOURCE WATER**

1. a. Method of water distribution:  central distribution system  dry lot subdivision (individual wells)  
If water is to be obtained from a water provider, include the attached "Notice of Intent to Serve" agreement.
- b. If served by a central distribution system, is the water provider currently delivering water to residential customers?  Yes  No If "no," an appropriate water right must be acquired.
- c. Will more than one provider deliver water of any type to the subdivision?  Yes  No  
If "yes," please list the secondary provider:  
Type of water to be delivered by secondary provider:  Groundwater  CAP  Effluent  
Other: \_\_\_\_\_  
For what use:  Urban Irrigation (mini-farm)  Livestock Grazing  Other: \_\_\_\_\_

A "Notice of Intent to Serve" agreement must be submitted for both water providers.

2. If the subdivision will be receiving any water pursuant to an exchange agreement, provide a copy of the agreement and reference the attachment:                     N/A
3. Indicate water sources to be used:

Source of Supply	100 Year Volume (acre feet)	Required Supporting Information (reference any attached documents)
Groundwater		Indicate any grandfathered groundwater right or permit number(s) and type(s):
Central Arizona Project Water Directly Delivered	3.51	What is the term of the contract? <u>                    NOT REQ'D                    </u> Please attach a copy and reference as an attachment: <u>                    PER CAVE CRK                    </u>
Surface Water Directly Delivered		Surface water right number(s) and type(s) or water district name:
Effluent Directly Delivered		Name of entity providing effluent: Any related contracts or agreements (attachment):
Total 100 Year Volume		

**PART F - FINANCIAL CAPABILITY**

1. Is water service currently available to each lot?      Yes    No  
If "no," a completed "Verification of Construction Assurance" form (attached) must be submitted.  
If development is a dry lot subdivision, no financial assurances are required.
2. Will wells, off-site pipelines, storage or treatment facilities be constructed to serve this subdivision?      Yes    No  
If "yes," please provide A) A description of the improvements (reference the attachment):  
B) Evidence of financial capability (reference the attachment):  
C) Schedule for completion of improvements (reference the attachment):

**PART G - PHYSICAL AVAILABILITY OF SOURCE WATER**

1. If the development consists of more than 20 lots, a comprehensive hydrologic study must be submitted with this application, unless the Department has previously reviewed the hydrologic conditions for this area and has issued a valid Letter of Water Availability, Physical Availability Determination or Analysis of Assured Water Supply. Please indicate the evidence of physical availability and reference as an attachment:
- Water Availability Letter                         Physical Availability Determination  
     New Hydrologic Study                           Subdivision of less than 20 lots  
     Other, please specify

**PART H - WATER QUALITY**

1. If the subdivision will be served by a provider regulated by the Arizona Department of Environmental Quality, ADWR will request a report to assess the water quality of the proposed supply. It may be necessary for the applicant to provide further information in order for ADWR to determine the quality of the proposed supply. If the proposed subdivision is located within one mile of a Water Quality Assurance Revolving Fund or Superfund site, or if the proposed supply fails to meet safe drinking water quality standards, a contaminant migration analysis must be submitted. Reference either the attached study or a copy of a previous determination of water quality:  
                    CAVE CREEK WATER CO.



**ARIZONA DEPARTMENT OF WATER RESOURCES  
OFFICE OF ASSURED WATER SUPPLY  
500 NORTH THIRD STREET  
PHOENIX, ARIZONA 85004  
(602) 417-2465**

**NOTICE OF INTENT TO SERVE FOR PRIVATE WATER COMPANIES**

Subdivision/Development Name: CAREFREE MOUNTAIN RANCH ESTATES  
 Owner: BIGGO LLC DAMPL SKANK, MANAGING MEMBER  
 Private Water Company Name: CAVE CREEK WATER COMPANY  
 (If the water provider has several divisions, please specify in which service area the subdivision is located)

ADWR Service Area Right Number: 56-002008 ADEQ Public Water System Number: 07016  
 (Number can be found on ADWR Annual Reports) (Please indicate the number valid for this subdivision)

Is the development located within the water provider's existing operating distribution system? Yes  No  
 If no, will the water provider be establishing a new service area right to serve the development? Yes  No  
 If yes, what type of right will be used to establish the service area right CERTIFICATE OF CONVENIENCE AND NECESSITY  
*the development is not within the water provider's operating distribution system, a new service area right must be established before a Certificate of Assured Water Supply will be issued. Please contact your local AMA office for more information on establishing a new service area right.*

Is the development within the water provider's existing Certificate of Convenience and Necessity (CC&N)? Yes  No  
 If no, has an application for an extension of the CC&N been filed? Yes  No  
 If yes, date of submittal: 19905 Approved? Yes  No  
 Please include a copy of the application for extension and reference as an attachment:  
*If the development is not within the water provider's CC&N, a Certificate of Assured Water Supply will not be issued until the CC&N has been extended to include the development.*

1	2	3	4	5	6
Number of Lots	Persons per Housing Unit	GPCD	Residential Demand (af/yr)	Other Demand (af/yr)	Total Annual Demand (af/yr)

The undersigned private water company (PWC) agrees to provide to the development indicated above an amount of water sufficient to satisfy the water demands of the development as estimated above. This Notice of Intent to Serve is conditioned upon the PWC's receipt of necessary approvals from the Arizona Corporation Commission and other regulatory agencies and the PWC's receipt of all necessary payments. The PWC further attests that the development is either within the boundaries of the company's existing Certificate of Convenience and Necessity or that a formal request has been filed with the Arizona Corporation Commission to extend the boundaries to include the development. The PWC further attests that the development is either within the operating distribution system or that a new service area right will be established to serve the development. The PWC acknowledges that it has reviewed the total estimated water demand of this subdivision and understands the effect of this demand on its compliance with applicable conservation targets prescribed in the management plan for the Active Management Area. This Notice of Intent To Serve Agreement is agreed to under the signature of an agent of the PWC authorized to sign the agreement:

Private Water Company's Authorized Agent (please type or print):

Signature of Authorized Agent of Private Water Company

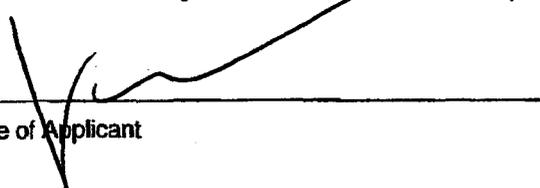
Title

Date

Signature of Applicant

Title

Date



MANAGING MEMBER

3-11-4

ARIZONA DEPARTMENT OF WATER RESOURCES  
OFFICE OF ASSURED WATER SUPPLY  
500 NORTH THIRD STREET  
PHOENIX, ARIZONA 85004  
(602) 417-2465

SUPPLEMENT TO APPLICATION  
FOR A CERTIFICATE OF ASSURED WATER SUPPLY

VERIFICATION OF CONSTRUCTION ASSURANCE  
FOR A PROPOSED SUBDIVISION

To satisfy one of the requirements for obtaining a Certificate of Assured Water Supply pursuant to A.R.S. § 45-576, a developer must demonstrate financial capability to construct the water delivery system and any required storage or treatment facilities for a proposed subdivision. To fulfill this requirement, the Department will accept confirmation from the local platting authority that construction assurances will be secured prior to the sale of lots in accordance with the requirements of A.R.S. § 9-463.01 (if the platting entity is a city or town) or A.R.S. § 11-806.01 (if the platting entity is a county). This document is to be signed by the appropriate platting authority.

Section One - Subdivision Information (to be completed by applicant)

Subdivision name: CAREFREE MOUNTAIN RANCH ESTATES # of lots: 9  
Location by section, township & range: 6 NORTH 4 EAST County: MARICOPA  
Owner of subdivision: BDC60 LLC  
Owner's Address: 7077 EAST MARILYN RD, #152  
SCOTTSDALE, AZ 85254

Section Two - Verification of Construction Assurance (to be completed by platting authority)

With regard to the referenced subdivision, the below-named platting authority certifies that it has or will receive construction assurances, pursuant to the appropriate statutes, for the following elements of the water delivery system (check as applicable):

potable delivery system       potable storage facilities       potable treatment facilities  
 off-site pipeline       effluent delivery system       effluent treatment facilities  
 other-please specify: \_\_\_\_\_

\_\_\_\_\_  
Name-Please Print/Type      Signature      Date      Title

City/county name: \_\_\_\_\_ Department: \_\_\_\_\_

Address: \_\_\_\_\_ Phone #: \_\_\_\_\_

CAREFREE MOUNTAIN RANCH ESTATES AREA SUMMARY  
 March 31, 2004

AS  
 7-6-4

Lot No.	Lot Area (square feet)	Conservation Easement (square feet)	Building Envelope square feet)		Access Easement On Lot (square feet)
1	125,999	5,969	41,620		
2	135,598	60,950	28,382		2,602
3	133,126	22,959 36,316	33,472		12,668
4	117,798	55,382	17,246		
5	77,869	0	26,019		
6	187,878	0	38,098		
7	131,018	0	34,359		
8	194,180	14,842 18,908	23,950 14,800	Northeast Southwest	48,851
9	152,539	0	35,570		
Tract 'A'	71,577				
Total	1,327,580	215,328	293,514		64,120

ENVIRONMENTAL SERVICES  
DEPARTMENT

Albert F. Brown, RS, MPA, Director

1001 N. Central Ave., Suite 150  
Phoenix, AZ 85004



WATER AND WASTE MANAGEMENT  
DIVISION

John A. Power, PE, Division Manager

(602) 506-6666  
FAX (602) 506-6925  
(TTN) (602) 506-6704

DATE: April 21, 2003  
OWNER: Cave Creek Water Company

MCESD Project #: 2010921  
SYSTEM ID #: 0407016

## **CERTIFICATE OF APPROVAL TO PROCEED WITH STIPULATIONS**

**PROJECT DESCRIPTION:** Cave Creek CAP Water Treatment Plant, Arsenic Removal Testing of Well Water. The work includes providing piping, valves and tubing for full-scale arsenic removal testing using one of the two treatment units of the CAP plant. The test will be conducted using water from the following wells: Hazelton (55-518052); Faber (55-521032); and Vermeersch (55-518050) that have 0.050, 0.040, and 0.050 mg/l arsenic concentrations, respectively. Testing is planned over a 2-day period. The testing will consist of varying the dosage of chlorine oxidant and ferric chloride adsorbent and measuring the impact on the amount of arsenic removed from the well water.

**LOCATION:** Cave Creek, Maricopa County  
T6N, R4E, SEC 28

**PROJECT OWNER:** CAVE CREEK WATER CO.  
P.O. Box 448  
Cave Creek, AZ 85327

Pursuant to AAC Title 18, Chapter 4, Article 5, or Chapter 9, Article 8, and Maricopa County Environmental Health Code Chapters II and V, approval to construct the above-described facilities as represented in the approved plan documents on file with the Maricopa County Environmental Services Department (MCESD) is hereby given subject to the following provisions:

1. This approval allows the Owner to proceed with its short-term demonstration program. MCESD Approval to Proceed does not indicate approval or endorsement of the treatment process or that MCESD will later approve any long-term operations.
2. Testing shall be performed in accordance with the protocol and plans included in the submittal from RBF Consulting dated February 28, 2003 and subsequent communications between MCESD and RBF.
3. MCESD shall be notified a minimum 7 days prior to the start of testing and shall, at its option, witness the testing program.
4. The half of the CAP treatment plant that is tested shall be disinfected and flushed with treated CAP water from the operational half of the plant following completion of the testing program.

CAVE CREEK CAP WATER TREATMENT PLANT, ARSENIC REMOVAL TESTING OF WELL WATER  
APPROVAL TO PROCEED

DATE: April 21, 2003

Page 2 of 2

5. Spent media/sludge from the testing program shall be dried, tested, and disposed of in an approved manner following completion of the test.
6. A copy of all data and results from the testing program shall be provided to MCESD.
7. A Grade 3 daily on-site water treatment operator, certified by the Arizona Department of Environmental Quality, shall be present during the testing program. Shift foremen or other operators in charge of the facility in the absence of the Chief Operator shall be certified at a grade no lower than one grade below the grade of the facility.
8. All materials or products that come into contact with drinking water or with water treatment chemicals shall conform to ANSI/NSF 60 and 61 in accordance with AAC R18-4-119.
9. Any change that may affect the capacity, quality, flow, location or operational performance of the CAP treatment plant shall be submitted to MCESD for review, and MCESD approval shall be obtained prior to undertaking the work affected by the change.
10. This Approval to Construct is void if major modifications occur to the treatment plant without the knowledge and consent of MCESD.
11. Representative(s) of MCESD shall be allowed access to the site to conduct inspections of the treatment plant during reasonable hours.
12. The owner or operator shall make such tests and keep such records as are necessary to assure efficient operation of the treatment works. Records of plant operation shall be transmitted to MCESD monthly on forms approved by MCESD.
13. The facility has not been issued a NPDES permit, therefore no discharge to the waters of the United States as defined by sections 301, 309, 402, 404, and 502 of the Federal Clean Water Act is allowed.

If construction has not started within one year of the date of approval this approval will be void and a written extension of time shall be required.

**WATER AND WASTE MANAGEMENT DIVISION**

By Kenneth L. James FOR  
Dale G. Bodiya, PE, Manager  
Water / Wastewater Treatment Section

**Plan Approval Date: April 21, 2003**

cc: RBF Consulting, 16605 North 28<sup>th</sup> Ave., Suite 100, Phoenix, AZ 85032-2602  
ADEQ Drinking Water Section, 1110 W. Washington St., Phoenix, AZ 85003  
John A. Power, PE, MCESD, Division Manager  
John Kolman, RS, MCESD, Drinking Water Program  
MCESD File

EXHIBIT L

BEFORE THE BOARD OF SUPERVISORS  
OF  
MARICOPA COUNTY, STATE OF ARIZONA

IN THE MATTER OF THE APPLICATION OF )  
Cave Creek Water Company )  
\_\_\_\_\_) FRANCHISE  
\_\_\_\_\_) )  
FOR A FRANCHISE

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF MARICOPA COUNTY, STATE OF ARIZONA, THAT:

WHEREAS, Cave Creek Water Company  
hereinafter designed as the Grantee, doing business in Maricopa County, Arizona,  
has filed an application with the Board of Supervisors of Maricopa County, Arizona,  
bearing date of October 16, 1984, praying for the right, privilege,  
license and franchise to construct, maintain and operate a domestic water  
distribution system

for a period of twenty-five (25) years for transmission and delivery of  
water for domestic use.

along, upon, under and across public highways, roads, alleys and thoroughfares  
(excepting State Highways), within that portion of Maricopa County, Arizona, known  
and described as follows, to-wit:

(Attached)

and not within the confines of any incorporated city or town, and under such  
restrictions and limitations and upon such terms as the Board of Supervisors  
may provide, not inconsistent with the laws of the State of Arizona, or the orders  
and rules of the Corporation Commission of the State of Arizona, and that the Board  
take such proceedings herein as is provided by laws of the State of Arizona; and

All of Section 1, Township 5 North, Range 3 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona; and

All of Sections 1, 10, 13, 24, and 36, Township 6 North, Range 3 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona; and

All of Sections 4, 5, and 6, Township 5 North, Range 4 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona; and

All of Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 26, 27, 28, 29, 32, 33, and 34 within Township 6 North, Range 4 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona; and any county right-of-way along Cave Creek Road, Maricopa County, Arizona, within Sections 25 and 36 of Township 5 North, Range 3 East; Sections 8, 17, 18, 19 and 30 of Township 5 North, Range 4 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona.

WHEREAS, upon filing said application, the said Board of Supervisors on the 29th day of November, 1984, ordered that public notice of the intention of said Board to make such grants be given by publishing a notice in the AZ Bus. Gazette a newspaper of general circulation, published in the County of Maricopa, State of Arizona, and that 9:00 A.M., on the 3rd day of December, 1984, at the meeting room of said Board of Supervisors located at 205 West Jefferson Street in the City of Phoenix, Arizona, be set as the time and place of hearing the said application; and

WHEREAS, the said application coming on regularly for hearing on said day and it appearing by the affidavit of the duly authorized agent of the said time and place set for the consideration of such application has been published for at least once a week for the three-week period prior to said date set forth herein, to-wit:

In the issues of the said newspaper on November 5, 12, and 19, 1984, and it appearing that no sufficient protest has been filed by the qualified electors of the said County petitioning said Board of Supervisors to deny such license and franchise, and it further appearing the best interests of Maricopa County will be served by the granting of said application and the franchise referred to therein;

NOW THEREFORE, the Board of Supervisors of Maricopa County, State of Arizona, acting on behalf of said County does hereby grant unto Cave Creek Water Company, doing business in Maricopa County, Arizona, subject to the terms, conditions and limitations hereinafter contained, the right, privilege, license and franchise to construct, maintain and operate a domestic water distribution system

\_\_\_\_\_ ,  
for a period of twenty-five (25) years, unless earlier terminated, for the supplying of this service along, upon, under and across the public highways, roads, alleys and thoroughfares (excepting State Highways) within that portion of Maricopa County, Arizona, hereinabove described, under such restrictions and limitations and upon such terms as this Board at any time may provide, not inconsistent with the laws of the State of Arizona, or the orders and rules of the Corporation Commission of the State of Arizona, specifically providing, however, that:

- (1) All rights hereunder are granted under the express condition that the Board of Supervisors of said Maricopa County shall have the power at

any time to impose such restrictions and limitations and to make such regulations on such highways, roads, and thoroughfares as may be deemed best for the public safety, health, welfare and convenience.

- (2) All rights hereby granted shall be exercised so as to not interfere or conflict with any easements or rights-of-way heretofore granted by said Board of Supervisors and now in force.
- (3) All rights hereby granted shall be exercised so as not to interfere or conflict with any easement, either public or private, of whatsoever nature, which has been acquired in or to the proper use of said highway, roads, and thoroughfares, or any portion thereof.
- (4) All rights hereby granted shall be exercised so as not to interfere or conflict with or endanger in any way the proper use by the public of said highways, roads, and thoroughfares, or any portion thereof.
- (5) That the said Grantee shall bear all expenses incurred including damages and compensation for the alteration of the course, direction, surface, grade or alignment of any of the said highways, roads and thoroughfares necessarily made by the said grantee for the purpose of this franchise; that said grantee will maintain his equipment at his own cost and expense and will make all necessary repairs from time to time as the same may be needed, without the necessity of notice from Maricopa County. In the event the said grantee shall fail to make any repairs within ten days from the time same becomes necessary, then Maricopa County may cause the same to be made, and said grantee agrees to pay Maricopa County the cost thereof.
- (6) That all property of the franchise be installed and operated by the said grantee and shall be placed, removed or relocated, initially and throughout the term of this franchise, along, in, over, under and across the said highways, roads and thoroughfares, in such a manner and location as the Board of Supervisors or its duly authorized agents may designate. Such placement, removal or relocation shall be done at the sole expense of the grantee upon a determination by the Board of Supervisors of Maricopa County that such placement, removal or relocation is necessary.

If grantee fails or refuses to so remove or relocate, Maricopa County may so remove or relocate, at the sole expense of grantee, such expense to include any and all damages and compensation of whatsoever nature arising therefrom.

In this section the term "property" includes conduits, pipe, wires, poles, or other structures and appliances used to supply or deal in gas, electricity, lights, water, heat, refrigeration, power, telephones, telegraph, television and other public utilities.

Any finding or determination made by the Board of Supervisors pursuant hereto shall be final and binding upon the grantee whether or not such findings or determinations relates to the requirements of public safety or welfare, the use of public roads or the need for proposed improvements, and whether or not the function to be served by such removal or relocation is of a governmental or proprietary nature.

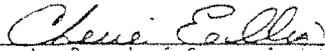
- (7) That said grantee shall indemnify and save harmless, the said County of Maricopa from all costs, expenses and liabilities in connection with the granting of this franchise and exercise of the same by them.
- (8) That the rights of any person claiming to be injured in any manner by the maintenance of said projects and equipment shall not be affected hereby.
- (9) That the terms and conditions of this franchise shall inure to the benefit of, and be binding upon, all the heirs and assigns of the said Grantee.
- (10) That the franchise and privilege herein granted shall not be deemed to be exclusive and the said Board of Supervisors hereby expressly reserves the right and power to grant from time to time similar franchises and privileges over the same territory and highways, roads and thoroughfares.
- (11) This franchise is granted upon the express condition that the Certificate of Convenience and Necessity be procured from the Corporation Commission of the State of Arizona within six months from the date of granting of this franchise; and if such Certificate is not granted within six months from said date, then this franchise to be void, otherwise to be in full force and effect for the time herein specified.

- (12) All materials and construction methods used within the public right-of-way shall conform to the applicable standards, specifications and special provisions currently in effect in Maricopa County.
- (13) The franchise holder shall obtain a construction permit from the office of the County Engineer prior to construction of any facilities in the public right-of-way.

DATED this 3rd day of December, 1984.

  
\_\_\_\_\_  
Chairman, Board of Supervisors  
Maricopa County, Arizona

ATTEST:

  
\_\_\_\_\_  
Clerk, Board of Supervisors  
Maricopa County, Arizona

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**

**CERTIFICATE OF GOOD STANDING**

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

**\*\*\*CAVE CREEK WATER CO.\*\*\***

a domestic corporation organized under the laws of the State of Arizona, did incorporate on March 31, 1955.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation is not administratively dissolved for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed Articles of Dissolution as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 25th Day of January, 2005, A. D.



  
EXECUTIVE SECRETARY

BY: 

EXHIBIT N

**SALMON, LEWIS & WELDON, P.L.C.**

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February \_\_, 2005

\_\_\_\_\_  
*Of Counsel*  
Richard N. Morrison

*Writer's Internet Address*  
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BDG60 L.L.C.  
Attn: Darryl Szarka  
7077 East Maryland Road, #152  
Scottsdale, Arizona 85254

Re: Notice of Application for Extension of Certificate of  
Convenience and Necessity by Cave Creek Water Co.

Dear Mr. Szarka:

Cave Creek Water Co. ("CCWC") has filed with the Arizona Corporation Commission ("Commission") an application for authority to extend its Certificate of Convenience and Necessity to provide water service. Our records indicate that you are the sole property owner in the proposed extension area. If the Commission grants the application, CCWC would be the exclusive provider of water service to the proposed area. The Commission will require CCWC to provide this service under 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, and at CCWC, Post Office Box 448, Cave Creek, Arizona, 85327.

The Commission will hold a hearing on this matter. As the sole property owner, you are entitled 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 or 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 Street, Phoenix, Arizona, 85007 or call 1-800-222-7000.

Sincerely,

M. Byron Lewis  
Kristin D. Magin

Exhibit N

**PUBLIC NOTICE OF AN APPLICATION FOR AN  
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY  
BY CAVE CREEK WATER CO.**

Cave Creek Water Co. ("CCWC") has filed with the Arizona Corporation Commission ("Commission") an application for authority to extend its Certificate of Convenience and Necessity to provide water service. If the application is granted, CCWC would be the exclusive provider of water service to the proposed area. CCWC 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, and at CCWC, Post Office Box 448, Cave Creek, Arizona, 85327.

The Commission will hold a hearing on this matter. If you are a property owner in the existing certificated area, or customer in the existing area, you may be entitled 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 or 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 Street, Phoenix, Arizona, 85007 or call 1-800-222-7000.

EXHIBIT O

WATER USE DATA SHEET

NAME OF COMPANY	CAVE CREEK WATER CO
ADEQ Public Water System No.	07016

MONTH/YEAR (Last 13 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)
DEC 04	2084	22,185,400
JAN 04	2120	26,369,100
FEB 04	2138	23,475,700
MAR 04	2178	24,260,800
APR 04	2203	27,047,800
MAY 04	2224	35,845,500
JUN 04	2238	39,469,200
JUL 04	2253	45,429,400
AUG 04	2257	42,393,700
SEPT 04	2269	39,076,700
OCT 04	2292	35,274,900
NOV 04	2300	28,502,000
DEC 04	2314	23,744,700

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
15,000.00	2	55-516266	100
20,000.00	1	55-518050	250
45,000.00	1	55-518062	100
100,000.00	4	55-521032	110
200,000.00	1	55-625094	50
		55-625095	50
		55-625097	10
		55-625098	100
		55-625093	50
		55-625099	30
		55-625096	10

Other Water Sources in Gallons per Minute	1400 GPM
Fire Hydrants on System	Yes No
Total Water Pumped Last 13 Months (Gallons in Thousands)	